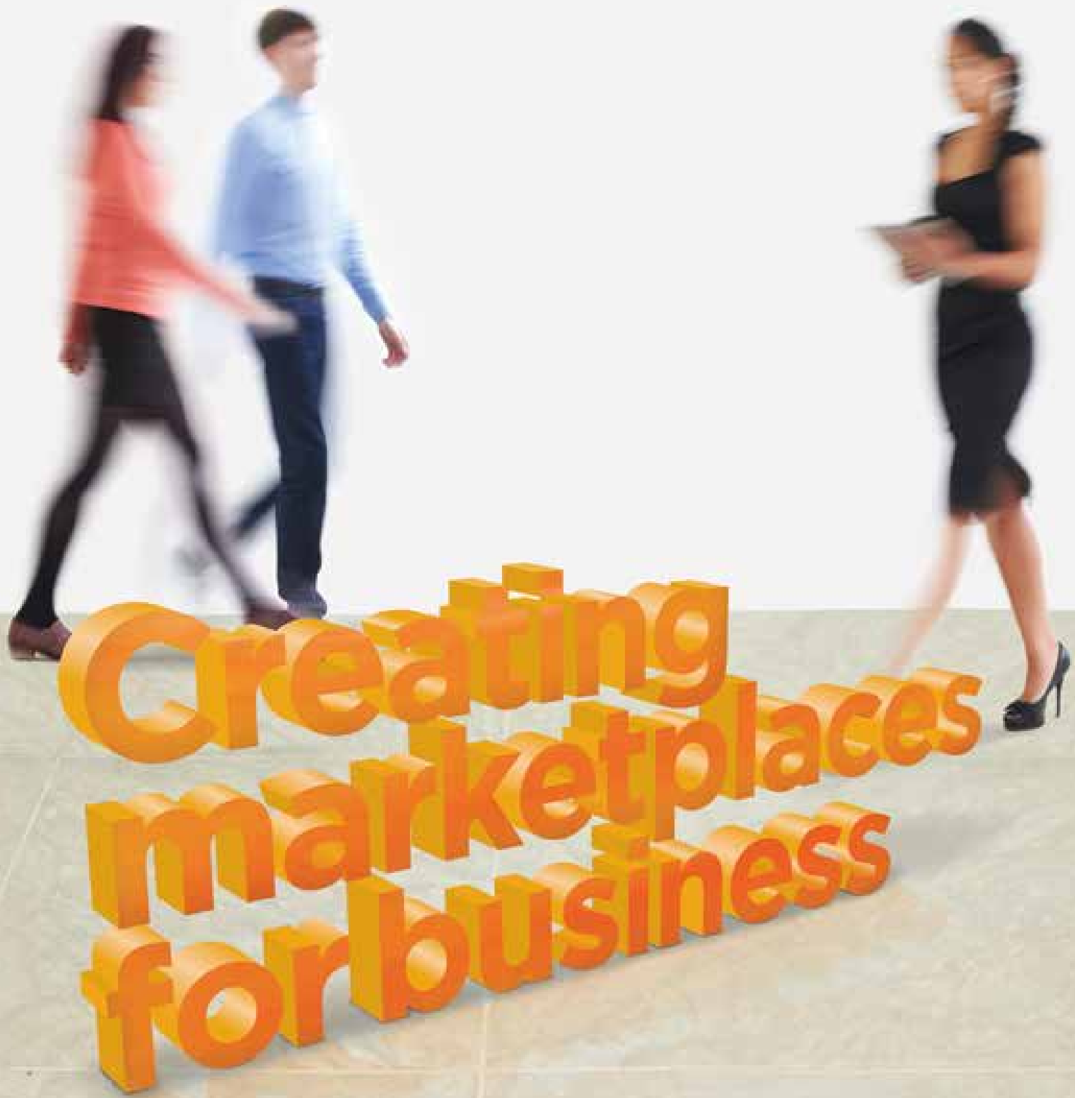
ITE Group plc
Interim Report 2014



A FTSE 250 listed company, ITE is one of the world's leading organisers of international trade exhibitions and conferences, specialising in emerging markets.

	Six months to 31 March 2014	Six months to 31 March 2013
Volume sales	**320,100m²**	352,500m²
Revenue	**£71.2m**	£69.4m
Pre-tax profit	**£12.2m**	£2.6m
Headline pre-tax profit*	**£18.2m**	£11.1m
Diluted earnings per share	**4.3p**	0.9p
Headline diluted earnings per share**	**6.0p**	3.7p
Interim dividend per share	**2.5p**	2.3p
Net (debt)/cash	**(£1.8)m**	£21.7m

* Headline pre-tax profit is defined as profit before tax, excluding amortisation of acquired intangibles, impairment of goodwill, profits or losses on disposal of Group undertakings, revaluation of financial liabilities in relation to minority put options, imputed interest charges on put option liabilities, direct costs on completed and pending acquisitions & disposals and tax on income from associates – see note 5 to the consolidated financial statements for details.

** Headline diluted earnings per share is calculated using profit before amortisation of acquired intangibles, impairment of goodwill, profits or losses on disposal of Group undertakings, revaluation of financial liabilities in relation to minority put options, imputed interest charges on put option liabilities and direct costs on completed and pending acquisitions & disposals – see note 8 to the consolidated financial statements for details.

Where used, like-for-like growth is on an actual currency basis adjusted to exclude acquisitions impacting results for the first time, event timing differences and biennial events.

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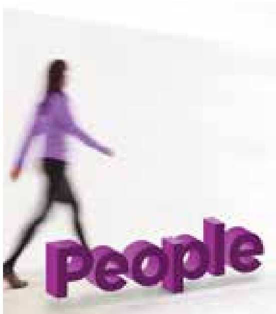

HIGHLIGHTS

- Headline pre-tax profits up 64% to £18.2 million
- Underlying business reports volume growth of 2%
- Continuing strong cash generation; net debt as at 31 March of £1.8 million after £38 million investment
- Acquisitions in China and in Turkey are trading well
- Booked revenues for the current financial year of £158 million as at 16 May 2014
- Confidence in full-year outcome

"ITE has delivered a strong performance over the first half of the year with revenue growth in the Group's main markets allied to a stronger biennial pattern in the first half of the year. Our recent acquisition of Beauty Eurasia in Turkey and a 50% investment stake in the Chinese Chinacoat/Surface Finishing exhibition represents more progress in achieving the Group's strategic objectives.

Looking forward, we continue to seek opportunities to expand the business with investments that are consistent with our strategy of building market leading positions in higher growth markets. The Group is in a strong financial position and operates a resilient business model. With good visibility on current year bookings, the Board has confidence in the full-year outcome."

Russell Taylor, Chief Executive Officer

INTERIM MANAGEMENT REPORT

ITE has delivered a good set of results for the first six months and made further progress in expanding the Group's business in Asia.

Introduction

ITE has developed a good set of results for the first six months despite the turbulent political backdrop surrounding Ukraine and Russia since the turn of the year. Revenues are 2.5% ahead of the same time last year and Headline profits before tax of £18.2 million are a substantial increase over last year's equivalent result of £11.1 million. In addition to developing the portfolio of events organically, the Group continues to seek opportunities to expand its business with investments which are consistent with its overall strategy of building market leading positions in higher growth markets.

During the first six months of this financial year, the Group made further progress in expanding its business in Turkey, Asia and the UK. On 15 October 2013, the Group purchased the Beauty Eurasia event for £8.4 million in cash, £2.7 million of which is deferred. Beauty Eurasia is an annual event that takes place in Istanbul which serves the beauty, personal care and cosmetics industries in Turkey and the surrounding region. On 18 November 2013, the Group purchased a 50% investment in Sinostar which runs the ChinaCoat/Surface Finishing China exhibitions for £34 million in cash, £30 million of which was paid on completion with the balance due for payment in June 2014. The exhibition serves the growing industries of paints, coatings and surface finishing in China and SE Asia. The 2013 edition took place in Shanghai on 20 November selling 34,500m^2 net and was attended by over 36,000 professional visitors, in line with our expectations at the time of the acquisition. In the UK the Group acquired the remaining 60%, which it did not already own, of Scoop a high-end London fashion event for the womenswear sector.

Financial performance

Revenues for the first six months of the year were £71.2 million (2013: £69.4 million) reflecting good revenue growth in ITE's main markets allied to a stronger biennial pattern in the first half of this year. These positive factors were offset by the effects of weaker exchange rates across most emerging market currencies and the decision to discontinue the large but low margin events IMOB and TATEF in Turkey.

Headline profit before tax for the first six months of the year was £18.2 million (2013: £11.1 million). The principal factors affecting the change in profits were net organic growth of £2.1 million, a contribution of £2.6 million from the newly acquired investment in Sinostar and changes in the biennial pattern and timing of events, which accounted for £2.4 million of first half profits.

Reported profits before tax were £12.2 million (2013: £2.6 million). Fully diluted earnings per share for the first six months were 4.3p (2013: 0.9p) and headline diluted earnings per share for the first six months were 6.0p (2013: 3.7p). The Group has a strong balance sheet and continues to generate positive cash flow; cash generated from operations over the first six months was £29.4 million (2013: £39.7 million) and during the period £38 million has been applied to acquisitions and £11.6 million to dividends. The Group had net debt of £1.8 million (2013: £21.7 million cash) at 31 March 2014.

Board and management

On 25 March 2014 the Board announced the appointment of Sharon Baylay as a Non-executive Director with effect from 1 April 2014. Sharon is a member of ITE's Audit and Remuneration Committees. She brings a wealth of international marketing, branding and communications

£**18.2**m
Headline profit before tax

experience together with a strong understanding of digital marketing from her background with Microsoft and as Marketing Director at the BBC. On 25 March 2014, the Board also announced Edward Strachan had stepped down as a Director with effect from 31 March 2014. He will continue in his existing management role as Regional Director for ITE's Central Asian offices.

Dividend
The Board has approved and increased the interim dividend by 9% to 2.5p per share (2013: 2.3p per share), maintaining the Group's progressive dividend policy.

Trading highlights and review of operations
Over the first half of the financial year, the Group experienced mixed trading conditions with growth in Moscow and the Central Asian markets but with more challenging conditions being experienced in regional Russia, Ukraine and the UK. During the period the Group organised 136 events (2013: 109 events) which generated like-for-like revenues (after making a £7.1m adjustment for discontinued events) 1% higher than for the same period last year despite the negative impact of circa £8 million from lower foreign exchange translation rates (+12% on a constant currency basis). Actual volume sales for the period of 320,100m^2 (2013: 352,500m^2) were 9% lower than last year's equivalent, mostly reflecting the discontinued Turkish events but partially offset by a stronger biennial pattern and positive timing differences. The underlying business (like-for-like excluding the discontinued events) reported volume sales growth of 2%. A summary of the Group's exhibition business sales and profits for the first six months of the year is set out below.

	Square metres sold 000's	Revenue £'m	Gross profit £'m
First half 2013	**353**	**69.4**	**25.4**
Non-annual 2013	(2)	(0.3)	(0.1)
Annually recurring	**351**	**69.1**	**25.3**
Acquisitions	2	1.0	0.4
Timing differences	12	2.5	1.1
Discontinued events	(79)	(7.1)	(0.4)
FX Translation	–	(7.8)	(2.2)
Organic increase	6	8.2	2.7
Non-annual 2014	28	5.3	1.7
First half 2014	**320**	**71.2**	**28.6**

The Group enters the second half of the year in a strong financial position.

£158m

Contracted revenue for the full year

Russia

Volume sales in Russia over the first six months of the year were 9% higher as a result of the return of two biennial events; the printing exhibition, Polygraphinter, and the woodworking machinery event, Woodex. On a like-for-like basis volume sales were 1% ahead reflecting a mix of good performance in Moscow offsetting weaker performances in Novosibirsk and Krasnodar.

Moscow performed well over the first half of the financial year, with like-for-like volume sales up 5% led by a return to growth of the Moscow International Travel & Tourism event, which delivered sales of 20,300m^2 (2013: 19,400m^2) and strong growth in the Pharma portfolio. Both Krasnodar and Novosibirsk saw volumes fall by around 10% largely in their construction events where overall marketing spend was affected by construction activity on the Sochi Winter Olympic project. St. Petersburg benefited from some small new launches in the period but the majority of its events take place in the second half of the year.

Central Asia & the Caucasus

Volume sales for the first six months in Central Asia and the Caucasus were 23% higher than for the comparative period, partly due to timing differences on a number of events mainly in Uzbekistan. Volume sales were ahead by 13% on a like-for-like basis.

The largest part of the Group's business in the region is Kazakhstan, which reported a small decline in like-for-like volumes sales. The largest event in the region is the Kazakhstan International Oil & Gas Exhibition (KIOGE), which was slightly smaller than the previous edition with volume sales of 8,000m^2. The strongest growth in the region has again been in Azerbaijan which enjoys a good trading environment and the Group's business here continues to grow into the new larger venue facilities realising good volume and revenue growth across the portfolio.

Eastern & Southern Europe

Consistent with the comments made at the time of the pre-close statement, business performance in Ukraine has been affected by the ongoing political troubles. The business, which will represent less than 5% of Group profits this year, has run its normal programme of exhibitions to date, all of which take place in Kiev, albeit with fewer exhibitors and visitors than in previous years. The Group expects the profits from the Ukrainian business for the full year to be circa £2.5 million less than normal, mostly affecting exhibitions to be reported in the second half of the year. Overall volumes sales were 19% below the comparative period with the smaller part of the portfolio in Autumn 2013 performing well, but events taking place this year increasingly reflecting the political tensions in the area.

In Turkey, as part of ITE's ongoing review of its event portfolio, the Group discontinued two high volume, low margin events, IMOB (furniture) and TATEF (industrial machinery), which led to a reduction in volume sales over the period of circa 50%. The remaining events performed well and the region reported an increase in profits over the comparative period. Turkeybuild, the pre-eminent construction event in Turkey (which remains capacity constrained until the 2015 event) took place in early May and delivered its largest ever event at 36,300m^2.

Asia

In Asia, the Group's activities are largely conducted through joint venture arrangements, ABEC in India and Sinostar in China, both of which are accounted for through the associate and joint venture line in the profit and loss account. ABEC has performed well delivering an increase in profits from its Indian construction portfolio and completing the successful launch of the India International Travel and Tourism event. The Group's 100% owned subsidiary in India reported a good result from its biennial Paperex event which grew volumes by over 15%.

UK

Following the exercise of its call option the UK fashion portfolio now owns 100% of Scoop, its London based designer lead womenswear event. The event grew strongly which helped the Group to offset a decline of 9% in volumes in its largest event, MODA, which in common with many European fashion events experienced a difficult Spring season.

April/May trading

April is the largest trading month for the Group. Mosbuild delivered a solid performance, but in common with other construction businesses in Russia reported lower volumes than for last year's comparable event. Other leading events in April reported a mix of performances with Moscow International Protection & Security growing but TransRussia impacted by a slowdown in one sector.

Set out below are the results for the Group's principal events taking place in April and early May 2014:

	2014 m^2	2013 m^2
Mosbuild	**65,300**	68,700
Turkeybuild	**36,300**	36,200
Moscow International Protection & Security	**11,700**	11,400
TransRussia	**10,000**	11,300

Outlook

As at 16 May 2014, the Group had booked revenues for the current financial year of £158 million (2013: £174 million). On a like-for-like basis this represents a decrease of 8% over the comparable figure for last year, although on a constant currency basis this would have been 5% ahead.

The Group enters the second half of the year in a strong financial position and continues to generate high levels of cash. It operates a resilient business model and is well placed to continue to diversify its business into new market leading positions and geographies. There remains much political uncertainty surrounding Russia-Ukraine and Russian economic indicators now suggest lower levels of growth for the remainder of 2014. The Board is monitoring carefully any developments and their implications for ITE's business but with good visibility on current year bookings the Board remain confident in the full year outcome and in the Group's future prospects.

Going Concern

As stated in note 20 to the condensed financial statements, the Directors are satisfied that the Group has sufficient resources to continue to operate for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2014

	Notes	**Six months to 31 March 2014 Unaudited £000**	Six months to 31 March 2013 Unaudited £000	Year ended 30 September 2013 Audited £000
Revenue		**71,157**	69,446	192,261
Cost of sales		**(42,556)**	(44,047)	(104,118)
Gross profit		**28,601**	25,399	88,143
Other operating income		**181**	157	278
Administrative expenses before amortisation		**(15,155)**	(16,409)	(31,229)
Amortisation of acquired intangibles	11	**(6,070)**	(7,350)	(13,116)
Foreign exchange gain/(loss) on operating activities		**1,670**	186	(154)
Total administrative expenses		**(19,555)**	(23,573)	(44,499)
Share of results of associate and joint ventures	12	**2,594**	651	1,080
Operating profit		**11,821**	2,634	45,002
Investment revenue	3	**1,231**	764	1,063
Finance costs	4	**(838)**	(759)	(2,171)
Profit on ordinary activities before taxation	5	**12,214**	2,639	43,894
Tax on profit on ordinary activities	6	**(1,663)**	(548)	(8,223)
Profit for the period		**10,551**	2,091	35,671
Attributable to:				
Owners of the Company		**10,523**	2,212	34,665
Non-controlling interests		**28**	(121)	1,006
		10,551	2,091	35,671
Earnings per share (p)				
Basic	8	**4.3**	0.9	14.2
Diluted	8	**4.3**	0.9	14.0

The results stated above relate to continuing activities of the Group.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 March 2014

	Six months to 31 March 2014 Unaudited £000	Six months to 31 March 2013 Unaudited £000	Year ended 30 September 2013 Audited £000
Profit for the period attributable to shareholders	**10,551**	2,091	35,671
Cash flow hedges:			
Movement in fair value of cash flow hedges	**687**	(5,211)	(4,623)
Fair value of cash flow hedges released to the income statement	**193**	(531)	(1,031)
Currency translation movement on net investment in subsidiary undertakings	**(12,194)**	6,630	(7,054)
	(763)	2,979	22,963
Tax relating to components of comprehensive income	**(186)**	1,002	1,393
Total comprehensive income for the period	**(949)**	3,981	24,356
Attributable to:			
Owners of the Company	**(977)**	4,102	23,350
Non-controlling interests	**28**	(121)	1,006
	(949)	3,981	24,356

All items recognised in comprehensive income may be reclassified subsequently to the income statement.

The notes on pages 17 to 35 form an integral part of the consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 31 March 2014 (unaudited):

	Share capital £000	Share premium account £000
Balance as at 1 October 2013	2,494	2,938
Net profit for the period	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–
Movement in fair value of cash flow hedges	–	–
Fair value of cash flow hedges released to the income statement	–	–
Tax relating to components of comprehensive income	–	–
Total comprehensive income for the six-month period ending 31 March 2014	**–**	**–**
Dividends paid	–	–
Exercise of options	3	8
Share-based payments	–	–
Purchase of shares for ESOT	–	–
Tax credited to equity	–	–
Recognise put option on acquisition of subsidiary	–	–
Balance as at 31 March 2014	**2,497**	**2,946**

Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
2,746	457	(3,530)	119,335	(7,108)	(12,120)	(433)	104,779	4,519	109,298
–	–	–	10,523	–	–	–	10,523	28	10,551
–	–	–	–	–	(12,194)	–	(12,194)	–	(12,194)
–	–	–	–	–	–	687	687	–	687
–	–	–	–	–	–	193	193	–	193
–	–	–	(186)	–	–	–	(186)	–	(186)
–	**–**	**–**	**10,337**	**–**	**(12,194)**	**880**	**(977)**	**28**	**(949)**
–	–	–	(11,581)	–	–	–	(11,581)	(425)	(12,006)
–	–	1,444	(54)	–	–	–	1,401	–	1,401
–	–	–	833	–	–	–	833	–	833
–	–	(2,751)	–	–	–	–	(2,751)	–	(2,751)
–	–	–	(12)	–	–	–	(12)	–	(12)
–	–	–	–	–	–	–	–	–	–
2,746	**457**	**(4,837)**	**118,858**	**(7,108)**	**(24,314)**	**447**	**91,692**	**4,122**	**95,814**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

Six-month period ended 31 March 2013 (unaudited):

	Share capital £000	Share premium account £000
Balance as at 1 October 2012	2,489	2,793
Net profit for the period	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–
Movement in fair value of cash flow hedges	–	–
Fair value of cash flow hedges released to the income statement	–	–
Tax relating to components of comprehensive income	–	–
Total comprehensive income for the six-month period ending 31 March 2013	**–**	**–**
Exercise of options	2	–
Dividends paid	–	–
Share-based payments	–	–
Tax credited to equity	–	–
Recognise put option on acquisition of subsidiary	–	–
Balance as at 31 March 2013	**2,491**	**2,793**

Year ended 30 September 2013 (audited):

	Share capital £000	Share premium account £000
Balance as at 1 October 2012	2,489	2,793
Net profit for the period	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–
Movement in fair value of cash flow hedges	–	–
Fair value of cash flow hedges released to the income statement	–	–
Tax relating to components of comprehensive income	–	–
Total comprehensive income for the year ended 30 September 2013	**–**	**–**
Dividends paid	–	–
Exercise of options	5	145
Share-based payments	–	–
Tax credited to equity	–	–
Acquisition of subsidiary	–	–
Exercise put option on acquisition of subsidiary	–	–
Balance as at 30 September 2013	**2,494**	**2,938**

Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
2,746	457	(5,183)	101,183	(11,510)	(5,066)	5,221	93,130	6,696	99,826
–	–	–	2,212	–	–	–	2,212	(121)	2,091
–	–	–	–	–	6,630	–	6,630	–	6,630
–	–	–	–	–	–	(5,211)	(5,211)	–	(5,211)
–	–	–	–	–	–	(531)	(531)	–	(531)
–	–	–	1,002	–	–	–	1,002	–	1,002
–	**–**	**–**	**3,214**	**–**	**6,630**	**(5,742)**	**4,102**	**(121)**	**3,981**
–	–	773	(444)	–	–	–	331	–	331
–	–	–	(10,717)	–	–	–	(10,717)	(521)	(11,238)
–	–	–	984	–	–	–	984	–	984
–	–	–	77	–	–	–	77	–	77
–	–	–	–	(1,215)	–	–	(1,215)	–	(1,215)
2,746	**457**	**(4,410)**	**94,297**	**(12,725)**	**1,564**	**(521)**	**86,692**	**6,054**	**92,746**

Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
2,746	457	(5,183)	101,183	(11,510)	(5,066)	5,221	93,130	6,696	99,826
–	–	–	34,665	–	–	–	34,665	1,006	35,671
–	–	–	–	–	(7,054)	–	(7,054)	–	(7,054)
–	–	–	–	–	–	(4,623)	(4,623)	–	(4,623)
–	–	–	–	–	–	(1,031)	(1,031)	–	(1,031)
–	–	–	1,393	–	–	–	1,393	–	1,393
–	**–**	**–**	**36,058**	**–**	**(7,054)**	**(5,654)**	**23,350**	**1,006**	**24,356**
–	–	–	(16,361)	–	–	–	(16,361)	(1,254)	(17,615)
–	–	1,653	(1,249)	–	–	–	554	–	554
–	–	–	2,219	–	–	–	2,219	–	2,219
–	–	–	458	–	–	–	458	–	458
–	–	–	–	(1,215)	–	–	(1,215)	715	(500)
–	–	–	(2,973)	5,617	–	–	2,644	(2,644)	–
2,746	**457**	**(3,530)**	**119,335**	**(7,108)**	**(12,120)**	**(433)**	**104,779**	**4,519**	**109,298**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	**31 March 2014 Unaudited £000**	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Non-current assets				
Goodwill	10	**76,325**	82,767	78,575
Other intangible assets	11	**42,087**	54,757	43,734
Property, plant and equipment		**2,423**	2,709	2,316
Interests in associates and joint ventures	12	**50,404**	15,213	17,916
Venue advances and other loans		**3,182**	3,249	3,508
Derivative financial instruments	16	**120**	345	141
Deferred tax asset		**1,815**	2,406	2,112
		176,356	161,446	148,302
Current assets				
Trade and other receivables	13	**55,117**	59,416	50,881
Tax prepayment		**671**	1,774	3,332
Derivative financial instruments	16	**688**	286	586
Cash and cash equivalents		**27,816**	47,276	44,040
		84,292	108,752	98,839
Total assets		**260,648**	270,198	247,141
Current liabilities				
Overdraft	15	**(19,600)**	(17,447)	(17,577)
Trade and other payables	14	**(26,006)**	(18,772)	(21,202)
Deferred income		**(91,401)**	(106,468)	(76,806)
Derivative financial instruments	16	**(4,458)**	(5,434)	(4,840)
Provisions		**(272)**	(877)	(404)
		(141,737)	(148,998)	(120,829)
Non-current liabilities				
Bank loan	15	**(10,000)**	(8,151)	(3,000)
Provisions		**(331)**	(393)	(421)
Deferred tax liabilities		**(10,850)**	(12,998)	(11,443)
Derivative financial instruments	16	**(1,916)**	(6,912)	(2,150)
		(23,097)	(28,454)	(17,014)
Total liabilities		**(164,834)**	(177,452)	(137,843)
Net assets		**95,814**	92,746	109,298

Condensed Consolidated Statement of Financial Position continued

	Notes	**31 March 2014 Unaudited £000**	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Equity				
Share capital	17	**2,497**	2,491	2,494
Share premium account		**2,946**	2,793	2,938
Merger reserve		**2,746**	2,746	2,746
Capital redemption reserve		**457**	457	457
ESOT reserve		**(4,837)**	(4,410)	(3,530)
Retained earnings		**118,858**	94,297	119,335
Put option reserve		**(7,108)**	(12,725)	(7,108)
Translation reserve		**(24,314)**	1,564	(12,120)
Hedge reserve		**447**	(521)	(433)
Equity attributable to equity holders of the parent		**91,692**	86,692	104,779
Non-controlling interest		**4,122**	6,054	4,519
Total equity		**95,814**	92,746	109,298

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 March 2014

	Notes	**Six months to 31 March 2014 Unaudited £000**	Six months to 31 March 2013 Unaudited £000	Year ended 30 September 2013 Audited £000
Cash flows from operating activities				
Operating profit from continuing operations		**11,821**	2,634	45,002
Adjustments for non-cash items:				
Depreciation and amortisation		**6,761**	8,134	14,312
Share-based payments		**833**	984	2,219
Share of profit from associates and joint ventures		**(2,594)**	(651)	(1,080)
(Decrease)/increase in provisions		**(222)**	48	(361)
Gain on disposal of property, plant and equipment		**59**	(21)	(7)
Foreign exchange (gain)/loss on operating activities		**(1,670)**	(186)	154
Profit on disposal of investments	9	**(716)**	–	–
Recognition of negative goodwill from bargain purchase	9	**(463)**	–	–
Fair value of cash flow hedges recognised in the income statement		**176**	(490)	(1,012)
Operating cash flows before movements in working capital		**13,985**	10,452	59,227
Increase in receivables		**(609)**	(10,896)	(5,983)
Venue advances and loans		**(105)**	(221)	(867)
Utilisation and repayment of venue loans		**182**	2,720	5,588
Increase in deferred income		**15,581**	34,396	11,483
Increase/(decrease) in payables		**360**	3,293	(3,239)
Cash generated from operations		**29,394**	39,744	66,209
Tax paid		**(2,796)**	(2,469)	(11,090)
Net cash from operating activities		**26,598**	37,275	55,119
Investing activities				
Interest received		**269**	546	1,006
Dividends received from associates and joint ventures	12	**1,192**	420	900
Proceeds from demerger	12	**2,482**	–	–
Investment in associates and joint ventures	12	**(30,419)**	(14,381)	(16,098)
Acquisition of businesses – cash paid		**(8,604)**	(4,938)	(4,936)
Cash acquired on acquisition of business		**998**	–	–
Purchase of property, plant and equipment and computer software		**(1,376)**	(909)	(1,596)
Cash paid to acquire non-controlling interests		**–**	–	(5,030)
Net cash from investing activities		**(35,458)**	(19,262)	(25,754)

Condensed Consolidated Cash Flow Statement continued

	Notes	**Six months to 31 March 2014 Unaudited £000**	Six months to 31 March 2013 Unaudited £000	Year ended 30 September 2013 Audited £000
Financing activities				
Dividends paid		**(11,567)**	(10,704)	(16,351)
Dividends paid to non-controlling interests		**(425)**	(521)	(1,254)
Interest paid		**(533)**	(479)	(952)
Proceeds from the issue of share capital and exercise of share options		**1,401**	331	554
Acquisition of shares for ESOT		**(2,751)**	–	–
Drawdown/(repayment) of borrowings		**9,012**	(3,126)	(8,194)
Net cash flows from financing activities		**(4,863)**	(14,499)	(26,197)
Net (decrease)/increase in cash and cash equivalents		**(13,723)**	3,514	3,168
Net cash and cash equivalents at beginning of period		**44,040**	41,734	41,734
Effect of foreign exchange rates		**(2,501)**	2,028	(862)
Net cash and cash equivalents at end of period		**27,816**	47,276	44,040
Cash generated from the business				
Cash generated from operations		**29,394**	39,744	66,209
Interest received		**269**	546	1,006
Interest paid		**(533)**	(479)	(952)
		29,130	39,811	66,263
Free cash flow from the business				
Cash generated from the business		**29,130**	39,811	66,263
Tax paid		**(2,796)**	(2,469)	(11,090)
		26,334	37,342	55,173

NET CASH RECONCILIATION

For the six months ended 31 March 2014

	At 1 October 2013 £000	Cash flow £000	Foreign exchange £000	**At 31 March 2014 £000**
Cash	44,040	(13,723)	(2,501)	**27,816**
Debt due within one year	(17,577)	(2,012)	(11)	**(19,600)**
Debt due after one year	(3,000)	(7,000)	–	**(10,000)**
Net cash/(debt)	**23,463**	**(22,735)**	**(2,512)**	**(1,784)**

The notes on page 17 to 35 form an integral part of the consolidated financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 31 March 2014

1. General Information and basis of preparation
The information for the year ended 30 September 2013 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The annual financial statements of ITE Group plc are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Accounting policies
The interim financial statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ending 30 September 2014. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 September 2013 except as described below.

The following new standards, amendments to standards and interpretations have been adopted and applied in the period but have had no material impact on the 2014 Group interim statements:

Revised version of IAS 19 – Employee Benefits
IAS 27 – Separate Financial Statements (2011)
IAS 28 – Investments in Associates and Joint Ventures (2011)
IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement
Amendments to IFRS 7 and IAS 32 – Offsetting financial assets and financial liabilities
Amendments to IFRS 1 – Government Loans

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective;

IFRS 9 – Financial Instruments
Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

2. Segmental information
IFRS 8 introduced the term Chief Operating Decision Maker (CODM). The Senior Management Board is considered to be the CODM and consists of Neil Jones (Financial Director), Stephen Keen, Suzanne King, Baris Onay, Nik Rudge, Alexander Shtalenkov, Russell Taylor (Chief Executive Officer) and Colette Tebbutt.

NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 31 March 2014

2. Segmental information continued
ITE's reportable segments are strategic business units that are based in different geographic locations, predominantly in the developing and emerging markets. Each business unit is managed separately and has a different marketing strategy as determined by the local management. The products and services offered by each business unit are identical across the Group.

ITE Group evaluates performance on the basis of headline profit or loss from operations before tax expense.

The revenue and profit before taxation are attributable to the Group's one principal activity, the organisation of trade exhibitions, conferences and related activities and can be analysed by geographic segment as follows:

Six months ended 31 March 2014 Unaudited	Russia £000	Central Asia & Caucasus £000	Eastern & Southern Europe £000	UK & Western Europe £000	Asia £000	Total Group £000
By geographical location of events/activities						
Revenue	42,268	12,488	7,855	5,920	2,626	71,157
Headline pre-tax profit	14,375	3,891	481	(3,134)	2,600	18,213
Operating profit	11,787	3,758	(2,682)	(1,739)	697	11,821
By origin of sale						
Revenue	31,213	7,083	6,287	24,022	2,552	71,157
Headline pre-tax profit	9,927	1,275	(607)	4,363	3,255	18,213
Operating profit	7,340	1,143	(3,770)	5,759	1,349	11,821
Operating profit						11,821
Investment revenue						1,231
Finance costs						(838)
Profit before tax						12,214
Tax						(1,663)
Profit after tax						10,551
Capital expenditure	462	69	82	717	46	1,376
Depreciation and amortisation	2,690	264	2,695	530	582	6,761
Balance Sheet						
Assets*	70,343	21,355	58,156	42,914	65,394	258,162
Liabilities*	(41,806)	(10,600)	(14,287)	(83,710)	(3,097)	(153,500)

* Segment assets and segment liabilities exclude current and deferred tax assets and liabilities.

The revenue in the period of £71.2 million includes £0.3 million of barter sales.

Included within the headline pre-tax profit and operating profit of UK & Western Europe is £5.3 million and £5.0 million respectively of corporate costs.

2. Segmental information continued

Six months ended 31 March 2013 Unaudited	Russia £000	Central Asia & Caucasus £000	Eastern & Southern Europe £000	UK & Western Europe £000	Asia £000	Total Group £000
By geographical location of events/activities						
Revenue	40,019	11,472	12,315	5,055	585	69,446
Headline pre-tax profit	11,298	2,647	1,841	(3,311)	(1,342)	11,133
Operating profit	7,366	2,584	(1,392)	(3,074)	(2,850)	2,634
By origin of sale						
Revenue	31,261	6,322	9,723	21,685	455	69,446
Headline pre-tax profit	6,851	1,102	546	2,543	91	11,133
Operating profit	2,919	1,039	(2,687)	2,779	(1,416)	2,634
Operating profit						2,634
Investment revenue						764
Finance costs						(759)
Profit before tax						2,639
Tax						(548)
Profit after tax						2,091
Capital expenditure	462	221	74	285	25	1,067
Depreciation and amortisation	3,883	179	2,862	544	666	8,134
Balance Sheet						
Assets*	107,517	20,320	60,013	46,941	31,227	266,018
Liabilities*	(60,961)	(9,289)	(14,982)	(74,588)	(2,664)	(162,484)

* Segment assets and segment liabilities exclude current and deferred tax assets and liabilities.

The revenue in the period of £69.4 million includes £0.2 million of barter sales.

Included within the headline pre-tax profit and operating profit of UK & Western Europe is £5.6 million and £5.2 million respectively of corporate costs.

The amortisation charge for the six months ended 31 March 2013 have been reallocated from UK & Western Europe to the segments to which the intangible assets relate. Eliminations of intragroup revenues have also been reallocated between segments.

2. Segmental information continued

Year ended 30 September 2013 Audited	Russia £000	Central Asia & Caucasus £000	Eastern & Southern Europe £000	UK & Western Europe £000	Asia £000	Total Group £000
By geographical location of events/activities						
Revenue	121,138	28,836	28,930	9,696	3,661	192,261
Headline pre-tax profit	48,367	10,375	8,662	(8,557)	518	59,365
Operating profit	41,639	10,260	2,691	(8,247)	(1,341)	45,002
By origin of sale						
Revenue	86,302	16,464	23,607	62,455	3,433	192,261
Headline pre-tax profit	32,372	5,548	6,909	12,384	2,152	59,365
Operating profit	25,643	5,433	939	12,694	293	45,002
Operating profit						45,002
Investment revenue						1,063
Finance costs						(2,171)
Profit before tax						43,894
Tax						(8,223)
Profit after tax						35,671
Capital expenditure	286	176	52	394	13	921
Depreciation and amortisation	6,957	328	5,356	691	980	14,312
Balance Sheet						
Assets*	88,308	15,735	50,741	54,812	32,102	241,698
Liabilities*	(43,899)	(6,865)	(13,040)	(57,790)	(2,251)	(123,845)

* Segment assets and segment liabilities exclude current and deferred tax assets and liabilities.

The revenue in the period of £192.3 million includes £0.7 million of barter sales.

Included within the headline pre-tax profit and operating profit of UK & Western Europe is £11.6 million and £11.0 million respectively of corporate costs.

3. Investment revenue

	Six months to 31 March 2014 Unaudited £000	Six months to 31 March 2013 Unaudited £000	Year ended 30 September 2013 Audited £000
Interest receivable from bank deposits	**269**	546	1,006
Gain on revaluation of put options	**350**	161	–
Gain on cash flow hedges	**–**	57	57
Gain on revaluation of contingent consideration	**612**	–	–
	1,231	764	1,063

4. Finance costs

	Six months to 31 March 2014 Unaudited £000	Six months to 31 March 2013 Unaudited £000	Year ended 30 September 2013 Audited £000
Interest on bank loans and overdrafts	**299**	243	479
Bank charges	**234**	236	473
Loss on contingent consideration	**–**	31	75
Loss on revaluation of put options	**188**	–	825
Loss on cash flow hedges	**17**	16	38
Imputed interest charge on discounted put option liabilities	**100**	233	281
	838	759	2,171

For the six months ended 31 March 2014

5. Reconciliation of profit on ordinary activities before taxation to headline pre-tax profit

	Six months to 31 March 2014 Unaudited £000	Six months to 31 March 2013 Unaudited £000	Year ended 30 September 2013 Audited £000
Profit on ordinary activities before taxation	**12,214**	2,639	43,894
Operating items			
Amortisation of acquired intangibles	**6,070**	7,350	13,116
Tax on income from associates and joint ventures	**815**	79	105
Transaction costs (completed and pending)	**967**	962	1,178
Exceptional income	**–**	–	(109)
Profit on disposal of investments (note 9)	**(716)**	–	–
Recognition of negative goodwill from bargain purchase (note 9)	**(463)**	–	–
Financing items			
(Gain)/loss on revaluation of put options	**(162)**	(161)	825
(Gain)/loss on contingent consideration	**(612)**	31	75
Imputed interest charge on discounted put option liabilities	**100**	233	281
Headline pre-tax profit	**18,213**	11,133	59,365

6. Taxation

	Six months to 31 March 2014 Unaudited £000	Six months to 31 March 2013 Unaudited £000	Year ended 30 September 2013 Audited £000
Current tax			
UK corporation tax	**873**	62	101
Foreign tax	**2,367**	2,373	10,775
	3,240	2,435	10,876
Deferred tax	**(1,577)**	(1,887)	(2,653)
Tax on profit on ordinary activities	**1,663**	548	8,223

Tax at the interim is charged on pre-tax profits, including those of associates and joint ventures, at a rate of 19% (2013: 20%) representing the best estimate of the weighted average annual corporation tax expected for the financial year adjusted for discrete items in the interim period.

7. Dividends

	Six months to 31 March 2014 Unaudited £000	Six months to 31 March 2013 Unaudited £000	Year ended 30 September 2013 Audited £000
Final dividend for the year ended 30 September 2013 of 4.7p (2012: 4.4p) per ordinary share	**11,581**	10,717	10,717
Interim dividend for the year ended 30 September 2013 of 2.1p per ordinary share	**–**	–	5,644
Proposed interim dividend for the year ending 30 September 2014 of 2.5p (2013: 2.3p) per ordinary share	**6,160**	5,625	–

The proposed interim dividend was approved by the Board on 14 May 2014 and has not been included as a liability as at 31 March 2014.

8. Earnings per share

The calculations of basic and diluted earnings per share are based on the profit for the financial year attributable to equity holders of the parent of £10.5 million (31 March 2013: £2.2 million; 30 September 2013: £34.7 million).

Headline diluted earnings per share is intended to provide a consistent measure of Group earnings on a year-on-year basis. Headline diluted earnings per share is calculated using profit attributable to equity holders of the parent for the financial year before amortisation of acquired intangibles, impairment of goodwill, profits or losses on disposal of Group undertakings, revaluation of financial liabilities in relation to minority put options and deferred and contingent consideration, imputed interest charges on put option liabilities and direct costs relating to completed and pending acquisitions and disposals, as shown in the table below:

	Six months to 31 March 2014 Unaudited £000	Six months to 31 March 2013 Unaudited £000	Year ended 30 September 2013 Audited £000
Profit for the financial period attributable to equity holders of the parent	**10,523**	2,212	34,665
Amortisation of acquired intangibles	**6,070**	7,350	13,116
Tax effect of amortisation	**(1,153)**	(1,470)	(2,457)
Transaction costs	**967**	962	1,178
Exceptional income	**–**	–	(109)
(Gain)/loss on revaluation of put options	**(162)**	(161)	825
(Profit) on disposal of investments (note 9)	**(716)**	–	–
Recognition of negative goodwill from bargain purchase (note 9)	**(463)**	–	–
(Gain)/loss on contingent consideration	**(612)**	31	75
Imputed interest charge on discounted put option liabilities	**100**	233	281
Tax effect of other adjustments	**224**	–	–
	14,778	9,157	47,574

8. Earnings per share continued

The number of shares used in the calculation of earnings per share is presented below:

	Six months to 31 March 2014 Number of shares ('000) Unaudited	Six months to 31 March 2013 Number of shares ('000) Unaudited	Year ended 30 September 2013 Number of shares ('000) Audited
Weighted average number of shares:			
For basic earnings per share	**246,358**	243,619	244,378
Dilutive effect of exercise of share options	**440**	4,080	2,647
For diluted earnings per share	**246,798**	247,699	247,025

9. Acquisition of businesses

Beauty Eurasia

On 10 October 2013, E Uluslararası Fuar Tanıtım Hizmetleri A.Ş, the Group's wholly owned Turkish subsidiary, acquired 100% of the shares of Platform Exhibitions Inc, a company incorporated in Turkey, for cash consideration of £8.4 million, of which £2.7 million is deferred.

The acquired business organises the Beauty Eurasia exhibition which takes place in June and serves the beauty and cosmetics industries in Turkey. As such the acquisition of this company is consistent with ITE's strategy of expanding into new sectors in existing markets, and enhances ITE's presence in the beauty sector.

The Group incurred transaction costs of £0.4 million in relation to this acquisition, which are included in administrative expenses.

Details of the fair values of the net assets acquired, and the attributable goodwill, are presented as follows:

Assets acquired	Fair value £000
Intangible fixed assets – Trademarks	570
Intangible fixed assets – Customer relationships	3,610
Cash	160
Deferred tax liability	(836)
Other current assets	347
Other current liabilities	(386)
Net assets acquired	**3,465**
Goodwill arising on acquisition	4,944
Total cost of acquisition	
Satisfied by net cash paid	5,690
Contingent consideration	2,719
	8,409

9. Acquisition of businesses continued

The values used in accounting for the identifiable assets and liabilities of these acquisitions are provisional in nature at balance sheet date. If necessary, adjustments will be made to these carrying values and the related goodwill, within 12 months of the acquisition date.

Goodwill arising on acquisition of £4.9 million represents the perceived value placed by the Group on synergies expected across its beauty portfolio and within the existing Turkish business.

The cost of the acquisition includes £2.7 million of consideration which is contingent upon the results of the business for the year ended 30 June 2014.

The acquired business has contributed £nil revenue and £0.1 million of costs to Group results since acquisition. If the acquisition had occurred on 1 October 2013 the contribution of the acquired business to Group results would be unchanged.

Scoop

On 1 December 2013, the Group exercised its call option to acquire the 60% of Scoop International Fashion Limited which it did not already own.

The acquired business organises Scoop, a high end womenswear fashion exhibition in the UK. The acquisition is expected to strengthen the Group's position in the UK fashion sector.

Disposal of investment

In order to recognise and fully consolidate the assets and liabilities of the Scoop subsidiary, first the Group derecognised its existing 40% investment in Scoop previously recorded within Investments in Associates and Joint Ventures. This resulted in a gain of £1.0 million which represents the difference between the fair value of £1.2 million and book value of £0.2 million of the existing holding. This gain is recognised within administrative expenses.

9. Acquisition of businesses continued

Acquisition of subsidiary

Details of the fair values of the net assets acquired, and the attributable goodwill, are presented as follows:

Assets acquired	Fair value £000
Property, plant and equipment	63
Intangible fixed assets – Trademarks	965
Intangible fixed assets – Customer relationships	1,229
Cash	408
Deferred tax liability	(477)
Other current assets	412
Other current liabilities	(1,039)
Net assets acquired	**1,561**
Goodwill arising on acquisition	1,422
Total cost of acquisition	
Satisfied by net cash paid	1,790
Fair value of previously held interest	1,193
	2,983

The values used in accounting for the identifiable assets and liabilities of these acquisitions are provisional in nature at balance sheet date. If necessary, adjustments will be made to these carrying values and the related goodwill, within 12 months of the acquisition date.

Goodwill arising on acquisition of £1.4 million reflects expected synergies with the Group's existing UK fashion business.

The acquired business has contributed £1.0 million to Group revenue and £0.4 million to profit since acquisition. If the acquisition had occurred on 1 October 2013 the contribution of the acquired business to Group results would be unchanged.

Summit

On 3 February 2014, the Group's put option to acquire the 90% of Summit Trade Events Limited, which it did not already own, was exercised.

The acquired business organises a number of conferences in the Oil & Gas sector in Turkmenistan. As such the acquisition of this company is consistent with ITE's strategy of expanding into existing sectors in new markets.

9. Acquisition of businesses continued

Disposal of investment

In order to recognise and fully consolidate the assets and liabilities of the Summit subsidiary, first the Group derecognised its existing 10% investment in Summit previously recorded within Investments in Associates and Joint Ventures. This resulted in a loss of £0.3 million which represents the difference between the fair value of £0.2 million and book value of £0.5 million of the existing holding. This loss is recognised within administrative expenses.

Acquisition of subsidiary

Details of the fair values of the net assets acquired, and the attributable goodwill, are presented as follows:

Assets acquired	Fair value £000
Intangible fixed assets – Trademarks	339
Intangible fixed assets – Customer relationships	1,718
Cash	430
Deferred tax liability	(453)
Other current assets	89
Other current liabilities	(66)
Net assets acquired	**2,057**
Recognition of negative goodwill from bargain purchase	(463)
Total cost of acquisition	
Satisfied by net cash paid	1,124
Contingent consideration	311
Fair value of previously held interest	159
	1,594

The values used in accounting for the identifiable assets and liabilities of these acquisitions are provisional in nature at balance sheet date. If necessary, adjustments will be made to these carrying values and the related goodwill, within 12 months of the acquisition date.

The gain on bargain purchase, which is included within administrative expenses, results from the terms of the put and call options contained in the contractual arrangements.

The cost of the acquisition includes £0.3 million of consideration which is contingent upon the results of the business for the year ended 31 December 2015.

The acquired business has contributed £nil to Group revenue and profit since acquisition. If the acquisition had occurred on 1 October 2013 the acquired business would have contributed £1.0 million to Group revenue and an additional £0.2 million to Group profit.

10. Goodwill

	2014 £000
At 1 October 2013	78,575
Additions in the period	6,366
Exchange differences	(8,616)
At 31 March 2014	**76,325**

11. Other intangible assets

	2014 £000
At 1 October 2013	43,734
Additions through business combinations	8,431
Additions	671
Amortisation of acquired intangibles	(6,070)
Amortisation of computer software	(288)
Exchange differences	(4,391)
At 31 March 2014	**42,087**

12. Interests in associates and joint ventures

	Total £000
At 1 October 2013	17,916
Additions	34,209
Share of results of associates and joint ventures	2,594
Dividends received	(1,192)
Proceeds from demerger	(2,482)
Deemed disposal of investments in Scoop & Summit	(592)
Foreign exchange	(49)
At 31 March 2014	**50,404**

On 14 November 2013, ITE's wholly owned subsidiary, ITE Overseas Ltd, established a 50:50 joint venture, Sinostar ITE, with Hong Kong based Worldcoat Exhibitions Ltd, for an investment of £34 million, of which £4 million is deferred and contingent upon the results of the business for the year ended 31 March 2014. As part of the transaction, Sinostar ITE acquired the ChinaCoat exhibition from Sinostar International Ltd. ChinaCoat is the leading coatings and finishings exhibition in China and South East Asia. As such the acquisition of this joint venture is consistent with ITE's strategy of expanding into new high growth markets.

The Group incurred transaction costs of £0.4m in relation to the acquisition of Sinostar ITE, which are included in administrative expenses. A dividend will be paid by the joint venture once the profits for the year ended 31 March 2014 have been audited.

12. Interests in associates and joint ventures continued
During the year ABEC, one of the Group's associates, demerged a property-owning entity from their business resulting in the receipt of proceeds from the demerger of £2.5 million.

As explained in note 9, on acquisition of controlling equity stakes in Scoop and Summit, it is necessary to deem the investments in these associates a disposal as part of the acquisition accounting process, to fully recognise the assets and liabilities of the subsidiary.

13. Trade and other receivables

	31 March 2014 Unaudited £000	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Trade receivables	**29,263**	32,968	37,237
Other receivables	**2,999**	3,267	3,364
Venue advances and prepayments	**605**	3,176	555
Prepayments and accrued income	**22,250**	20,005	9,725
	55,117	59,416	50,881

Prepayments and accrued income includes £3.4 million (31 March 13: £nil, 30 September 13: £1.2 million) of non-current show prepayments.

14. Trade and other payables

	31 March 2014 Unaudited £000	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Trade payables	**1,948**	731	260
Taxation and social security	**1,489**	5,617	4,721
Other payables	**3,450**	2,904	2,528
Accruals	**8,791**	8,716	9,573
Deferred consideration	**145**	293	3,790
Contingent consideration	**10,183**	511	330
	26,006	18,772	21,202

For the six months ended 31 March 2014

15. Bank loan and overdraft

	31 March 2014 Unaudited £000	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Current liabilities			
Bank overdraft	**19,600**	17,447	17,577
	19,600	17,447	17,577
Non-current liabilities			
Bank loan	**10,000**	8,151	3,000
	10,000	8,151	3,000

The bank overdraft is repayable on demand. The overdraft is denominated in Sterling, Euros and US Dollars. The overdraft is taken out to act as a partial hedge against the UK monetary assets in those currencies. At 31 March 2014 the Group had £0.4 million (March 2013: £2.6 million) of undrawn committed overdraft facilities. The bank loan is a £10.0 million multi-currency committed bank facility that provides revolving credit facilities through to 1 July 2015. At 31 March 2014 the Group had £nil (March 2013: £1.8 million) of undrawn committed loan facility.

All borrowings are arranged at floating interest rates, thus exposing the Group to interest rate risk. All borrowings are secured by a guarantee between a number of Group companies.

16. Derivative financial instruments

Derivative financial instruments are classified according to the following categories in the table below. The Group's derivative financial instruments are categorised into levels to reflect the degree to which observable inputs are used for determining their fair value. All instruments at 31 March 2014 are classified as Level 2, which means that fair value is determined using inputs, other than quoted prices in active markets for identical assets or liabilities, that are observable for the asset or liability either directly or indirectly.

	31 March 2014 Unaudited £000	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Current assets			
Foreign currency forward contracts	**688**	286	534
Equity option assets	**–**	–	52
	688	286	586
Non-current assets			
Foreign currency forward contracts	**120**	293	141
Equity option assets	**–**	52	–
	120	345	141

16. Derivative financial instruments continued

	31 March 2014 Unaudited £000	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Current liabilities			
Foreign currency forward contracts	**214**	364	345
Put options	**4,244**	5,070	4,495
	4,458	5,434	4,840
Non-current liabilities			
Foreign currency forward contracts	**315**	1,211	738
Put options	**1,601**	5,701	1,412
	1,916	6,912	2,150

The notional amounts outstanding under derivative instruments as at each reporting date are as follows:

Derivative assets	**31 March 2014 Unaudited £000**	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Foreign currency forward contracts	**38,636**	29,941	21,901
Equity option assets	**–**	781	1,038
	38,636	30,722	22,939

Derivative liabilities	**31 March 2014 Unaudited £000**	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Foreign currency forward contracts	**29,215**	50,845	39,614
Put option liabilities	**62,004**	10,771	64,761
	91,219	61,616	104,375

The Group utilises foreign currency forward contracts to hedge future Euro denominated sales made from the UK. The Group is party to foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are denominated in Euros which represents the Group's primary billing currency. Under the forward contracts, the Group has an obligation to sell Euros for Sterling at specified rates at specified dates.

The foreign currency forward contracts as at 31 March 2014 cover exchange exposures over the next 36 months, with €62.2 million covering exposures after September 2014. These instruments have been designated in hedging relationships, with any changes in their fair value being recorded in equity.

16. Derivative financial instruments continued

At 31 March 2014, the fair value of these derivatives is estimated to be a net asset of approximately £0.3 million (31 March 2013: liability of £1.0 million; 30 September 2013: liability of £0.4 million). This is based on market valuations. This amount has been deferred in equity at 31 March 2014.

The Group is party to a number of put options to acquire the non-controlling interests arising from business combinations. These instruments are initially recognised at fair value on the balance sheet with all subsequent changes in fair value taken to the income statement.

	31 March 2014 Unaudited £000	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Put options on subsidiaries			
Yem Fuar	**4,244**	9,556	4,495
Tradelink	**1,601**	1,215	1,412
Put options on associates & joint ventures			
ABEC	**–**	–	–
ECMI	**–**	–	–
Put options exercised in the period			
Summit Trade Events Limited	**–**	–	–
Scoop	**–**	–	–
	5,845	10,771	5,907

17. Share capital

	31 March 2014 Unaudited £000	31 March 2013 Unaudited £000	30 September 2013 Audited £000
Authorised			
375,000,000 ordinary shares of 1 penny each (31 March 2013: 375,000,000)	**3,750**	3,750	3,750
Allotted and fully-paid			
249,720,524 ordinary shares of 1 penny each (31 March 2013: 249,115,024)	**2,497**	2,491	2,494

During the period, the Company allotted 348,000 (2013: 251,617) ordinary shares of 1 penny each pursuant to the exercise of share options. The total consideration for the shares issued was £11,930 (2013: £2,516).

The Company has one class of ordinary shares which carry no right to fixed income.

18. Events after the balance sheet date

On 5 May 2014 the Group exercised its call option to acquire an additional 20% of Yem Fuar for consideration of TRY 15.5 million (£4.2 million), taking its total stake to 100%.

19. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with key management personnel will be disclosed in the Group's Annual Report for the year ended 30 September 2014.

Transactions between the Group and its associates, where relevant, are disclosed below.

Trading transactions

In Kazakhstan, ITECA, a Group subsidiary, has transacted with Datacom and Saban Holdings for the provision of web systems and office rental respectively. Edward Strachan, a Group Director for the six month period to 31 March 2014, is a significant shareholder of Datacom and Saban Holdings. In total, the services charged to ITECA were £33,500 (31 March 2013: £30,000, 30 September 2013: £61,000).

In St Petersburg, Primexpo, a Group subsidiary, has transacted with Cavalry House for the provision of office rental. Edward Strachan, a Group Director for the six month period to 31 March 2014, is a significant shareholder of Cavalry House. In total, the services charged to Primexpo were £99,600 (31 March 2013: £102,000, 30 September 2013: £206,000).

During the period ended 31 March 2014 consultancy fees of £108,750 (31 March 2013: £70,000, 30 September 2013: £215,000) were paid to Kyzyl Tan Eurasian Advisors Limited ("Kyzyl Tan") of which Edward Strachan is a significant shareholder. These payments were made under a contract for Kyzyl Tan to provide the services of Edward Strachan to the Group.

The Group holds a 40% stake in Lentewenc, a company incorporated in Poland. Edward Strachan is a significant shareholder of Lentewenc. The Group provided non-refundable funding of £140,000 to Lentewenc during the six month period to 31 March 2014 (31 March 2013: nil, 30 September 2013: nil).

20. Principal risks and uncertainties

The Group identifies and monitors the key risks and uncertainties affecting the Group and runs the business in a way that minimises the impact of such risks where possible. There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The principal risks and uncertainties are detailed below and in our most recent annual report.

Political uncertainty and regulatory risk

The Group's business is principally carried out in Russia, the CIS, Turkey and Asia. Recent political troubles in Ukraine have impacted the performance of the Group's business in Ukraine, but throughout the period the Group has continued to run its events which are all based in Kiev. The diversity of businesses across sectors and geography provides protection for the longer-term prospects of the Group.

20. Principal risks and uncertainties continued
In addition, changes in law or the regulatory environment could have an effect on some or all of the exhibitions of the Group. ITE has reduced the risk by establishing its business as independent Russian, CIS, Turkish or Asian companies fully contributing to the local economy.

Economic instability reduces demand for exhibition space
Reduced demand for exhibition space would reduce the profits of exhibitions. ITE operates across a wide range of sectors and countries to minimise the exposure to any single market. ITE, through its relationships with venues and staff has a relatively flexible cost structure, allowing it to manage its event margins in the short and medium term. This was evidenced by the Group's performance during the recent recession.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Interim Management Report. The financial position of the Group, its cash flows and liquidity position are described in the financial statements and notes. The Group has considerable financial resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Group continues to adopt the going concern basis in preparing the interim report and financial statements.

Commercial relationships
The Group has key commercial relationships with venues which secure the Group's rights to run its exhibitions in the future. A significant change in relationship could impact the Group's ability to operate its events. These key relationships are regularly reviewed and the Group seeks to maintain its exhibition rights for at least three years forward for significant exhibitions.

Venue availability
Damage to or unavailability of a particular venue could impact the Group's short-term trading position. Accordingly, the Group carries business interruption insurance which protects profits on its largest events against such an event in the short term. In the longer term the Group seeks to maintain good relationships with its principal venues to ensure the continuance of availability.

Competitor risk
Competition has existed in ITE's markets for some years. ITE faces competitive pressures on a market-by-market basis. In all of its overseas markets, ITE has a strong position as an international organiser, achieved through effective use of its international sales network and its established brands for major events. A single exhibition or sector in a market could have its prospects curtailed by a strong competitor launch; however, the breadth of ITE's portfolio of events, with its geographic and sector diversity, reduces the risk of a competitive threat to the Group's overall business.

20. Principal risks and uncertainties continued

Integration and management of acquisitions

With new acquisitions there can be no assurances that the Group will achieve the expected return on its investment, particularly as the success of any acquisition also depends on the Group's ability to integrate the acquired business or assets. The Group has formal investment decision criteria to identify suitable, earnings enhancing, acquisitions targets and employs experienced professionals to drive the acquisition process and performs, when appropriate, financial, tax, legal and commercial due diligence. Post-acquisition plans are prepared to ensure businesses are effectively integrated into the Group and that planned synergies are realised.

People

ITE's employees have long-standing relationships with customers and venues, and a unique knowledge of the exhibitions business. Loss of key staff to a competitive event could impact the short-term prospects of a specific event or sector. ITE has sought to build loyalty in its staff by ensuring remuneration is competitive and through a wide distribution of the Group's long-term incentive plans. ITE has a good record of retaining its key staff through both growth and recessionary times.

Financial risk – foreign currency risk

The Group is exposed to movements in foreign currency exchange rates against Sterling for both trading transactions and for the translation of overseas operations. The principal exposures are to the Sterling/Euro exchange rate, which forms the basis of invoicing for most sales transactions within the Group. It is also exposed to the Ruble which forms the base books of the Group's Russian operations. The Group seeks to minimise exposure by protecting a certain amount of Euro denominated sales with forward contracts and utilising currency overdraft and term loan facilities to hedge foreign currency balance sheet assets.

The Group's liquidity risk (its ability to service short-term liabilities) is considered low in all scenarios bar a fundamental collapse of the financial markets. At 31 March 2014, the Group had a cash balance of £27.8 million and there was headroom of £0.4 million on the Group's borrowing facilities.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the condensed set of interim financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (Indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Russell Taylor
Chief Executive Officer
16 May 2014

INDEPENDENT REVIEW REPORT TO ITE GROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2014 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes 1 to 20. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
16 May 2014

DIRECTORS AND PROFESSIONAL ADVISERS

Directors	Marco Sodi, Non-executive Chairman Russell Taylor, Chief Executive Officer Neil Jones, Group Finance Director Neil England, Non-executive Director Linda Jensen, Non-executive Director Stephen Puckett, Non-executive Director Sharon Baylay, Non-executive Director
Company Secretary	John Price
Registered office	ITE Group Plc 105 Salusbury Road London, NW6 6RG
Registration number	1927339
Auditor	Deloitte LLP London
Solicitors	Olswang 90 High Holborn London, WC1V 6XX
Principal Bankers	Barclays Bank plc 27 Soho Square London, W1D 3QR
Company Brokers	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London, EC4M 7LT
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Public Relations	FTI Consulting 200 Aldersgate Aldersgate Street London, EC1A 4HD
Website	www.ite-exhibitions.com

FINANCIAL CALENDAR

Interim dividend	
Ex dividend date	2 July 2014
Record date	4 July 2014
Payment date	7 August 2014
Final dividend	
Ex dividend date	7 January 2015
Record date	9 January 2015
Payment date	9 February 2015

NOTES

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Telephone **+44 (0)20 7729 9090 www.emperordesign.co.uk**

ITE GROUP PLC

ITE Group plc
105 Salusbury Road
London
NW6 6RG
UK