Connecting your business to the world

ITE Group plc
Interim Report 2015

Introduction

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

"ITE has delivered a good first half performance despite a challenging trading environment in the Group's largest market. The recent acquisitions of Eurasia Rail in Turkey, Africa Oil Week in South Africa and Breakbulk's series of events have helped to diversify the Group's presence outside Russia, and our businesses in Asia and Turkey continue to perform well.

"Looking forward, the trading environment in Russia has now stabilised and our recent acquisitions are performing in line with expectations. ITE remains in a strong financial position and we continue to seek opportunities to expand the business that are consistent with our strategy of building market leading positions in higher growth markets. The Group enters the second half with good visibility on current year bookings and the Board has confidence in the full year outcome."

RUSSELL TAYLOR, CHIEF EXECUTIVE OFFICER

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Improve

Expand

Brand

People

Highlights

→

- Results are in line with management expectations
- Acquisitions drive the geographical diversification of the Group
- Strong operating performance from Asia
- Trading environment in Russia has now stabilised
- Interim dividend maintained
- 91% of revenues for 2015 now contracted

	Six months to 31 March 2015	Six months to 31 March 2014
Volume sales	**276,500m²**	320,100m²
Revenue	**£56.1m**	£71.2m
Gross margin	**40.6%**	40.2%
Pre-tax profit	**£7.8m**	£12.2m
Headline pre-tax profit*	**£17.5m**	£18.2m
Diluted earnings per share	**3.0p**	4.3p
Headline diluted earnings per share**	**6.0p**	6.0p
Interim dividend per share	**2.5p**	2.5p
Net debt	**£56.1m**	£1.8m

* 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 attributable to shareholders 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 measures are stated on a constant currency basis adjusted to exclude acquisitions impacting results for the first time, event timing differences and biennial events.

Interim Management Report

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ITE has delivered a good performance over the first six months and made significant progress in developing its business outside Russia.

HEADLINE PROFIT BEFORE TAX

£17.5m

Executive summary
ITE has delivered a good performance over the first six months, which reflects both the resilience of the Group's business and the difficult trading conditions and currency volatility it has experienced in Russia. As anticipated, revenues of £56 million are 20% less than for the same period last year, and headline profits before tax of £17.5 million are slightly less than reported at this time last year. Fully diluted headline earnings per share were 6.0p (2014: 6.0p).

Over the last six months, the Group has made significant progress in developing its business outside Russia and strengthening its portfolio of market leading events in its industry sectors. The transport and logistics portfolio has been enhanced by the additions of Eurasia Rail and the Breakbulk portfolio. Eurasia Rail is the leading railway infrastructure show in Turkey and was acquired in December 2014 for an initial £7.3 million. Also in December, the Group acquired the Breakbulk series of events for £27 million. Breakbulk is a global series of leading exhibitions, serving the transport and logistics market for moving large scale project equipment. Its events are held annually in Houston, Antwerp, Shanghai, Johannesburg, Istanbul and Sao Paulo. Finally, in March the Group acquired a 50.1% stake in Africa Oil Week ('AOW') for £16.0 million, part financed by a £12.0 million placing of shares. AOW, an annual Oil & Gas confex held in the Cape Town International Convention Centre, is the longest-running and most prominent event held in Africa for the continent's fast-growing oil, gas and energy industry. As well as strengthening ITE's portfolio of oil & gas events, this establishes a first-time presence for ITE in Africa, and provides the Group with a base from which to grow its portfolio of events across the continent. These acquisitions have been successfully integrated and operating performances are in line with our initial expectations.

The trading environment in Russia has now stabilised with like-for-like volume sales down by circa 20% from their prior year comparatives. Management has taken appropriate steps to maintain the gross profit margin on events by reducing costs proportionately. The Group's businesses in Asia (conducted mostly through associate owned businesses) and in Turkey have performed ahead of expectations and the rest of the Group is performing broadly in line with expectations. Through its ongoing strategy of building its business both organically and through acquisition, the Group has successfully diversified its revenue and profit streams, broadening its geographical exposure and reducing its historic reliance on a single market. The Group will continue to expand its business in accordance with its strategy of building market leading positions in higher growth markets.

Financial performance

Revenues for the first six months of the year were £56.1 million (2014: £71.2 million), in line with expectations. The change in revenue reflects the effect of weaker exchange rates which reduced reported revenues by £10.4 million, a weaker biennial pattern of £6.0 million, and a slow down in trading in Russia and Ukraine. These factors were partially offset by the effect of acquisitions (£3.6 million) and organic growth in other markets.

Headline profit before tax for the first six months of the year was £17.5 million (2014: £18.2 million) reflecting the weaker biennial pattern (£1.8 million), lower currency translation rates (£2.2 million), and the difficult trading conditions in Russia and Ukraine (£2.5 million). Profits were helped by a foreign exchange gain on balance sheet assets of £4.1 million (2014: £1.6 million), strong growth of £1.6 million from ITE's share of its associate businesses in Asia, and a first time contribution of £1.8 million from the newly acquired events of Breakbulk China and Eurasia Rail in Turkey.

Reported profits before tax were £7.8 million (2014: £12.2 million). Headline diluted earnings per share for the first six months were 6.0p (2014: 6.0p) and fully diluted earnings per share for the first six months were 3.0p (2014: 4.3p). The Group's cash flow generated from operations over the first six months was £18.0 million (2014: £30.6 million), and during the period £54.4 million has been applied to fund acquisitions and £12.2 million to dividends, resulting in the Group's net debt standing at £56.1 million at 31 March 2015 (2014: £1.8 million). The Group retains a strong balance sheet and its banking facilities of £100 million have been secured through to 31 March 2019.

Dividend

The Board has maintained an interim dividend of 2.5p per share (2014: 2.5p per share).

Trading highlights and review of operations

Over the first half of the financial year, the Group experienced mixed trading conditions with strong growth in Asia and difficult trading conditions in Russia and Ukraine. During the period the Group organised 127 events (2014: 136 events) which generated like-for-like revenues 7% lower than for the same period last year.

Actual volume sales for the period were 276,500m² (2014: 320,100m²), reflecting the weaker biennial pattern and underlying trading conditions in Russia and Ukraine. Volume sales were 15% lower on a like-for-like basis in comparison to the same period last year.

A summary of the Group's fully consolidated sales and profits for the first six months of the year is set out below.

	M² sold 000's	Revenue £'m	Gross Profit £'m
First half 2014	**320**	**71.2**	**28.6**
Non-annual 2014	(31)	(6.2)	(1.9)
Annually recurring 2014	**289**	**65.0**	**26.7**
Acquisitions	15	3.6	1.8
Timing differences	14	2.6	1.2
Non-recurring events	(15)	(2.2)	(0.9)
FX Translation	–	(10.4)	(3.9)
Organic change	(28)	(2.7)	(2.2)
Annually recurring 2015	**275**	**55.9**	**22.7**
Non-annual 2015	1	0.2	0.1
First half 2015	**276**	**56.1**	**22.8**

Interim Management Report continued

The Group enters the second half of the year in a good financial position with good visibility on current year bookings.

INTERIM DIVIDEND MAINTAINED

2.5p per share

Russia
As expected, volume sales in Russia over the first six months of the year were 16% lower, reflecting the effects of the economic slowdown and the absence of the biennial events Polygraphinter (printing) and Woodex.

Moscow was the most resilient office over the first half of the financial year, with like-for-like volume sales down by 11%. Aquatherm and the Pharma events benefited from early bookings in more benign conditions and performed the best of the first half events. Moscow's largest event in the first half is the Moscow International Travel & Tourism event, which suffered a 20% decline in volume sales to 16,300m^2 (2014: 20,300m^2) as a result of the slowdown in outbound Russian tourism. Novosibirsk and Krasnodar were the hardest impacted of the Group's Russian offices with like-for-like volume falls of 30% and 17% respectively, with both heavily impacted by declines in their construction events.

Central Asia & the Caucasus
Like-for-like volume sales for the first six months in Central Asia and the Caucasus were 2% higher than for the comparative period, led by good growth across most sectors in Uzbekistan.

The largest part of the Group's business in the region is Kazakhstan, which reported a 1% decrease in like-for-like volumes sales. The largest event in the region is the Kazakhstan International Oil & Gas Exhibition (KIOGE), which was 14% smaller this year at 6,800m^2 (2014: 8,000m^2), reflecting a slowing level of new development activities in the country.

Eastern & Southern Europe
Trading in Ukraine continues to be severely impacted by the ongoing geopolitical issues. The business, which now represents less than 2% of Group profits for this financial year (3% in 2014), has continued to operate the majority of its events, albeit with fewer exhibitors, but visitors numbers have held up well. Overall volumes sales for the first half of the year were 12,600m^2, a 42% decrease on the comparative pre-crisis period. Despite these significant falls in volumes the business remains profitable and has recently been active in launching new events in Kiev.

In Turkey, the Group has focused on consolidating its operations under one roof and integrating Eurasia Rail, which held its first event under ITE ownership, selling circa 10,000m^2 and performing in line with initial expectations. The leading events taking place in the first half are the travel event EMITT and Eurasia Rail, both of which performed ahead of their prior editions. Turkeybuild, the pre-eminent construction event in Turkey, took place in late April and delivered its largest ever event at 40,000m^2 (2014: 36,600m^2), taking advantage of recently completed additional venue space.

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 as joint ventures and associates in the financial statements. In India ABEC's construction events, which collectively sold over 65,000m^2, performed strongly, showing good revenue and profit growth. Sinostar's Chinacoat exhibition was held in Guangzhou this year and sold over 34,000m^2, 11% ahead of its equivalent event held in November 2012, resulting in strong revenue and profit growth.

UK

Overall volume sales from the Group's UK fashion portfolio were similar to last year. In London, good growth at the premier menswear and childrenswear events were offset by temporary unavailability of venue capacity this year for the womenswear event Scoop. In Birmingham, MODA, the largest event in the portfolio, was slightly ahead of the prior year selling 16,700m^2 (2014: 16,500m^2).

April trading

April remains the largest trading month for the Group. After the currency volatility of the first half of the year, April saw more stability in the Ruble exchange rate. Mosbuild, which in common with other construction businesses in Russia was impacted by the economic conditions as well as local competition, reported volumes 40% less than last year's comparable event. Other leading events in Russia also reported lower volumes with the Moscow International Protection & Security event proving more resilient than the transport and logistics event TransRussia. In contrast, the Group saw good growth at Turkeybuild following the opening of new space at the venue.

Set out below are the results for the Group's principal events taking place in April 2015:

	2015 m^2	2014 m^2
Mosbuild	**39,100**	65,300
Turkeybuild	**40,000**	36,300
Moscow International Protection & Security	**10,900**	11,700
TransRussia	**7,800**	10,000

Outlook

As at 7 May 2015, the Group had booked revenues for the current financial year of £122 million (2014: £159 million). On a like-for-like basis this represents a decrease of 12% against the comparable figure for last year. The decline in bookings includes a 23% like-for-like reduction in Russian bookings which have stabilised over recent months.

The Group enters the second half of the year in a good financial position with long-term secured bank facilities to fund future corporate development. ITE continues to generate good cash flows and will continue with its successful strategy of developing market leading positions in higher growth markets and of further diversifying its portfolio outside of Russia. The Group operates a resilient business model, with a flexible cost base and is well positioned to weather the adverse economic conditions in Russia. With good visibility on current year bookings the Board remains 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 twelve 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 2015

	Notes	**Six months to 31 March 2015 Unaudited £000**	Six months to 31 March 2014 Unaudited £000	Year ended 30 September 2014 Audited £000
Revenue		**56,120**	71,157	174,827
Cost of sales		**(33,337)**	(42,556)	(94,067)
Gross profit		**22,783**	28,601	80,760
Other operating income		**168**	181	369
Administrative expenses before amortisation		**(15,239)**	(15,155)	(27,982)
Amortisation of acquired intangibles	11	**(5,971)**	(6,070)	(11,815)
Impairment loss		**–**	–	(6,212)
Foreign exchange gain on operating activities		**4,135**	1,670	3,986
Total administrative expenses		**(17,075)**	(19,555)	(42,023)
Share of results of associate and joint ventures	12	**3,633**	2,594	2,725
Operating profit		**9,509**	11,821	41,831
Investment revenue	3	**268**	1,231	1,026
Finance costs	4	**(1,954)**	(838)	(1,379)
Profit on ordinary activities before taxation	5	**7,823**	12,214	41,478
Tax on profit on ordinary activities	6	**(307)**	(1,663)	(7,399)
Profit for the period		**7,516**	10,551	34,079
Attributable to:				
Owners of the Company		**7,519**	10,523	33,903
Non-controlling interests		**(3)**	28	176
		7,516	10,551	34,079
Earnings per share (p)				
Basic	8	**3.0**	4.3	13.8
Diluted	8	**3.0**	4.3	13.8

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

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2015

	Six months to 31 March 2015 Unaudited £000	Six months to 31 March 2014 Unaudited £000	Year ended 30 September 2014 Audited £000
Profit for the period attributable to shareholders	**7,516**	10,551	34,079
Cash flow hedges:			
Movement in fair value of cash flow hedges	**2,538**	687	3,708
Fair value of cash flow hedges released to the income statement	**649**	193	741
Currency translation movement on net investment in subsidiary undertakings	**(16,501)**	(12,194)	(21,149)
	(5,798)	(763)	17,379
Tax relating to components of comprehensive income	**(632)**	(186)	(912)
Total comprehensive (loss)/income for the period	**(6,430)**	(949)	16,467
Attributable to:			
Owners of the Company	**(6,427)**	(977)	16,291
Non-controlling interests	**(3)**	28	176
	(6,430)	(949)	16,467

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

The notes on pages 17 to 33 form an integral part of the consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

Six month period ended 31 March 2015 (unaudited)

	Share capital £000	Share premium account £000
Balance as at 1 October 2014	2,497	2,947
Net profit for the period	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–
Movement in fair value of cash flow hedges	–	–
Gain on effective portion of cash flow hedges recognised in/(released from) reserves	–	–
Tax relating to components of comprehensive income	–	–
Total comprehensive income for the six month period ending 31 March 2015	**–**	**–**
Dividends paid	–	–
Exercise of options	–	–
Share-based payments	–	–
Issue of shares	72	11,928
Tax debited to equity	–	–
Acquisition of subsidiary	–	–
Balance as at 31 March 2015	**2,569**	**14,875**

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	(5,641)	133,126	(1,498)	(33,269)	3,104	**104,469**	942	**105,411**
–	–	–	7,519	–	–	–	**7,519**	(3)	**7,516**
–	–	–	–	–	(16,501)	–	**(16,501)**	–	**(16,501)**
–	–	–	–	–	–	2,538	**2,538**	–	**2,538**
–	–	–	–	–	–	649	**649**	–	**649**
–	–	–	–	–	–	(632)	**(632)**	–	**(632)**
–	**–**	**–**	**7,519**	**–**	**(16,501)**	**2,555**	**(6,427)**	**(3)**	**(6,430)**
–	–	–	(12,053)	–	–	–	**(12,053)**	(202)	**(12,255)**
–	–	457	(454)	–	–	–	**3**	–	**3**
–	–	–	309	–	–	–	**309**	–	**309**
–	–	–	–	–	–	–	**12,000**	–	**12,000**
–	–	–	34	–	–	–	**34**	–	**34**
–	–	–	–	(15,345)	–	–	**(15,345)**	16,000	**655**
2,746	**457**	**(5,184)**	**128,481**	**(16,843)**	**(49,770)**	**5,659**	**82,990**	**16,737**	**99,727**

Condensed Consolidated Statement of Changes in Equity continued

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	–	–
Gain on effective portion of cash flow hedges recognised in/(released from) reserves	–	–
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**

Year ended 30 September 2014 (audited)

	Share capital £000	Share premium account £000
Balance as at 1 October 2013	2,494	2,938
Net profit for the year	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–
Movement in fair value of cash flow hedges	–	–
Gain on effective portion of cash flow hedges recognised in/(released from) reserves	–	–
Tax relating to components of comprehensive income	–	–
Total comprehensive income for the year ended 30 September 2014	**–**	**–**
Dividends paid	–	–
Exercise of options	3	9
Share-based payments	–	–
Purchase of shares for ESOT	–	–
Tax credited to equity	–	–
Sale of minority interest	–	–
Acquisition of subsidiary	–	–
Exercise put option on acquisition of subsidiary	–	–
Balance as at 30 September 2014	**2,497**	**2,947**

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**

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**
–	–	–	33,903	–	–	–	**33,903**	176	**34,079**
–	–	–	–	–	(21,149)	–	**(21,149)**	–	**(21,149)**
–	–	–	–	–	–	3,708	**3,708**	–	**3,708**
–	–	–	–	–	–	741	**741**	–	**741**
–	–	–	–	–	–	(912)	**(912)**	–	**(912)**
–	**–**	**–**	**33,903**	**–**	**(21,149)**	**3,537**	**16,291**	**176**	**16,467**
–	–	–	(17,722)	–	–	–	**(17,722)**	(668)	**(18,390)**
–	–	1,640	(217)	–	–	–	**1,435**	–	**1,435**
–	–	–	447	–	–	–	**447**	–	**447**
–	–	(3,751)	–	–	–	–	**(3,751)**	–	**(3,751)**
–	–	–	60	–	–	–	**60**	–	**60**
–	–	–	94	(283)	–	–	**(189)**	34	**(155)**
–	–	–	–	–	–	–	**–**	–	**–**
–	–	–	(2,774)	5,893	–	–	**3,119**	(3,119)	**–**
2,746	**457**	**(5,641)**	**133,126**	**(1,498)**	**(33,269)**	**3,104**	**104,469**	**942**	**105,411**

Condensed Consolidated Statement of Financial Position

31 March 2015

	Notes	**31 March 2015 Unaudited £000**	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Non-current assets				
Goodwill	10	**79,698**	76,325	67,016
Other intangible assets	11	**74,296**	42,087	35,405
Property, plant and equipment		**1,861**	2,423	2,198
Interests in associates and joint ventures	12	**59,615**	50,404	52,367
Venue advances and other loans		**2,390**	3,182	6,311
Derivative financial instruments	16	**2,606**	120	1,315
Deferred tax asset		**1,925**	1,815	1,931
		222,391	176,356	166,543
Current assets				
Trade and other receivables	13	**46,120**	55,117	44,666
Tax prepayment		**259**	671	2,211
Derivative financial instruments	16	**3,233**	688	1,985
Cash and cash equivalents		**12,731**	27,816	28,145
		62,343	84,292	77,007
Total assets		**284,734**	260,648	243,550
Current liabilities				
Overdraft	15	**–**	(19,600)	–
Trade and other payables	14	**(19,479)**	(26,006)	(21,615)
Deferred income		**(66,083)**	(91,401)	(60,776)
Derivative financial instruments	16	**(8,656)**	(4,458)	(1,515)
Provisions		**(178)**	(272)	(181)
		(94,396)	(141,737)	(84,087)
Non-current liabilities				
Bank loan	15	**(68,792)**	(10,000)	(42,900)
Provisions		**(198)**	(331)	(220)
Deferred tax liabilities		**(13,288)**	(10,850)	(10,932)
Derivative financial instruments	16	**(8,333)**	(1,916)	–
		(90,611)	(23,097)	(54,052)
Total liabilities		**(185,007)**	(164,834)	(138,139)
Net assets		**99,727**	95,814	105,411

Condensed Consolidated Statement of Financial Position continued

31 March 2015

	Notes	**31 March 2015 Unaudited £000**	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Equity				
Share capital	17	**2,569**	2,497	2,497
Share premium account		**14,875**	2,946	2,947
Merger reserve		**2,746**	2,746	2,746
Capital redemption reserve		**457**	457	457
ESOT reserve		**(5,184)**	(4,837)	(5,641)
Retained earnings		**128,481**	118,858	133,126
Translation reserve		**(49,770)**	(24,314)	(33,269)
Hedge reserve		**5,659**	447	3,104
Put option reserve		**(16,843)**	(7,108)	(1,498)
Equity attributable to equity holders of the parent		**82,990**	91,692	104,469
Non-controlling interest		**16,737**	4,122	942
Total equity		**99,727**	95,814	105,411

Condensed Consolidated Cash Flow Statement

For the six months ended 31 March 2015

	Notes	**Six months to 31 March 2015 Unaudited £000**	Six months to 31 March 2014 Unaudited £000	Year ended 30 September 2014 Audited £000
Cash flows from operating activities				
Operating profit from continuing operations		**9,509**	11,821	41,831
Adjustments for non-cash items:				
Depreciation and amortisation		**6,732**	6,761	13,289
Impairment of goodwill		**–**	–	6,212
Share-based payments		**309**	833	447
Share of profit from associates and joint ventures		**(3,633)**	(2,594)	(2,725)
Decrease in provisions		**(24)**	(222)	(424)
(Gain)/loss on disposal of property, plant and equipment		**(5)**	59	52
Foreign exchange gain on operating activities		**(4,135)**	(1,670)	(3,986)
Profit on disposal of investments		**–**	(716)	(716)
Recognition of negative goodwill from bargain purchase		**–**	(463)	(463)
Fair value of cash flow hedges recognised in the income statement		**792**	176	725
Dividends received from associates and joint ventures	12	**116**	1,192	3,734
Operating cash flows before movements in working capital		**9,661**	15,177	57,976
Decrease/(increase) in receivables		**5,932**	(609)	14,683
Venue advances and loans		**(1,654)**	(105)	(11,613)
Utilisation and repayment of venue loans		**2,103**	182	4,689
Increase in deferred income		**3,344**	15,581	(16,030)
(Decrease)/increase in payables		**(1,410)**	360	(1,244)
Cash generated from operations		**17,976**	30,586	48,461
Tax paid		**(1,566)**	(2,796)	(8,691)
Net cash from operating activities		**16,410**	27,790	39,770
Investing activities				
Interest received		**126**	269	411
Investment in associates and joint ventures		**(6,695)**	(30,419)	(35,118)
Proceeds from demerger		**–**	2,482	2,482
Acquisition of businesses – cash paid		**(47,967)**	(8,604)	(14,699)
Cash acquired on acquisition of business		**273**	998	998
Purchase of property, plant and equipment and computer software		**(882)**	(1,376)	(2,886)
Disposal of plant, property and equipment and computer software		**17**	–	222
Disposal of minority stake		**–**	–	128
Cash paid to acquire non-controlling interests		**–**	–	(4,456)
Net cash flows from investing activities		**(55,128)**	(36,650)	(52,918)

Condensed Consolidated Cash Flow Statement continued

For the six months ended 31 March 2015

	Notes	**Six months to 31 March 2015 Unaudited £000**	Six months to 31 March 2014 Unaudited £000	Year ended 30 September 2014 Audited £000
Financing activities				
Dividends paid		**(12,016)**	(11,567)	(17,407)
Dividends paid to non-controlling interests		**(202)**	(425)	(668)
Interest paid		**(1,151)**	(533)	(1,263)
Proceeds from the issue of share capital and exercise of share options		**12,003**	1,401	1,435
Acquisition of shares for ESOT		**–**	(2,751)	(3,751)
(Repayment)/drawdown of borrowings		**25,892**	9,012	22,323
Net cash flows from financing activities		**24,526**	(4,863)	669
Net (decrease)/increase in cash and cash equivalents		**(14,192)**	(13,723)	(12,479)
Net cash and cash equivalents at beginning of period		**28,145**	44,040	44,040
Effect of foreign exchange rates		**(1,222)**	(2,501)	(3,416)
Net cash and cash equivalents at end of period		**12,731**	27,816	28,145
Cash generated from the business				
Cash generated from operations		**17,976**	30,586	48,461
Interest received		**126**	269	411
Interest paid		**(1,151)**	(533)	(1,263)
		16,951	30,322	47,609
Free cash flow from the business				
Cash generated from the business		**16,951**	30,322	47,609
Tax paid		**(1,566)**	(2,796)	(8,691)
		15,385	27,526	38,918

Net Cash Reconciliation

For the six months ended 31 March 2015

	At 1 October 2014 £000	Cash flow £000	Foreign exchange £000	**At 31 March 2015 £000**
Cash	28,145	(14,192)	(1,222)	**12,731**
Debt due after one year	(42,900)	(25,892)	–	**(68,792)**
Net debt	**(14,755)**	**(40,084)**	**(1,222)**	**(56,061)**

The notes on page 17 to 33 form an integral part of the consolidated financial statements.

Notes to the Interim Financial Statements

1. General Information and basis of preparation

The information for the year ended 30 September 2014 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 auditor 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 2015. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 September 2014 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 2015 Group interim statements:

- Amendments to IAS 36
- Amendments to IAS 39

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 (and in some cases had not yet been adopted by the EU):

- Amendments to IAS 19;
- Amendments to IAS 36;
- Amendments to IAS 39;
- Amendments to IFRS 11;
- Amendments to IAS 16 and IAS 38;
- Amendments to IAS 27;
- Amendments to IFRS 10 and IAS 28;
- IFRS 9 'Financial Instruments – Classification and Measurement'; and
- IFRS 15 'Revenue from Contracts with Customers'.

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group, except for:

- IFRS 9 'Financial Instruments' – This will introduce a number of changes in the presentation of financial instruments.

Notes to the Interim Financial Statements continued

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.

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 2015 Unaudited	Russia £000	Central Asia & Caucasus £000	Eastern & Southern Europe £000	UK & Western Europe £000	Asia £000	Rest of World £000	Total Group £000
By geographical location of events/activities							
Revenue	29,665	11,554	6,770	6,629	1,346	156	56,120
Headline pre-tax profit	14,150	3,495	1,385	(5,756)	4,529	(305)	17,498
Operating profit	12,425	3,206	(1,464)	(5,458)	2,436	(1,636)	9,509
By origin of sale							
Revenue	20,264	6,759	7,094	18,443	3,282	278	56,120
Headline pre-tax profit	9,832	1,171	1,808	(1,464)	5,917	234	17,498
Operating profit	8,108	883	(1,041)	(1,167)	3,824	(1,098)	9,509
Operating profit							9,509
Investment revenue							268
Finance costs							(1,954)
Profit before tax							7,823
Tax							(307)
Profit after tax							7,516
Capital expenditure	80	53	85	642	22	–	882
Depreciation and amortisation	1,674	441	2,493	948	700	476	6,732
Balance sheet							
Assets[1]	48,484	18,126	45,638	49,998	75,909	44,395	282,550
Liabilities[1]	(30,364)	(8,290)	(13,642)	(105,608)	(11,198)	(2,230)	(171,332)

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

The revenue in the period of £56.1 million includes £0.4 million of barter sales.

2. Segmental information continued

Included within the headline pre-tax profit and operating profit of UK & Western Europe is £7.0 million and £5.8 million respectively of corporate costs. Included within the headline pre-tax profit and operating profit of Asia is £3.6 million of profit from associates.

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	586	(3,981)	3,342	18,213
Operating profit	11,787	3,758	(2,577)	(2,584)	1,437	11,821
By origin of sale						
Revenue	31,158	6,876	8,250	20,967	3,906	71,157
Headline pre-tax profit	9,884	1,109	1,069	1,072	5,079	18,213
Operating profit	7,296	977	(2,094)	2,467	3,175	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[1]	70,343	21,355	58,156	42,914	65,394	258,162
Liabilities[1]	(41,806)	(10,600)	(14,287)	(83,710)	(3,097)	(153,500)

1 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.

Segmental results by origin of sale for the six months ended 31 March 2014 have been restated to show the gross value of sales originated in each region, rather than commission income only.

Notes to the Interim Financial Statements continued

2. Segmental information continued

Year ended 30 September 2014 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	102,851	33,509	21,125	11,677	5,665	174,827
Headline pre-tax profit	44,051	11,804	7,056	(6,625)	3,975	60,261
Operating profit	39,369	11,291	(4,929)	(4,812)	912	41,831
By origin of sale						
Revenue	69,371	19,443	24,871	49,113	12,029	174,827
Headline pre-tax profit	30,015	5,670	10,982	3,976	9,618	60,261
Operating profit	25,334	5,157	(1,004)	5,789	6,555	41,831
Operating profit						41,831
Investment revenue						1,026
Finance costs						(1,379)
Profit before tax						41,478
Tax						(7,399)
Profit after tax						34,079
Capital expenditure	622	278	240	1,680	66	2,886
Depreciation and amortisation	4,986	689	5,263	1,193	1,158	13,289
Balance sheet						
Assets[1]	73,577	18,043	41,106	39,239	67,433	239,398
Liabilities[1]	(31,684)	(5,792)	(9,454)	(69,338)	(8,878)	(125,146)

1 Segment assets and segment liabilities exclude current and deferred tax assets and liabilities

The revenue in the year of £174.8 million includes £0.4 million (2013: £0.7 million) of barter sales.

Included within the headline pre-tax profit and operating profit of UK & Western Europe is £11.4 million and £10.5 million respectively of corporate costs.

Included within the operating profit of the Eastern & Southern Europe segment is an impairment charge in respect of Ukraine goodwill of £6.2 million.

3. Investment revenue

	Six months to 31 March 2015 Unaudited £000	Six months to 31 March 2014 Unaudited £000	Year ended 30 September 2014 Audited £000
Interest receivable from bank deposits	**126**	269	411
Gain on revaluation of put options	**–**	350	318
Gain on cash flow hedges	**142**	–	–
Gain on revaluation of contingent consideration	**–**	612	297
	268	1,231	1,026

4. Finance costs

	Six months to 31 March 2015 Unaudited £000	Six months to 31 March 2014 Unaudited £000	Year ended 30 September 2014 Audited £000
Interest on bank loans and overdrafts	**734**	299	710
Bank charges	**417**	234	553
Loss on revaluation of contingent consideration	**674**	–	–
Loss on revaluation of put options	**129**	188	–
Loss on cash flow hedges	**–**	17	16
Imputed interest charge on discounted put option liabilities	**–**	100	100
	1,954	838	1,379

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

	Six months to 31 March 2015 Unaudited £000	Six months to 31 March 2014 Unaudited £000	Year ended 30 September 2014 Audited £000
Profit on ordinary activities before taxation	**7,823**	12,214	41,478
Operating items			
Amortisation of acquired intangibles	**5,971**	6,070	11,815
Impairment of goodwill	**–**	–	6,212
Tax on income from associates and joint ventures	**1,338**	815	868
Transaction costs (completed and pending)	**1,563**	967	1,582
Profit on disposal of investments	**–**	(716)	(716)
Recognition of negative goodwill from bargain purchase	**–**	(463)	(463)
Financing items			
Loss/(gain) on revaluation of put options	**129**	(162)	(318)
Loss/(gain) on contingent consideration	**674**	(612)	(297)
Imputed interest charge on discounted put option liabilities	**–**	100	100
Headline pre-tax profit	**17,498**	18,213	60,261

Notes to the Interim Financial Statements continued

6. Taxation

	Six months to 31 March 2015 Unaudited £000	Six months to 31 March 2014 Unaudited £000	Year ended 30 September 2014 Audited £000
Current tax			
UK corporation tax	**(259)**	873	24
Foreign tax	**1,977**	2,367	8,975
	1,718	3,240	8,999
Deferred tax	**(1,411)**	(1,577)	(1,600)
Tax on profit on ordinary activities	**307**	1,663	7,399

Tax at the interim is charged on pre-tax profits, including those of associates and joint ventures, at a rate of 18% (2014: 19%) 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 2015 Unaudited £000	Six months to 31 March 2014 Unaudited £000	Year ended 30 September 2014 Audited £000
Final dividend for the year ended 30 September 2014 of 4.9p (2013: 4.7p) per ordinary share	**12,053**	11,581	11,581
Interim dividend for the year ended 30 September 2014 of 2.5p per ordinary share	**–**	–	5,625
Proposed interim dividend for the year ending 30 September 2015 of 2.5p (2014: 2.5p) per ordinary share	**6,337**	6,160	–

The proposed interim dividend was approved by the Board on 6 May 2015 and has not been included as a liability as at 31 March 2015.

8. Earnings per share

The calculation of basic, diluted and headline diluted earnings per share is based on the following earnings and the numbers of shares:

	Six months to 31 March 2015 Number of shares (000) Unaudited	Six months to 31 March 2014 Number of shares (000) Unaudited	Year ended 30 September 2014 Number of shares (000) Audited
Weighted average number of shares:			
For basic earnings per share	**246,920**	246,358	246,153
Dilutive effect of exercise of share options	**704**	440	326
For diluted earnings per share	**247,624**	246,798	246,479

Basic and diluted 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 £7.5 million (31 March 2014: £10.5 million; 30 September 2014: £33.9 million). Basic and diluted earnings per share were 3.0p and 3.0p respectively (31 March 2014: 4.3p and 4.3p respectively; 30 September 2014: 13.8p and 13.8p respectively).

Headline diluted earnings per share

Headline diluted earnings per share is intended to provide a consistent measure of Group earnings on a year-on-year basis and is 6.0p per share (31 March 2014: 6.0p; 30 September 2014: 20.2p). Headline basic earnings per share is 6.0p per share (31 March 2014: 6.0p; 30 September 2014: 20.2p).

	Six months to 31 March 2015 Unaudited £000	Six months to 31 March 2014 Unaudited £000	Year ended 30 September 2014 Audited £000
Profit for the financial period attributable to equity holders of the parent	**7,519**	10,523	33,903
Amortisation of acquired intangibles	**5,971**	6,070	11,815
Tax effect of amortisation	**(1,075)**	(1,153)	(2,108)
Impairment of goodwill	**–**	–	6,212
Transaction costs	**1,563**	967	1,582
(Profit) on disposal of investments (note 9)	**–**	(716)	(716)
Recognition of negative goodwill from bargain purchase (note 9)	**–**	(463)	(463)
Loss/(gain) on revaluation of put options	**129**	(162)	(318)
Imputed interest charge on discounted put option liabilities	**–**	100	100
Loss/(gain) on contingent consideration	**674**	(612)	(297)
Tax effect of other adjustments	**–**	224	–
	14,781	14,778	49,710

Notes to the Interim Financial Statements continued

9. Acquisition of businesses

Breakbulk

On 22 December 2014, ITE Enterprises Limited, the Group's wholly owned UK subsidiary, acquired 100% of the shares of Breakbulk Holdco UK Ltd, a company incorporated in the UK, for cash consideration of £26.9 million, of which £1.3 million is deferred and contingent upon the results of the business for the year ending 30 September 2015.

The acquired business organises events in the transportation and logistics sector, the largest of which take place in Houston, Antwerp and Shanghai. As such the acquisition of this Company is consistent with ITE's strategy of expanding into existing sectors in new markets, and enhances ITE's presence in the transport and logistics sector.

The Group incurred transaction costs of £0.2 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	3,943
Intangible fixed assets – Customer relationships	10,425
Cash	277
Deferred tax liability	(2,930)
Other current assets	1,844
Other current liabilities	(2,171)
Net assets acquired	**11,388**
Goodwill arising on acquisition	15,471
Total cost of acquisition	
Satisfied by net cash paid	25,608
Contingent consideration	1,251
	26,859

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 twelve months of the acquisition date.

Goodwill arising on acquisition of £15.5 million represents the perceived value placed by the Group on synergies expected across its transport and logistics portfolio, together with the sector knowledge and relationships with customers of key staff members.

The acquired business has contributed £1.0 million of revenue and £0.5 million of profit to Group results since acquisition. If the acquisition had occurred on 1 October 2014 the contribution of the acquired business to Group results would have been £3.0 million to revenue and £1.2 million to profit.

9. Acquisition of businesses continued

Eurasia Rail

On 27 January 2015, E Uluslararasi Fuar Tanitim Hizmetleri A.S, the Group's wholly owned Turkish subsidiary, acquired 100% of the shares of TF Fuarcilik ve Organizasyon AS, a company incorporated in Turkey, for cash consideration of £7.3 million, of which £1.2 million is deferred and contingent on the results of the 2015 edition.

The acquired business organises the Eurasia Rail exhibition, which takes place in March in Turkey and serves the railway industry. The acquisition is expected to strengthen the Group's position in the transport and logistics 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	768
Intangible fixed assets – Customer relationships	4,270
Cash	3
Deferred tax liability	(1,008)
Other current assets	5
Other current liabilities	(2)
Net assets acquired	**4,036**
Goodwill arising on acquisition	3,224
Total cost of acquisition	
Satisfied by net cash paid	6,014
Contingent consideration	1,246
	7,260

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 twelve months of the acquisition date.

Goodwill arising on acquisition of £3.2 million reflects expected synergies with the Group's existing transport and logistics sector, together with the sector knowledge and relationships with customers of key staff members.

The acquired business has contributed £1.5 million to Group revenue and £1.0 million to profit since acquisition. If the acquisition had occurred on 1 October 2014 the contribution of the acquired business to Group results would be unchanged.

Notes to the Interim Financial Statements continued

9. Acquisition of businesses continued

Africa Oil Week

On 10 March 2015, the Group acquired 50.1% of a portfolio of events including Africa Oil Week, a company incorporated in the UK, for cash consideration of £16.0 million.

The acquired business organises the Africa Oil Week event, an Oil & Gas confex which takes place annually in November in South Africa, together with a smaller event in London. As such the acquisition of this Company is consistent with ITE's strategy of expanding into existing sectors in new markets. The Group incurred transaction costs of £0.7 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	4,058
Intangible fixed assets – Customer relationships	24,271
Deferred tax asset	734
Net assets acquired	**29,063**
Goodwill arising on acquisition	
	2,937
Total cost of acquisition	
Satisfied by net cash paid	16,000
Non-controlling interest	16,000
	32,000

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 twelve months of the acquisition date.

Goodwill arising on acquisition of £2.9 million reflects expected synergies with the Group's existing Oil & Gas sector. The acquired business has contributed £nil to Group revenue and profit since acquisition. If the acquisition had occurred on 1 October 2014 it would have contributed £6.6 million to revenue and £4.9 million to profit.

There are put and call options in place to acquire the remaining 49.9% of the Company, and the Group has recognised a corresponding liability. See note 16 for details.

Palm Expo

On 9 January 2015, ITE India Pvt Ltd, the Group's wholly owned Indian subsidiary, acquired 100% of the assets of Palm Expo for cash consideration of £376,000. The assets included database, trademark and domain names. Palm Expo is held in May in India and serves audio, sound and lighting market. The acquisition of this exhibition is consistent with ITE's strategy of expanding into new markets.

10. Goodwill

	2015 £000
At 1 October 2014	67,016
Additions in the period	21,630
Exchange differences	(8,948)
At 31 March 2015	**79,698**

11. Other intangible assets

	2015 £000
At 1 October 2014	35,405
Additions through business combinations	48,110
Additions	630
Amortisation of acquired intangibles	(5,971)
Amortisation of computer software	(383)
Exchange differences	(3,495)
At 31 March 2015	**74,296**

12. Interests in associates and joint ventures

	Total £000
At 1 October 2014	52,367
Additions	3,831
Share of results of associates and joint ventures	3,633
Dividends received	(116)
Foreign exchange	(100)
At 31 March 2015	**59,615**

On 5 February 2015, ITE's wholly owned Russian subsidiary, LLC ITE Russia, established a 50:50 joint venture, ITEMF, with MF Rus, a Russian based subsidiary of Messe Frankfurt, for an investment of £2.8 million. As part of the transaction ITEMF acquired Comtrans and Autotrans exhibitions serving commercial vehicles and auto parts sector. As such the acquisition of this joint venture is consistent with ITE's strategy of expanding into new high growth markets.

A dividend will be paid by the joint venture once the profits for the year ended 30 September 2015 have been audited.

Notes to the Interim Financial Statements continued

13. Trade and other receivables

	31 March 2015 Unaudited £000	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Trade receivables	**24,687**	29,263	32,304
Other receivables	**3,343**	2,999	2,180
Venue advances and prepayments	**5,649**	605	3,877
Prepayments and accrued income	**12,441**	22,250	6,305
	46,120	55,117	44,666

14. Trade and other payables

	31 March 2015 Unaudited £000	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Trade payables	**1,798**	1,948	2,132
Taxation and social security	**1,168**	1,489	2,961
Other payables	**3,052**	3,450	2,284
Accruals	**8,220**	8,791	9,316
Deferred consideration	**–**	145	–
Contingent consideration	**5,241**	10,183	4,922
	19,479	26,006	21,615

15. Bank loan and overdraft

	31 March 2015 Unaudited £000	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Current liabilities			
Bank overdraft	**–**	19,600	–
	–	19,600	–
Non-current liabilities			
Bank loan	**68,792**	10,000	42,900
	68,792	10,000	42,900

The bank loan is an £80.0 million multi-currency committed bank facility that provides revolving credit facilities through to 30 June 2018. Total drawdowns under the facility of £68.8 million at 31 March 2015 were denominated in Sterling (£64.1 million) and US Dollars (£4.7 million). At 31 March 2015 the Group had £11.2 million (March 2014: £nil) of undrawn committed facilities.

After the period end the Group was approved for an extension of its facility. The revised facility is a £100 million multi-currency committed bank facility that provides revolving credit facilities through to 31 March 2019.

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 2015 are classified as Level 3, which means that fair value is determined using unobservable inputs for the asset or liability.

	31 March 2015 Unaudited £000	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Current assets			
Foreign currency forward contracts	**3,233**	688	1,985
	3,233	688	1,985
Non-current assets			
Foreign currency forward contracts	**2,606**	120	1,315
	2,606	120	1,315

	31 March 2015 Unaudited £000	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Current liabilities			
Foreign currency forward contracts	**–**	214	–
Put options	**8,656**	4,244	1,515
	8,656	4,458	1,515
Non-current liabilities			
Foreign currency forward contracts	**–**	315	–
Put options	**8,333**	1,601	–
	8,333	1,916	–

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

Derivative assets

	31 March 2015 Unaudited £000	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Foreign currency forward contracts	**45,135**	38,636	64,132
	45,135	38,636	64,132

Notes to the Interim Financial Statements continued

16. Derivative financial instruments (continued)

Derivative liabilities

	31 March 2015 Unaudited £000	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Foreign currency forward contracts	**–**	29,215	–
Put option liabilities	**57,053**	62,004	30,410
	57,053	91,219	30,410

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 2015 cover exchange exposures over the next 36 months, with €61.7 million covering exposures after March 2015. These instruments have been designated in hedging relationships, with any changes in their fair value being recorded in equity.

At 31 March 2015, the fair value of these derivatives is estimated to be a net asset of approximately £5.8 million (31 March 2014: asset of £0.3 million; 30 September 2014: asset of £3.3 million). This is based on market valuations. This amount has been deferred in equity at 31 March 2015.

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 2015 Unaudited £000	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Put options on subsidiaries			
Africa Oil Week	**15,345**	–	–
Scoop	**458**	–	283
Tradelink	**1,186**	1,601	1,232
Yem Fuar	**–**	4,244	–
Put options on associates & joint ventures			
ABEC	**–**	–	–
ECMI	**–**	–	–
	16,989	5,845	1,515

17. Share capital

	31 March 2015 Unaudited £000	31 March 2014 Unaudited £000	30 September 2014 Audited £000
Authorised			
375,000,000 ordinary shares of 1p each (31 March 2014: 375,000,000)	**3,750**	3,750	3,750
Allotted and fully-paid			
256,884,703 ordinary shares of 1p each (31 March 2014: 249,720,524)	**2,569**	2,497	2,497

During the period, no ordinary shares of 1p each (2014: 348,000) were allotted pursuant to the exercise of share options.

During the period the Company placed 7,164,179 ordinary shares of 1p each (2014: nil) at a price of 167.5p per share with institutional investors, representing approximately 2.9% of the Company's existing issued share capital. Total proceeds from the placing were £12 million.

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

18. Events after the balance sheet date

There were no material events occurring after the balance sheet date.

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 with associates

During the period ended 31 March 2015 the Group charged management fees of £125,000 (2014: £nil) to Sinostar ITE, the Group's joint venture operation in Hong Kong and China.

Notes to the Interim Financial Statements continued

20. Principal risks and uncertainties

Risk	Potential impact	Mitigation	Update since year end
Political uncertainty and regulatory risk	The Group's business is principally carried out in Russia, the CIS, Turkey and Asia. 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 and Asian companies fully contributing to the local economy, and the diversity of businesses across sectors and geography provides protection for the longer-term prospects of the Group.	→ The situation in Russia and Ukraine has stabilised although sanctions remain in place. The Group has acquired events such as the Breakbulk portfolio and Africa Oil Week which diversify the Group's geographic exposure.
Economic instability reduces demand for exhibition space	Reduced demand for exhibition space would reduce the profits of the Group.	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.	↓ Recession in Russia has reduced demand for exhibition space year-on-year, but the Group continues to diversify and manage costs in the short and medium term.
Financial risk – foreign currency risk	The Group is exposed to movements in foreign exchange rates against Sterling for both trading transactions and for the translation of overseas operations. The principal exposure is to the Euro and the Ruble which form the basis of the Group's invoicing and 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. – Seeking to maximise the matching of costs and revenues in the same currency. – Employing a hybrid pricing strategy which ensures local customers are exposed to currency risk.	↑ Since the year end there has been a period of exchange rate volatility but in recent weeks it has stabilised.
Commercial relationships	The Group has key commercial relationships with venues which secure the Group's rights to run its exhibitions in the future.	These key relationships are regularly reviewed and the Group seeks to maintain its exhibition rights for up to at least three years forward for significant exhibitions where possible. In the longer-term the Group seeks to maintain good relationships with its principal venues to ensure the continuance of availability.	→
Venue availability	Damage to or unavailability of a particular venue could impact the Group's short-term trading position.	The Group carries business interruption insurance policies which protect profits on its largest events covering annual revenue of circa £120 million against such an event in the short term.	→

Risk	Potential impact	Mitigation	Update since year end
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, reduce the risk of a competitive threat to the Group's overall business.	→
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.	↑ The Group has made two significant acquisitions in the period and is currently integrating these into the Group. The size of these acquisitions increases the potential impact of failing to integrate these successfully.
People	ITE's employees have long-standing relationships with customers and a unique knowledge of the exhibitions business. Loss of key staff 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.	→

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 twelve 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.

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 the order of the Board

Russell Taylor
Chief Executive Officer
8 May 2015

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 2015 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 Statement of Financial Position, 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 2015 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
8 May 2015

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	Suzanne King
Registered office	ITE Group plc 105 Salusbury Road London, NW6 6RG
Registration number	1927339
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Solicitors	Olswang 90 High Holborn London, WC1V 6XX
Principal Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London, E14 5HP
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	25 June 2015
Record date	26 June 2015
Payment date	6 August 2015
Final dividend	
Ex dividend date	7 January 2016
Record date	8 January 2016
Payment date	8 February 2016

Designed and produced by Emperor
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