28 November 2017

ITE GROUP PLC

ITE GROUP PLC
(“ITE” or the “Group”)

PRELIMINARY RESULTS ANNOUNCEMENT

Return to growth after three years of difficult trading
3 Year Transformation & Growth Programme (“TAG”) is on track

Financial highlights

	Year to 30 September 2017	Year to 30 September 2016
Volume sales	679,900 m^2	684,700 m^2
Revenue	£152.6m	£134.4m
Headline profit before tax[1]	£31.6m	£36.5m
Loss before tax	£(3.2)m	£(4.1)m
Headline diluted earnings per share[2]	8.1p	10.7p
Diluted earnings per share	(3.1)p	(3.6)p
Full year dividend per share	4.0p	4.5p
Net debt	£49.7m	£59.1m

- Revenue of £152.6m; growth of 5% on a like-for-like[3] basis for the first time in four years
- Headline profit before tax of £31.6m, impacted by timing of events and the planned investment of the TAG programme
- Statutory loss before tax; after non-cash impairments of goodwill and costs associated with the TAG programme
- Moscow has stabilised, but a number of other regions remain challenged
- Strong cash generation from new sales initiatives and reduced net debt by 16% to £49.7m
- Full year dividend cover maintained at more than two times headline diluted earnings per share
- Forward bookings[4] of £98m already contracted for FY18, up 20% on a like-for-like basis

Strategy update

- Comprehensive review of the strategy and business completed
- 3 year Transformation & Growth (“TAG”) programme underway to create a scalable platform and drive organic growth
- Investment of up to £20m to be funded by existing cash generation; anticipated strong ROI by 2020
- Heads of best practice have been recruited
- Focus on onsite rebooking at a number of Core events[5] has proved successful
- Traction evidenced in the growth across our Core events
- TAG programme is on track, with signs of success from early initiatives

Mark Shashoua, CEO of ITE Group plc, commented:

“I am pleased to report that ITE has posted like-for-like revenue growth of 5% after three years of difficult trading. On our top ten events we have driven like-for-like top line growth of 15%. This growth in part reflects the successful rollout of the first phase of our TAG initiatives and our decision to focus on Core events that have the greatest capacity for growth. Whilst there have been challenging trading conditions in Russia outside of Moscow, Central Asia and in Turkey, we have seen the benefit of improved trading in Moscow. Our TAG programme is on track; during 2017 we have assembled the right team, structure and processes that we believe will lead to success. Even at this early stage, we are clearly seeing the benefits of our TAG initiatives, through growth in our Core events and forward bookings.

Our next financial year is underpinned by good visibility with circa. £98m of forward bookings, up 20% on last year on a like-for-like basis. ITE is well placed to realise its vision of creating the world’s leading portfolio of content-driven, must-attend events that deliver an outstanding experience and ROI for our customers. A fast pace has been set in the last year which we look forward to continuing into 2018 and beyond.”

1. *Headline profit before tax is defined as profit before tax and adjusting items which include amortisation of acquired intangibles, impairment of goodwill, intangible assets and investments, profits or losses arising on disposal of Group undertakings, restructuring costs, transaction and integration costs on completed and pending acquisitions and disposals, tax on income from associates and joint ventures, gains or losses on the revaluation of deferred/contingent consideration and on equity option liabilities over non-controlling interests, and imputed interest charges on discounted equity option liabilities – see note 3 to the condensed consolidated financial statements for details.*
2. *Headline diluted earnings per share is calculated using profit attributable to shareholders before adjusting items – see notes 3 and 9 to the condensed consolidated financial statements for details.*

3. *Like-for-like results are stated on a constant currency basis, after excluding events which took place in the current period but did not take place under our ownership in the comparative period and after excluding events which took place in the comparative period but did not take place under our ownership in the current period. For clarity, this excludes all:*
   - *Biennial events;*
   - *Timing differences (i.e. events that ran in only one of the current or comparative periods, due to changes in the event dates);*
   - *Launches;*
   - *Cancelled or disposed of events that did not take place under our ownership in the current year;*
   - *Acquired events in the current period; and*
   - *Acquired events in the comparative period that didn't take place under our ownership in the comparative period (i.e. they took place pre-acquisition).*
4. *Forward bookings are contracted revenues for the year ending 30 September 2018. These are the bookings as at 24 November 2017, unless otherwise stated.*
5. *Core events are those of strategic importance to our future and include the Group's largest events, those with the greatest potential for growth and a number of smaller but strategically important events. Following the strategic review, the Group deliberately segmented its business into Core and Non-Core, enabling management to increase its focus on events that present the greatest opportunities whilst reducing distraction from smaller events.*

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Chairman's statement

I am pleased to introduce to shareholders the Group's preliminary results announcement for the year ended 30 September 2017. These results demonstrate a return to growth in a year of substantial change.

A new vision for ITE

This was Mark Shashoua's first full year as Chief Executive Officer and Andrew Beach joined early in the year as Chief Financial Officer. The new executive team and the Board have undertaken a full strategic review of the business to identify the optimum way forward for the Group. This review involved a number of specialist advisors working together with the senior management team, covering every aspect of the business and the recommendations were carefully considered by the Board.

The result of the review, unveiled in May, is an evolved strategy for the Group to generate organic growth focussed around our market leading events. This will involve significant investment in event content and marketing with the intention to make our leading shows 'must visit' events in their market sectors. The Group has also adopted a new 'sales-led' culture to drive revenue and has invested in a central best practice team to ensure that the Group is consistent in delivering a high-quality experience for exhibitors and visitors alike anywhere in the world.

Our TAG programme, which will see the Group invest up to £20m over the next three years with anticipated strong return on investment by 2020, was presented to a number of shareholders in May and we were pleased with the support it received. You will find more detail in the Chief Executive Officer's statement.

Performance

Revenue was £152.6m (2016: £134.4m), growth of 5% on a like-for-like basis. This is the first year of like-for-like revenue growth for four years and a pleasing result from the implementation of the first initiatives of the Group's new strategy. As expected, headline profit before tax was lower at £31.6m (2016: £36.5m) after the planned investment in the new TAG programme. Loss before tax was £3.2m (2016 loss before tax of £4.1m). Net debt has been reduced by 16% to £49.7m (2016: £59.1m). In Russia, and in particular in Moscow, there are good signs that the economy is improving after the geopolitical issues of recent years, yet we are still experiencing challenges in many of our other markets.

Dividends

Full year dividend cover has been maintained at more than two times headline earnings per share. The full year dividend per share is proposed at 4.0p (2016: 4.5p). With the current lower levels of Group profit and the TAG programme investment the Board believes this to be in the best long term interests of shareholders. The final dividend of 2.5p is proposed for payment on 5 February 2018 to shareholders on the register on 5 January 2018.

Board

The Board recognise that strong corporate governance is at the heart of a good business. We remain focussed on implementing robust processes that identify and mitigate risk and deliver best practice in the context of delivering on our promises to all of our stakeholders.

After five years tenure, Marco Sodi stepped down from the Board at the end of the financial year, having stepped down as Company Chairman in July 2017. Marco led the business through a difficult period and provided invaluable support to the management team through the design and launch of ITE's new strategy. Marco leaves with the Board's thanks and best wishes.

A search is underway to recruit a new Chairman to lead the business through the implementation of the TAG programme and the Board intends to further strengthen its non-executive team during the course of 2018.

Sharon Baylay has taken over as the Chairman of the Remuneration Committee for the coming year to allow Linda Jensen to focus on her role as Senior Independent Director.

Our people

ITE is a business whose success is dependent on the hard work and loyalty of all of its employees. It has been a challenging year as we have reviewed our operations and introduced new ways of working in many areas to position the Group for future success. These initiatives have been fully and positively embraced and, on behalf of the Board, I would like to take this opportunity to thank all of our 1,374 people for their continued commitment.

Outlook

We have allocated a significant amount of resource to the Group's new strategy and have recruited a substantial, knowledgeable new team under the leadership of Mark Shashoua to implement this. The Board are pleased with the early signs as we seek to drive sustainable growth and shareholder value.

The Group enters the new financial year with a higher level of visibility, with forward bookings 20% ahead of last year on a like-for-like basis.

With its 3 year Transformation and Growth programme well underway, ITE is entering a period in the transformation that requires dynamic change. The Group has embraced the change to date with a renewed energy and an appetite for success, which is shared by the Board. With the potential for further improvement in both the geopolitical and economic markets in which we operate, the Board is confident for the future. ITE is well placed to realise its vision of creating the world's leading portfolio of content-driven, must-attend events that deliver an outstanding experience and ROI for our customers.

Neil England
Chairman

Chief Executive's statement

ITE's performance in 2017 reflects a return to revenue growth following implementation of early TAG initiatives. Revenues for the year were £152.6m (2016: £134.4m), up 5% on a like-for-like basis. This is the first year of like-for-like revenue growth since 2013, driven by Russia, and in particular Moscow, where many of our Core events are located.

The reported loss before tax of £3.2m (2016: loss of £4.1m), was after including one-off restructuring costs of £5.0m (2016: £nil), £4.6m of which were incurred as part of the TAG programme, and impairment charges of £14.3m (2016: £26.5m).

Headline profit before tax was £31.6m (2016: £36.5m) and Headline diluted EPS was 8.1p (2016: 10.7p). Both of these measures reflect event timing differences and are after incurring costs associated with the TAG programme within headline results, in relation to the delivery of the Group's new strategy.

After I joined the business on 1 September 2016, we set three main priorities for the year ended 30 September 2017. These were to:

1. Complete a comprehensive review of the business in order to develop our future strategy and vision;
2. Improve our trading position; and
3. Set an operating rhythm to increase the operational rigour and breed a culture of success.

I am pleased to report clear progress has been made against each of these priorities and a firm commitment has been made to invest in our people, systems and products so we can deliver better experiences for our customers and accelerate growth.

Strategic Review and Evolution of our Strategy

At the start of the year we undertook a thorough and detailed review of the business, which included reviews by product, geography, structures, systems, sales, marketing, IT and finance. The outputs of this review, unveiled in May 2017 resulted in an evolved strategy and the introduction of a 3 year TAG programme.

At our strategy update in May, our new vision for the Group was announced: *"To create the world's leading portfolio of content-driven, must-attend events delivering an outstanding experience and ROI for our customers".*

By putting exhibitors and visitors at the heart of everything we do, we plan to drive sustainable growth for our shareholders. ITE strives to run the best shows and offer the best service to its customers throughout the world, regardless of location. The Group's focus on a product-led strategy will see ITE focus on events that are market leading or have a clear path to become number one in their sector.

To deliver our vision, TAG is being implemented across the Group and comprises three pillars:

- Create a scalable platform to generate real organic growth;
- Actively managing our portfolio; and
- Make selective product-led acquisitions

As part of our TAG programme we are investing up to £20m across the next three years, which, underpinned by a performance-led culture, will accelerate organic revenue growth as follows:

Create a scalable platform

Transformational levers and TAG investment will be spread across five areas to:

- **Create best practice functions and teams**
  - *Deliver best-in-class processes implemented globally across the group, greater efficiency via standardised processes, a more structured and accountable leadership, and a globally consistent 'ITE way' driving efficiency and greater attendee experience*
- **Invest in show operations**
  - *Enhance customer retention and exhibitor reach, obtain enriched data insights and improve operational efficiency*
- **Build capability and talent**
  - *Attract and retain talent, develop internal capabilities, and establish the right capabilities to drive business and adapt to market changes*
- **Drive a performance culture**
  - *Create a values-driven organisation that encourages high performance and rewards success and talent, building a winning team with an aspirational culture*
- **Build and maintain fit for purpose IT infrastructure and systems**
  - *Create a global IT function and infrastructure that can support the requirements of a flexible, mobile and highly effective workforce that operates globally, but delivers locally, and supports and enables a 'One ITE way of working'*

As part of creating a scalable platform, as a result of the above, the Group will move decisively from being a decentralised, geographically structured business to one that is more centralised and product-led with strong regional platforms. The evolution of customer expectations implies that every local market now expects events of a truly international quality. Global multinationals are starting to choose one events company that will cater for them globally, rather than a variety in different markets and the trend is towards a one-stop shop that is able to deliver a consistently high standard of service everywhere.

Early progress with implementing the strategy has been good; the framework for the TAG programme has been finalised, based around the five areas noted above. The governance for the programme has been set, the TAG programme team created and heads of best practice have been recruited.

Work is underway to develop an 'ITE way', creating a blueprint to run events that is consistent globally. With the 'Best Practice' team now established, the Group has implemented new performance management processes and sales incentive schemes, leading to demonstrable results as it transitions towards a sales-led performance culture.

One area of particular focus has been onsite rebooking at a number of Core events, and this has been successful in improving sales visibility into the next financial year.

Overall, the programme is progressing according to plan with implementation underway and progress evidenced across the five levers:

Transformational Lever	**2017 Progress**	**2018 Milestones**
Create best practice functions and teams	• New onsite rebooking strategy launched • Design of the 'ITE way'	• Complete design of the 'ITE way' • Begin implementing the 'ITE way'
Invest in show operations	• Setup of Central customer success team • Setup of dedicated Central content team	• Setup of Regional customer success team • Setup of dedicated Regional content team • Implementation of value-based pricing methods • Roll out of show 'blueprint' • New show content deployed
Build capability and talent	• Governance framework in place • Recruitment of key Central organisational roles	• Roll out of dedicated specific training programmes • Recruitment of key Regional organisational roles
Drive a performance culture	• New sales incentive scheme launched • Review of performance structure • Development of sales leadership	• Standardisation of performance management
Build and maintain fit for purpose IT infrastructure and systems	• Roll-out of new hardware under way • Systems design and development in progress	• Launch of integrated sales and marketing systems • Completion of systems design and development • Systems deployed in phased waves

Actively manage the portfolio

The Group will continue to implement a more rigorous approach to allocation of capital.

Having deliberately segmented its business into Core and Non-Core, this development is enabling management to increase its focus on events that present the greatest opportunities whilst reducing distraction from smaller events.

The Core shows are of strategic importance to our future and include the Group's largest shows, those with the greatest potential for growth and a number of smaller but strategically important shows. The Non-Core shows consist of smaller shows with less potential for growth.

As part of the Group's strategy, a top priority remains to apply a full suite of transformational levers to its Core events to realise their full potential. This includes investing in content to drive great customer experience, retention and pricing. Each segment of the Group's portfolio requires a different degree of focus and different transformational levers to maximise their growth.

Our international sales structures have been repositioned to focus on our Core market leading events and this has seen strong revenue growth which has offset the cancellation of smaller, Non-Core, low yielding events.

During the year we discontinued 37 unprofitable, or less profitable, shows. In line with its product-led strategy, the Group will continue to pro-actively review its portfolio on an ongoing basis.

Product-led acquisitions

In due course the Group will look to make selective product-led acquisitions to accelerate growth in line with its strict M&A criteria. Each opportunity will be carefully reviewed but will not be limited to any particular geography as the Group aims to run the best shows in the best industries anywhere in the world.

Several criteria will determine what the Group will consider. Acquisitions are likely to meet most, but not necessarily all, of the following:

- Scalability – in sectors with high growth potential
- A distinct customer value proposition – serving a clear part of an industry sector
- Position in attractive markets for events – serving a high growth underlying market
- Evidence of strong organic revenue growth and profit margins
- Potential to roll out internationally – dependent on the product
- Earnings accretive – offering a good return on invested capital

The Group is building a pipeline of product-led opportunities, but will only proceed if such opportunities meet most of these criteria.

Trading

Having focused our early efforts on sales and marketing initiatives in order to drive trading performance, I am pleased to report we have started to see tangible evidence of progress. All sales people across the Group have been set monthly sales targets and a new commission structure has been rolled out. This has led to monthly sales league tables which are continually reviewed and has enhanced visibility. We have also announced “Club Elite”. This initiative recognises and rewards our top sales talent on a quarterly basis and is instilling a culture of success. It has proven so effective that we have actively rolled this out across the Group to incorporate marketing, content and support services, enabling us to embed and reward high performing talent.

I am pleased to say that these early initiatives have contributed to our performance as the Group has posted its first year of like-for-like revenue growth in four years.

Operating rhythm

Efforts to refocus the organisation on organic trading in the last year and embed a culture of engagement are well underway. For example, we have introduced weekly trading meetings, weekly review of sales, monthly regional boards, event level strategy pre and post show, and new global communication channels to showcase event successes globally, helping staff to feel part of “one ITE”.

Philosophies

ITE’s approach is based on a view of what our customers want - and to be clear, customers include both exhibitors and visitors. Customer needs are continually evolving.

Return on Investment (“ROI”) is now a key metric for exhibitors and an increasing request to justify spend and demonstrate return. ROI is typically best delivered by attending the main event in any given sector, since that will deliver the largest and most relevant audience.

For visitors, Return on Time (“ROT”) is equally important. They don’t have time to visit every event and so they will choose the event that delivers the best ROT. ROT is also typically best delivered by the main event, with the largest number of exhibitors, content, networking opportunities and the best experience.

Running market leading events is therefore critical, and it is becoming harder and harder to successfully run second tier events, since they can’t compete on ROI or ROT. In response to this we are making content investment a priority. Visitors no longer want to attend events that act just as trading platforms. Good quality events have become places to learn, network, discuss and debate; they act as an industry platform, bringing a business community together under one roof.

Visitors use events to gauge what their competitors are doing and where their industry is going, and so investing in high quality content – from distinguished keynote speakers to detailed technical seminars – is critical to engage and drive high quality audiences and senior levels of participation.

New technology has also impacted the industry. People once thought that technology would diminish the need for face to face events, but in reality it is the opposite. Technology has enabled organisers to be more efficient, engage better with our customers, and help them measure return on investment more effectively.

New technology also enables organisers to drive retention since improving events drives increases in retention rates for exhibitors and increases in visitor numbers. This in turn attracts new business.

Retention in an events business is crucial. In order to focus on retention you need detailed customer insight and data analysis.

This ties directly into customer service, where earlier booking of exhibitors generally improves retention by helping them to prepare for a successful event.

Within the organisation itself, I believe in a strong performance based culture both in sales and marketing. Training, monitoring, managing performance and breeding a culture of success by rewarding achievement is the basis for strong sustainable organic growth.

We believe that a strong sales and marketing culture, with an emphasis on quality of events, retention and operational efficiency can drive sustainable growth and shareholder value.

Priorities for 2018

The Group has achieved much in a short space of time since we announced our evolved strategy and TAG programme. 2017 has put in place the building blocks and we believe that we have the elements in place to succeed. Now it is about rigorous attention to detail and execution of our plan. In the year ahead, our main focus within TAG will be on lead generation, content and customer service.

Outlook

Whilst we continue to roll out the TAG programme across our Core events, we remain focused on trading performance. The stabilisation of trading conditions in Moscow is having a positive impact on the outlook for next year, but is tempered by challenging trading conditions elsewhere in the markets in which we operate. As at 24 November 2017, the Group has contracted £98m of revenues in respect of 2018 events, compared to £81m at this stage last year in respect of 2017 events. This represents an increase of 20% on a like-for-like basis.

The Board remains confident of the Group's prospects as it enters the new financial year. ITE is well placed to realise its vision of creating the world's leading portfolio of content-driven, must-attend events that deliver an outstanding experience and ROI for our customers. A fast pace has been set in the last year which we look forward to continuing into 2018 and beyond.

Mark Shashoua
Chief Executive Officer

Chief Financial Officer's statement

Overview

Revenues for the year were £152.6m (2016: £134.4m), as we delivered like-for-like growth for the first time since 2013, up 5%. This growth reflects the successful rollout of the first wave of our TAG initiatives, such as a new sales incentive structure, assisted by the stabilisation of Moscow and in spite of challenging trading conditions in some of our other markets. Our focus has been, and will continue to be, on our Core events and this is reflected in the growth experienced across our Core events in the year, which grew at a much faster rate than our Non-Core events. Looking ahead the TAG initiatives are also having a positive impact, with deferred income at 30 September 2017 of £82.6m (2016: £61.9m), with a significant proportion of the increase coming from the introduction of our new onsite rebooking initiative.

The Group reported losses before tax of £3.2m against a prior year loss before tax of £4.1m. This was after including one-off restructuring costs of £5.0m (2016: £nil), £4.6m of which were incurred as part of the TAG programme, and impairment charges of £14.3m (2016: £26.5m).

Headline profit before tax is a non-statutory measure of performance used by the Group as it better reflects underlying trading performance. After excluding adjusting items, detailed below, headline profit before tax was £31.6m (2016: £36.5m). Included within headline profits were £2.8m of costs associated with the TAG programme, such as the best practice teams and the impact of changes to the sales commission structure. On a like-for-like basis headline profit before tax has grown by 2%, reversing the trend reported in recent years.

Basic and diluted earnings per share were (3.1)p (2016: (3.6)p). The Group achieved headline diluted earnings per share of 8.1p (2016: 10.7p), with the decrease largely due to the reduction in headline profits in the year and the increase in the Group's effective tax rate, which is discussed in more detail below.

Group operating cash conversion for the year was 134% (2016: 112%). The significant increase is largely as a result of the onsite rebooking initiative, which has brought our cash inflows forward, and also from an increase in forward bookings for next year's events attributable to an upturn in trading, particularly across our Core events. Net debt at the year-end has reduced to £49.7m from £59.1m at 30 September 2016 as a result of strong cash flows from operations. The Group's £6.7m cash investment in the new TAG programme, £10.1m of previously committed acquisition and transaction costs and £8.7m of dividend payments to shareholders have been funded entirely through cash flows from operations.

A refinancing of the Group's external debt facility was completed in November 2017 and gives the Group access to a new £100m facility from a syndicate of four banks, HSBC, Barclays, Citibank and Commerzbank. The facility amortises by £10m each year and expires in November 2021, giving us certainty over funding through the life of the TAG programme. The facility has more favourable pricing and more appropriate covenants, including a leverage ratio which is now assessed on a net debt to EBITDA basis, replacing the gross debt covenant in place under the previous facility. The facility is also structured to allow the flexibility we require to achieve our plans, including larger acquisition baskets and more flexible use of disposal proceeds.

Trading summary

In 2017 the Group ran 234 events (2016: 252). The decrease is primarily attributable to cancellations of smaller, less profitable events. A detailed analysis of volumes and revenues is presented below:

		Square Metres Sold (000)	**Revenue £'m**	**Average yield £ per m^2**
2016	**All events**	**685**	**134.4**	**196**
	Biennial	(41)	(4.6)	
	Timing	(12)	(4.5)	
	Non-recurring	(34)	(4.9)	
	Disposals	-	(0.5)	
2016	Annually recurring	598	119.9	**201**
	Acquisitions	49	6.0	
	Launches	18	3.2	
	FX translation	-	11.6	
	TAG costs	-	-	

	Like-for-like growth	**(2)**	**6.7**	
2017	Annually recurring	663	147.4	**222**
	Timing	3	0.8	
	Biennial	14	4.4	
2017	**All events**	**680**	**152.6**	**224**

Segmental results

£'m	**Revenue**		**Headline profit before tax**	
	2017	**2016**	**2017**	**2016**
Russia	71.4	51.6	26.3	19.8
Asia	23.8	17.1	6.9	5.5
Central Asia	21.7	22.0	6.5	7.0
Eastern & Southern Europe	17.0	19.3	4.8	5.6
Brands	18.7	24.4	5.4	11.0
Other income	-	-	0.7	0.6
Central costs	-	-	(16.2)	(11.9)
Foreign exchange gain	-	-	0.3	2.0
Net finance costs	-	-	(3.1)	(3.1)
Total	**152.6**	**134.4**	**31.6**	**36.5**

Refer to the 'Divisional trading summary' section for commentary on each operating segment.

Other income relates primarily to rental income from sub-leasing unused office space.

Central costs include all costs that are not allocated to the Group's operating segments when headline profit before tax is reported to the Senior Operating Board for the purposes of allocating resource and making strategic decisions. These include the Group's corporate overheads and other central costs that are included within cost of sales. The corporate overheads are the costs of running the head office in London and are primarily comprised of the staff costs, which include the Group's executive and non-executive directors, depreciation of the Group's centrally held assets, office rent and professional fees. The other central costs included within cost of sales include digital marketing costs that are not event-specific, but span the Group's portfolio of events. The increase in central costs in 2017 is partly due to higher bonus payments in the year, an element of which is paid based on the achievement of target Group results for the financial year.

Central costs in 2017 also include £1.3m of TAG costs and £1.4m of central structure costs. Of the £2.8m of costs associated with the TAG programme that have been included within headline results, £1.3m do not directly relate to the reportable segments and have been recognised within central costs. The central structure costs represent costs in London that were primarily incurred prior to the launch of the TAG programme to ensure that we were positioned appropriately to determine the Group's new strategic direction and ultimately to implement it successfully. These include the staff costs and recruitment costs of the new Strategy Team and the CFO, to the extent that there was no comparable cost in the prior year.

The foreign exchange gain represents the retranslation of monetary assets and liabilities held in our subsidiary companies that are denominated in currencies other than the functional currencies of the subsidiaries. See the 'Foreign exchange' section below for further details.

Net finance costs relate to the interest payable on our external banking facility and bank fees, net of interest income for the period.

Headline results

In addition to the statutory results, headline results are presented, which are the statutory results after excluding a number of adjusting items, as the Board consider this to be the most appropriate way to measure the Group's underlying performance. In addition to providing a more comparable set of results year-on-year, this is also in line with similar adjusted measures used by our peer companies and therefore facilitates comparison across the industry.

With the exception of restructuring costs, the adjusting items presented are consistent with those presented in the previous

year. The restructuring costs have been presented separately in order to report what the Board consider to be the most appropriate measure of underlying performance of the Group and to provide additional information on the scale and progress of the Group's transformation programme.

Reconciliation of loss before tax to headline profit before tax:

£'m	2017	2016
Loss before tax	(3.2)	(4.1)
Operating items		
Amortisation of acquired intangible assets	14.1	15.5
Impairment of goodwill and intangible assets	12.6	24.7
Impairment of investments in associates and joint ventures	1.7	1.9
Transaction costs on completed and pending acquisitions	0.4	0.3
Loss on disposal of investments	3.7	1.5
Restructuring costs, including TAG	5.0	-
Tax on income from associates & joint ventures	1.5	1.1
Financing items		
Revaluation of liabilities on completed acquisitions	(4.2)	(1.2)
Headline profit before tax	31.6	36.5

Amortisation of acquired intangible assets

Amortisation of acquired intangible assets relates to the amortisation charge in respect of intangible assets acquired through business combinations. The charge has declined in the year as a result of a number of our historical Russian intangible assets reaching the end of their estimated useful lives, offset in part by the amortisation on the intangible assets recognised on completion of the acquisition of Gehua in the year. See the 'Portfolio management' section below for further details on the Gehua acquisition.

Impairment of goodwill and intangible assets

In the year, impairment charges were recognised in respect of our India, Turkey, and Africa Oil Week ("AOW") cash generating units ("CGUs"). Recent trading in these CGUs has improved. However, the forecast cash flows include an increase in the central cost allocation following our move to a more centralised model and an update to the discount rate methodology, which, when coupled with the low headroom of these CGUs, results in the value in use not being sufficient to support the carrying value of the assets. Prior to these changes, the Turkey and AOW CGUs had lower headroom as a result of the adverse macro-economic and geopolitical conditions faced in the last few years in Turkey and the significant downturn in the oil price in 2015, which has affected our AOW oil conference in South Africa. The India CGU had lower headroom due to the write down of the assets to the value in use of the CGU in the prior year. As well as the impairment charge recognised at our India CGU last year, the prior year charge also included impairments of our South East Asia and Siberia CGUs.

Impairment of investments in associates and joint ventures

The current year charge is recognised in respect of our Indonesian joint venture, following the update to the discount rate methodology in determining value in use discussed above. In the prior year we impaired our investment in our Malaysian joint venture.

Transaction costs on completed and pending acquisitions

Transaction costs on completed and pending acquisitions relates principally to costs incurred on the Gehua acquisition completed in December 2016.

Loss on disposal of investments

During the year the Group disposed of its investment in Gima International Exhibition Group GmbH & Co KG ("GiMA"), a sales agency business based in Germany. As a result of the disposal the goodwill held on the balance sheet from the original acquisition of GiMA, over a decade ago, this has resulted in the recognition of a loss on disposal.

Restructuring costs, including TAG

Restructuring costs relate to costs incurred in transforming the business, and largely relate to the TAG programme. The costs included within adjusting items are the one-off costs of designing and implementing the Group's new strategy. The most

significant of these costs are professional and consultancy fees incurred in relation to the strategic and business reviews carried out on the existing business and underlying markets, the costs of designing the Group's new strategy and its future operating model, and the costs of implementing the new strategic initiatives launched to date.

The TAG programme has led to certain costs, such as those associated with new best practice roles and changes to the sales commission structure, that are expected to remain as part of the Group's new operating model post-transformation. These costs have not been included within adjusting items and are presented within headline results.

Tax on income from associates and joint ventures

Statutory reported profits from associates and joint ventures are presented post-tax. In order to present a measure of profit before tax for the Group that is purely pre-tax, the tax on associate and joint venture profits is added back. The year-on-year increase reflects the increase in profits from associates and joint ventures this year, primarily due to strong performance from Sinostar and ITEMF, as discussed further below.

Revaluation of liabilities on completed acquisitions

A number of the Group's acquisitions completed in recent years have future earn-out commitments, either through deferred or contingent consideration payments or through equity option liabilities to increase our current shareholdings. These are held on the balance sheet at fair value and therefore change based on the latest foreign exchange rates, the proximity of the settlement date and the latest expectation of the settlement value. All such revaluations are presented outside of adjusted results as they do not relate to the underlying performance of the Group. Revaluation of liabilities on completed acquisitions include the revaluation of the equity option liabilities in respect of ABEC and ITE Ebseek ("Fasteners") and the revaluation of contingent consideration in respect of Gehua and Fasteners, prior to the settlements of these obligations in the year.

Foreign exchange

As a result of the territories in which we operate, we are exposed to changes in foreign exchange rates and significant movements, particularly in the Russian ruble, can have a significant impact on our results.

Translational FX

Each month our subsidiary company results are translated into sterling, from the functional currencies of the subsidiary companies, on consolidation, using the prevailing foreign exchange rates for the month. Changes in foreign exchange rates result in fluctuations of the level of profits reported for the Group. The impact of the changes in foreign exchange rates is included within both the statutory and adjusted reported results, within the relevant lines in the Consolidated Income Statement. To aid comparability of trading results, when presenting like-for-like performance we adjust for the impact of changes in foreign exchange rates on translation.

Largely as a result of the strengthening of the ruble against sterling, the reported results were higher than in the comparative period by £11.6m for revenue and £2.4m for headline profit before tax.

Transactional FX

As well as translational foreign exchange movements arising on consolidation, the Group results are impacted by changes in foreign exchange rates within our subsidiary company results. Where monetary transactions are entered into in different currencies than the functional currency of the entity this gives rise to revaluation gains and losses following changes in exchange rates between the transaction date, month end and the settlement date. Each revaluation of the monetary assets and liabilities held on the balance sheet results in gains and losses, which are reported within the Consolidated Income Statement within the 'Foreign exchange gain on operating activities' line.

The relative stability of the ruble throughout 2017, when compared to 2016, has contributed to the smaller gain recognised of £0.3m (2016: £2.0m). As a result of the Uzbekistan government removing the som peg to the US dollar in September, a gain on revaluation of £0.7m arose in the month, as a result largely of the US dollar debtor book held locally in our Uzbekistan subsidiary companies.

In order to minimise our exposure to changes in foreign exchange rates, particularly on euro denominated cash inflows held in sterling subsidiary companies, which accounts for approximately 15-20% of total revenues, the Group takes out foreign exchange forward contracts to provide certainty over the future euro cash inflows. The gains and losses on the forward contracts are deferred and recognised within revenue at the point at which the revenue is recognised.

In the year, a loss of £0.7m (2016: profit of £2.0m) was recognised within revenue in respect of our forward contracts, reflecting the strengthening of the euro against sterling in the year, naturally offsetting the benefit received from this

strengthening within our reported revenues.

Foreign currency translation reserve

Finally, our results are impacted by the translation of the subsidiary company balance sheets each month on consolidation into sterling. A change in foreign exchange rates gives rise to a movement which is recognised within reserves in the foreign currency translation reserve. This is on translation of the company balance sheets of our subsidiary companies, which are reported in their functional currencies before being translated into sterling on consolidation, at the prevailing period end rates.

The foreign currency translation reserve increased by £3.0m, largely due to the weakening of the Turkish lira and the Uzbekistani som against sterling between the beginning and the end of the financial year. Due to the considerable goodwill and intangible assets held in Turkey, as well as the dollar denominated debtors in Uzbekistan, the value of the net assets within the consolidated statement of financial position have reduced. This was offset to some extent by a strengthening of the ruble and euro but these movements were not of sufficient magnitude to prevent a loss being recognised within equity reserves.

Share of results of associates and joint ventures

Profits after taxation for the financial year arising from investments in joint ventures and associates increased by £1.5m to £5.1m (2016: £3.6m). Sinostar (our 50% owned Chinese joint venture) continues to perform well whilst ITEMF (our 50% owned joint venture in Russia) has benefited from the stabilisation in Moscow and a strengthening of the Russian ruble.

Finance costs

Statutory net finance costs are £1.0m (2016: net finance income of £1.8m). On a headline basis, after excluding the revaluations relating to liabilities on completed acquisitions, net finance costs are £3.1m (2016: £3.1m). These represent the interest cost on the Group's borrowings of £2.5m (2016: £2.4m) and bank charges of £1.3m (2016: £1.1m), net of interest income of £0.7m (2016: £0.4m).

Tax charge

A tax charge of £3.3m (2016: £3.1m) was recognised in the year. Tax on associate and joint venture profits, which is presented within the share of profit from associates and joint ventures, was £1.5m (2016: £1.1m), reflecting the higher level of joint venture profits discussed above. The total tax charge was £4.8m (2016: £4.2m).

The headline tax charge for the period was £8.3m (2016: £7.1m), equating to a headline effective tax rate of 26% (2016: 19%). The increase in the tax rate was primarily due to an increase in withholding tax on dividends from our Russian subsidiaries, following the stabilisation of trading in Moscow.

Profits attributable to non-controlling interests ("NCIs")

NCI profits for the year were £1.8m (2016: £2.2m), down £0.4m. In May 2016 we increased our interest in Africa Oil Week to 75% and in May 2017 to 100%, reducing the proportion of profits attributable to NCI for the event that runs each October. This was offset by the first-time impact of the 40% of ABEC's profits that were pre-acquisition in the prior year and the 30% of the post-acquisition profits from the current period acquisition of Gehua.

Consolidated Statement of Financial Position

The Group's Consolidated Statement of Financial Position at 30 September 2017 is summarised in the table below:

	30 September 2017	30 September 2016
	Net assets	Net assets
	£m	£m
Goodwill and other intangible assets	154.4	166.7
Interests in associates and joint ventures	45.5	45.7
Other non-current assets	11.7	8.4
Total non-current assets	**211.6**	**222.8**
Trade debtors	44.1	32.5
Cash	23.3	15.5
Other current assets	20.2	20.2
Total current assets	**87.6**	**68.2**
Deferred income	82.6	61.9

Bank loan	73.0	74.6
Other liabilities	54.3	58.2
Total liabilities	**208.9**	**194.7**
Share capital and share premium	31.3	23.3
Translation reserve	(45.3)	(42.3)
Other reserves	81.6	89.9
NCI	22.7	25.4
Total equity	**90.3**	**96.3**

Total non-current assets

Goodwill and intangible assets decreased during the year due to the impairments recognised in the India, Turkey and AOW CGUs, the annual amortisation charge in respect of the intangible assets and the retranslation of overseas balances to sterling at year end exchange rates. The movement was offset to some extent by the acquisition of Gehua. The intangible assets balance represents acquired customer relationships, trademarks and licences, visitor databases and computer software.

Interests in associates and joint ventures has remained flat, with strong profitability in the larger joint ventures, particularly Sinostar and ITEMF, offset by the payment of dividends from these entities and the impairment of the Indonesian joint venture.

Other non-current assets has increased for the most part due to an increase in deferred tax asset to £5.4m (2016: £3.1m).

Total current assets

Trade debtors increased compared to the prior year as a result of the increase in forward bookings, aided by our new onsite rebooking initiative. This contributed to trade debtors increasing by over 30% year on year. Trade debtor recoverability remains strong and cash flow from operations and cash collection have been important areas of focus over the past year.

Cash balances increased to £23.3m (2016: £15.5m) as a result of earlier cash collection following the onsite rebooking initiative, reduced expenditure on acquisitions compared to previous years and the strengthening of foreign currencies against sterling which create unrealised gains when translated into sterling on consolidation. This was in part offset by the investment in TAG during the year.

Other current assets, comprising other debtors, prepayments and tax prepayments, have remained broadly consistent year on year.

Total liabilities

As with trade debtors, deferred income grew considerably following the introduction of our onsite rebooking initiatives, with the balance as at 30 September 2017 being £82.6m (2016: £61.9m), up by over 30% year on year. This represents 54% of the total revenue recognised in 2017, compared to 41% of the 2017 revenues being contracted at this stage last year.

The bank loan balance of £73.0m (2016: £74.6m) is broadly flat year on year. A new loan facility agreement was entered into subsequent to the year-end as mentioned previously.

Other liabilities decreased to £54.3m (2016: £58.2m). The decline is primarily in respect of equity option liabilities and deferred/contingent consideration, following the exercise of the Africa Oil Week put option in May 2017 and settlement of earn-out obligations in respect of ABEC and Fasteners.

Total equity

During the year the Company issued 7,140,601 (2016: 5,166,043) ordinary shares of 1p. 2,050,102 of the total new issues were to shareholders who elected to receive their dividend in the form of new ordinary shares as part of the scrip dividend alternative that was made available. The remaining shares issued were consideration for the exercise of options to acquire the remaining 25% stake in Africa Oil Week (2,791,120) not previously held and the element of the Gehua consideration settled in shares (2,299,379).

As at 30 September 2017 the Employee Share Ownership Trust (ESOT) held 2,783,585 (1.0%) of the Company's issued share capital (2016: 2,869,603 (1.1%)).

The movement in the translation reserve from a debit balance of £42.3m to £45.3m represents the loss on the year-end retranslation of the Group's overseas assets denominated in foreign currencies, as discussed above. This is driven primarily by movements in the sterling/lira and sterling/som exchange rates. The decreases in the put option reserve and NCI were caused

by the exercise of the Africa Oil Week equity option. The Group's ability to pay dividends is secure, with distributable reserves in the parent Company accounts of £16.8m.

Venue arrangements

The Group has long-term arrangements with its principal venues in its main markets setting out ITE's rights over future venue use and pricing.

The arrangements can take the form of a prepayment of future venue fees ('advance payment'), or a loan which can be repaid in cash or by offset against future venue fees ('venue loan'). Generally, the arrangements bring rights over future venue use and advantageous pricing arrangements through long-term agreements. Venue advances and prepayments are included in the Consolidated Statement of Financial Position under non-current and current assets.

Portfolio management

On 9 December 2016, the Group acquired a 70% holding in ITE Gehua Exhibitions Co Ltd ("Gehua"), a company incorporated in China, for total consideration of £11.7m. No put or call options exist over the remaining 30% stake. The acquired business has contributed £3.0m to Group revenue and a £1.0m to headline profit before tax since acquisition.

During the year, £3.7m was paid in respect of deferred and contingent consideration obligations in respect of the acquisitions of ABEC and Fasteners completed in previous years and of Gehua in the current period. At 30 September 2017 there remains an outstanding obligation of £1.0m in respect of the acquisition of ABEC.

One equity option was settled during the year, in respect of the remaining 25% in Africa Oil Week, discussed above. At 30 September 2017, equity options are held over further interests in our subsidiary companies, ABEC, Fasteners and Scoop, and our joint venture companies, ECMI and Debindo.

As part of our ongoing focus on Core events, 37 events were cancelled in 2017 which had in 2016 contributed £1.1m to Group revenue and £0.4m to headline profit.

TAG overview

In May 2017, we announced our intention to invest up to £20m in the TAG programme over the three year transformation period. In 2017 we invested £5.0m, comprised of £4.6m of one-off restructuring costs, which are presented within adjusting items, and £0.4m of capital expenditure. The restructuring costs were principally in relation to the design and implementation of the Group's new strategy. The capital expenditure largely related to building fit for purpose IT infrastructure and systems. Having invested £5.0m since May, we anticipate investing up to £10m over the coming financial year. The investment will reflect the acceleration of our systems design and development work over the coming 12 months and ultimately the introduction of the new sales and marketing systems that will help us create fit for purpose IT infrastructure & systems. We remain confident of delivering the overall TAG programme within the 20m one-off investment indicated.

During 2017, £2.8m of costs were included within our statutory and headline results in relation to the TAG programme. These represent costs that are associated with the TAG programme, in relation to the delivery of the Group's new strategy, rather than the costs of designing and implementing the strategy. These are costs that have arisen following changes to the way we operate as a result of the TAG programme and are expected to continue to be incurred as the Group's new operating model becomes fully embedded. Of the £2.8m incurred in the year, £1.9m was included within cost of sales (£0.5m of which was included within central costs) and £0.9m is included within overheads (£0.8m within central costs). The cost of sales represent costs incurred to date that are direct costs incurred to drive revenue growth, to date principally in future periods. Overhead costs are ongoing costs largely incurred in relation to creating best practice functions and teams and building capability and talent.

Andrew Beach
Chief Financial Officer

Divisional trading summary

Russia

	2017 £'m	2016 £'m	% change	%change Like-for-like
Revenue	71.4	51.6	+38%	+14%
Headline profit before tax	26.3	19.8	+33%	+17%

During the year ITE held 96 events in Russia (2016: 110), with total volume sales of 274,400m^2 (2016: 256,000m^2). Revenue of £71.4m was 38% higher than the previous year and headline profit before tax of £26.3m was 33% higher than the previous year, reflecting early TAG benefits, stabilisation of the trading environment – particularly in Moscow – and the strengthening of the Russian ruble. On a like-for-like basis volume sales in Russia increased by 9%, revenues increased by 14% and headline profits before tax increased by 17% from the prior year.

Moscow is ITE's largest office in Russia with events accounting for around 74% of the region's revenues. Volume sales for the year on Moscow events were 182,300m^2 (2016: 164,100m^2); an increase of 9% on a like-for-like basis.

ITE's leading events in Moscow responded favourably to the stabilisation of the trading environment and benefitted from management's reallocation of resources to focus on these events. The Moscow International Travel and Tourism (MITT) exhibition which is held annually in March delivered sales of 13,700m^2 (2016: 11,700m^2) as the Russian international tourism sector recovered confidence and relations between Turkey and Russia improved. In April, Mosbuild (WorldBuild Moscow) saw volumes increase by 8% to 34,500m^2 (2016: 31,800m^2) with the growth being led by domestic exhibitors as the construction sector in Moscow also gained confidence from the stabilisation in the local economy. The packaging event, Rosupack, also performed strongly with volume growth of 21% from 9,400m^2 to 11,400m^2. However the recovery was uneven across sectors with the logistics event TransRussia and the security event Securika reporting flat volumes of 7,400m^2 (2016: 7,200m^2) and 10,400m^2 (2016: 10,600m^2) respectively. The previously biennial Moscow International Oil & Gas Exhibition (MIOGE) annualised and changed venues to better respond to a competitive launch and met expectations in delivering volumes of 12,000m^2 (2015 event: 18,500m^2). WorldFood Moscow in September also grew volumes by 5% to 21,300m^2 (2016: 20,200m^2), as both domestic exhibitors and international suppliers increased their space requirements.

The Krasnodar region in southwest Russia is one of the most prosperous outside Moscow. The Group is the anchor tenant at the City's exhibition centre and runs events across a broad range of sectors. The single largest event is the agriculture event, Yugagro, which grew by 9% to 31,700m^2 (2016: 29,000m^2).

The stabilisation of the economic environment in Moscow has not yet spread to all regions. The Group's events in St Petersburg delivered overall volume sales of 9,400m^2 (2016: 9,500m^2), a like-for-like decline of 7%.

In Novosibirsk, Siberia, ITE is the anchor tenant in the city's main venue. During the year management reduced the number of events held to 22 (2016: 34). On a like-for-like basis, which excludes these cancellations, revenue was down 1%.

Asia

	2017 £'m	2016 £'m	% change	%change Like-for-like
Revenue	23.8	17.1	+39%	-3%
Headline profit before tax	6.8	5.5	+23%	+16%

The Group's operations in this region are based in India, China and South East Asia. During the year, the Group ran 35 (2016: 27) events in the region. Overall the group's majority owned businesses in the region sold 160,000m^2 in 2017 (2016: 124,600m^2), reflecting acquisitions in China offsetting the weaker biennial pattern and the challenging trading environment in India. The Group benefitted from another strong performance by its Sinostar joint venture, which is not included in consolidated revenues but is included in consolidated headline profits before tax for the region. Therefore, on a like-for-like basis the region reports a decrease of 2% in volumes and 3% in revenues but a 16% increase in headline profits before tax.

The Group operates two businesses in India: one through a small wholly-owned subsidiary, ITE India, which had its weaker biennial year in 2017 and the other through ABEC, India's largest private exhibition organiser in which ITE has a 60% stake. ABEC's portfolio of over 20 exhibitions across different industry sectors includes Acetech – India's leading construction event. Acetech Mumbai in October 2016 delivered 27,800m^2 (2016: 27,900) despite the impact of demonetisation, although the impact on the rest of the ABEC portfolio was more pronounced and the business delivered like-for-like volume and revenue declines of 3% and 4% respectively, reflecting the challenges faced in the market.

In China the Group has offices in Beijing, Shanghai and Guangzhou and operates (through its Hong Kong headquartered 50% joint venture partner Sinostar) the Chinacoat/Surface Finishing China event. The November 2016 Chinacoat/Surface Finishing China event in Guangzhou saw 11% growth on the equivalent event reporting record sales of over 37,800m^2 with another strong performance expected at the November 2017 event. A 70% stake in Gehua was acquired in December 2016. It has a small portfolio of events, of which the major event is a Food event which ran in August 2017 for the first time under ITE ownership, delivering 20,000m^2. The Group's Fasteners event, acquired in 2016, grew by 10% to 16,300m^2 (2016: 14,800m^2).

In South East Asia the Group operates through three organisations based in Indonesia and Malaysia. In Jakarta, Indonesia, the Group owns 50% of PT Debindo which runs the Indobuildtech series of construction exhibitions, the largest of which takes place annually in Jakarta. After moving to the new International Convention and Exhibition Centre last year and growing to over 22,000m^2, this year the event focused on driving yield and while volumes reduced slightly to 18,700m^2, the revenues increased by over 10%. In Kuala Lumpur, Malaysia the Group owns 100% of Tradelink, which runs the Metaltech event, serving the machine tool technology and metal fabrication industries. The event takes place each May in Kuala Lumpur and although volumes reduced, revenues held up despite local economic uncertainty impacting on the industry. Also based in Kuala Lumpur is the Group's 50% joint venture, ECMI, a pan-ASEAN organiser operating in Malaysia, Indonesia, Vietnam and Myanmar, and focused on the professional beauty and life-sciences sectors.

Central Asia

	2017 £'m	**2016 £'m**	**% change**	**%change Like-for-like**
Revenue	21.7	22.0	-1%	+5%
Headline profit before tax	6.5	7.0	-7%	+7%

ITE's principal offices in Central Asia are in Kazakhstan, Azerbaijan and Uzbekistan. All of the economies in this region are heavily dependent on oil and gas for their overseas earnings and economic wealth and in the case of Kazakhstan a significant level of trade with Russia as well. The fall in the oil price and the Russian economic recession continue to have a significant impact on trading conditions within the region.

This year ITE organised a total of 66 events (2016: 74) across these territories delivering total volume sales of 64,000m^2 (2016: 70,400m^2), revenues of £21.7m (2016: £22.0m) and headline profits before tax of £6.5m (2016: £7.0m). Overall, on a like-for-like basis, volumes decreased by 9% over the previous year with revenues increasing by 5% and headline profit before tax increasing by 7% as dollar pricing protected revenues from currency fluctuations.

Kazakhstan is the Group's largest office in the region selling 32,200m^2 (2016: 34,400m^2). The largest event in the region, Kazakhstan Oil & Gas Exhibition (KIOGE), which took place in Almaty in October 2016, was smaller than the prior edition at 3,700m^2 (2016: 5,800m^2). However, reflecting the improvement in the environment during the year, Mining World Central Asia held in September 2017 grew volumes by over 20% from 2,500m^2 to 3,000m^2.

Azerbaijan achieved volume sales of 14,200m^2 (2016: 19,300m^2) a decrease of 27% on the prior year on a like-for-like basis with all sectors suffering reduced volumes and like-for-like revenues down 11% on the prior year.

ITE's Uzbekistan business is slightly more insulated from the oil price due to the nature of the local economy and it performed strongly in 2017 selling 17,600m^2 (2016: 16,100m^2). On a like-for-like basis volumes have increased by 23%.

Eastern & Southern Europe

	2017 £'m	**2016 £'m**	**% change**	**%change Like-for-like**
Revenue	17.0	19.3	-12%	0%
Headline profit before tax	4.8	5.6	-15%	-10%

The Eastern and Southern Europe region is represented by the Group's offices in Turkey and Ukraine. Overall the region sold 134,500m^2 in 2017 (2016: 172,200m^2), reflecting growth in Ukraine, offset by the weaker biennial pattern and the challenging trading environment in Turkey. On a like-for-like basis this represents a decrease of 8% in volumes, flat revenues and a 10% decrease in headline profit before tax.

Overall total volumes in Turkey were down, reflecting the weaker biennial pattern, and the challenging local environment. On a like-for-like basis revenues were down 9%, better than anticipated at the start of the year. The prior year events were protected to some extent by bookings taken in advance of the coup attempt and so the current year results reflect the full year effect of the events of 2016.

Trading in Ukraine has recovered strongly. Overall volume sales were up, with a 34% increase in revenue on a like-for-like basis.

Brands

	2017 £'m	**2016 £'m**	**% change**	**%change Like-for-like**
Revenue	18.7	24.4	-23%	-6%
Headline profit before tax	5.4	11.0	-51%	-21%

The Group's Brands business contains the results of our UK fashion events, the Africa Oil Week event and the Breakbulk portfolio of events. Overall the portfolio reports a 23% decrease in revenues and a 51% decrease in profits although this is predominantly due to event timing. On a like-for-like basis, revenues decreased by 6% and headline profits before tax decreased by 21%.

In Moda the Group owns the leading midmarket fashion event for Womenswear, Menswear, Footwear and Accessories which runs twice a year in Birmingham, UK. In London the Group operates Bubble, a niche high-end childrenswear event, Jacket Required, a designer-led menswear event, and Scoop, a designer-led womenswear event. Overall the portfolio achieved volume sales of 34,800m^2 (2016: 39,600m^2), a 10% like-for-like volume decline and a 7% revenue decline on the prior year with Moda continuing to see the effects of a changing market place for midmarket independent fashion retailers.

Africa Oil Week ran in October 2016 and, as expected, was adversely affected by the difficult trading conditions affecting the oil industry. There was still excellent representation from all usual participating companies, although many companies sent fewer delegates with a resulting impact on revenues of 20% compared with the 2015 event. ITE acquired the remaining 25% stake in the event in May 2017, financed through a small equity placing following the exercise of the put option granted to the previous owners. Revenues for the October 2017 event have stabilised and we believe that, with investment, this event is positioned for recovery.

The Breakbulk portfolio overall saw a drop in volumes and revenues compared with the previous year as Breakbulk Americas ran in September 2016 and October 2017 and therefore, through timing, did not run in the 2017 financial year. However on a like-for-like basis the portfolio grew volumes by 3% and revenues by 16%.

Consolidated Income Statement
For the year ended 30 September 2017

		Year ended 30 September 2017			Year ended 30 September 2016		
		Headline	Adjusting items (Note 3)	Statutory	Headline	Adjusting items (Note 3)	Statutory
	Notes	£000	£000	£000	£000	£000	£000
Revenue	4	152,623	-	152,623	134,422	-	134,422
Cost of sales		(93,259)	-	(93,259)	(75,862)	-	(75,862)
Gross profit		59,364	-	59,364	58,560	-	58,560
Other operating income		741	-	741	615	-	615
Administrative expenses		(32,194)	(37,445)	(69,639)	(26,203)	(40,809)	(67,012)
Foreign exchange gain on operating activities		337	-	337	1,956	-	1,956
Share of results of associates and joint ventures	4	6,510	(1,504)	5,006	4,628	(1,078)	3,550
Operating profit/(loss)		34,758	(38,949)	(4,191)	39,556	(41,887)	(2,331)
Investment revenue	5	688	5,342	6,030	554	6,940	7,494
Finance costs	6	(3,824)	(1,178)	(5,002)	(3,606)	(5,652)	(9,258)
Profit/(loss) before tax	4	31,622	(34,785)	(3,163)	36,504	(40,599)	(4,095)
Tax (charge)/credit	7	(8,315)	5,063	(3,252)	(7,059)	3,983	(3,076)
Profit/(loss) for the year		23,307	(29,722)	(6,415)	29,445	(36,616)	(7,171)
Attributable to:							
Owners of the Company		21,476	(29,722)	(8,246)	27,289	(36,616)	(9,327)
Non-controlling interests		1,831	-	1,831	2,156	-	2,156
		23,307	(29,722)	(6,415)	29,445	(36,616)	(7,171)
Earnings per share (p)							
Basic	9	8.2		(3.1)	10.7		(3.6)
Diluted	9	8.1		(3.1)	10.7		(3.6)

The results stated above relate to continuing activities of the Group. The accompanying notes 1 to 9 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 30 September 2017

	Notes	**2017 £000**	2016 £000
Loss for the year attributable to shareholders		**(6,415)**	(7,171)
Cash flow hedges:			
Movement in fair value of cash flow hedges		**1,336**	(7,042)
Fair value of cash flow hedges released to the income statement		**(675)**	(1,293)
Currency translation movement on net investment in subsidiary undertakings		**(2,976)**	17,414
		(8,730)	1,908
Tax relating to components of comprehensive income	7	**(222)**	1,669
Total comprehensive income for the year		**(8,952)**	3,577
Attributable to:			
Owners of the company		**(10,783)**	1,421
Non-controlling interests		**1,831**	2,156
		(8,952)	3,577

All items recognised in comprehensive income may be reclassified subsequently to the income statement.
The accompanying notes 1 to 9 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 September 2017

	Share capital £000	Share premium account £000	Merger reserve £000	Capital redemp-tion 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
Balance as at 1 October 2016	**2,621**	**20,629**	**2,746**	**457**	**(4,370)**	**115,450**	**(21,317)**	**(42,289)**	**(2,992)**	**70,935**	**25,427**	**96,362**
Net (loss)/profit for the year	-	-	-	-	-	(8,246)	-	-	-	**(8,246)**	1,831	**(6,415)**
Currency translation movement on net investment in subsidiary undertakings	-	-	-	-	-	-	-	(2,976)	-	**(2,976)**	-	**(2,976)**
Movement in fair value of cash flow hedges	-	-	-	-	-	-	-	-	1,336	**1,336**	-	**1,336**
Fair value of cash flow hedges released to the income statement	-	-	-	-	-	-	-	-	(675)	**(675)**	-	**(675)**
Tax relating to components of comprehensive income (note 7)	-	-	-	-	-	-	-	-	(222)	**(222)**	-	**(222)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(8,246)**	**-**	**(2,976)**	**439**	**(10,783)**	**1,831**	**(8,952)**
Dividends (note 8)	21	(21)	-	-	-	(8,678)	-	-	-	**(8,678)**	(1,315)	**(9,993)**
Exercise of share options	-	-	-	-	130	(60)	-	-	-	**70**	-	**70**
Share-based payments	-	-	-	-	-	201	-	-	-	**201**	-	**201**
Issue of shares	51	7,959	-	-	-	-	-	-	-	**8,010**	-	**8,010**
Tax debited to equity (note 7)	-	-	-	-	-	(12)	-	-	-	**(12)**	-	**(12)**
Put option disposal	-	-	-	-	-	(60)	187	-	-	**127**	(127)	**-**
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	**-**	4,636	**4,636**
Exercise put option on acquisition of subsidiary	-	-	-	-	-	(75)	7,875	-	-	**7,800**	(7,800)	**-**
Balance as at 30 September 2017	**2,693**	**28,567**	**2,746**	**457**	**(4,240)**	**98,520**	**(13,255)**	**(45,265)**	**(2,553)**	**67,670**	**22,652**	**90,322**

The accompanying notes 1 to 9 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 September 2016

	Share capital £000	Share premium account £000	Merger reserve £000	Capital redemp-tion 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
Balance as at 1 October 2015	**2,570**	**14,875**	**2,746**	**457**	**(4,825)**	**140,031**	**(16,843)**	**(59,703)**	**3,674**	**82,982**	**16,361**	**99,343**
Net (loss)/profit for the year	-	-	-	-	-	(9,327)	-	-	-	**(9,327)**	2,156	**(7,171)**
Currency translation movement on net investment in subsidiary undertakings	-	-	-	-	-	-	-	17,414	-	**17,414**	-	**17,414**
Movement in fair value of cash flow hedges	-	-	-	-	-	-	-	-	(7,042)	**(7,042)**	-	**(7,042)**
Fair value of cash flow hedges released to the income statement	-	-	-	-	-	-	-	-	(1,293)	**(1,293)**	-	**(1,293)**
Tax relating to components of comprehensive income (note 7)	-	-	-	-	-	-	-	-	1,669	**1,669**	-	**1,669**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(9,327)**	**-**	**17,414**	**(6,666)**	**1,421**	**2,156**	**3,577**
Dividends (note 8)	5	(5)	-	-	-	(15,594)	-	-	-	**(15,594)**	(1,520)	**(17,114)**
Exercise of share options	-	-	-	-	455	(452)	-	-	-	**3**	-	**3**
Share-based payments	-	-	-	-	-	390	-	-	-	**390**	-	**390**
Issue of shares	46	5,759	-	-	-	449	-	-	-	**6,254**	-	**6,254**
Tax debited to equity (note 7)	-	-	-	-	-	(16)	-	-	-	**(16)**	-	**(16)**
Acquisition of subsidiary	-	-	-	-	-	-	(13,159)	-	-	**(13,159)**	17,084	**3,925**
Exercise put option on acquisition of subsidiary	-	-	-	-	-	(31)	8,685	-	-	**8,654**	(8,654)	**-**
Balance as at 30 September 2016	**2,621**	**20,629**	**2,746**	**457**	**(4,370)**	**115,450**	**(21,317)**	**(42,289)**	**(2,992)**	**70,935**	**25,427**	**96,362**

The accompanying notes 1 to 9 form an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position
30 September 2017

	Notes	2017 £000	2016 £000
Non-current assets			
Goodwill		**92,566**	97,855
Other intangible assets		**61,867**	70,816
Property, plant and equipment		**2,783**	2,469
Interests in associates and joint ventures		**45,470**	45,677
Venue advances and prepayments		**3,548**	2,945
Deferred tax asset		**5,411**	3,070
		211,645	222,832
Current assets			
Trade and other receivables		**61,425**	50,610
Tax prepayment		**2,880**	2,115
Cash and cash equivalents		**23,321**	15,508
		87,626	68,233
Total assets		**299,271**	291,065
Current liabilities			
Trade and other payables		**(25,166)**	(20,844)
Deferred income		**(82,591)**	(61,918)
Derivative financial instruments		**(1,795)**	(5,904)
Provisions		**(527)**	(240)
		(110,079)	(88,906)
Non-current liabilities			
Bank loan		**(72,998)**	(74,604)
Provisions		**(273)**	(189)
Deferred tax liabilities		**(12,494)**	(12,675)
Derivative financial instruments		**(13,105)**	(18,329)
		(98,870)	(105,797)
Total liabilities		**(208,949)**	(194,703)
Net assets		**90,322**	96,362
Equity			
Share capital		**2,693**	2,621
Share premium account		**28,567**	20,629
Merger reserve		**2,746**	2,746
Capital redemption reserve		**457**	457
Employee Share Ownership Trust (“ESOT”) reserve		**(4,240)**	(4,370)
Retained earnings		**98,520**	115,450
Put option reserve		**(13,255)**	(21,317)
Translation reserve		**(45,265)**	(42,289)
Hedge reserve		**(2,553)**	(2,992)
Equity attributable to equity holders of the parent		**67,670**	70,935
Non-controlling interests		**22,652**	25,427
Total equity		**90,322**	96,362

The accompanying notes 1 to 9 form an integral part of the consolidated financial statements.
The financial statements of ITE Group plc, registered company number 01927339, were approved by the Board of Directors and authorised for issue on 28 November 2017. They were signed on their behalf by:

Mark Shashoua
Chief Executive Officer

Andrew Beach
Chief Financial Officer

Consolidated Cash Flow Statement
30 September 2017

	Notes	**2017**	2016
		£000	£000
Operating activities			
Operating loss from continuing operations		**(4,191)**	(2,331)
Adjustments for non-cash items:			
Depreciation and amortisation		**16,326**	17,191
Impairment of goodwill and intangible assets		**12,585**	24,650
Impairment of investments in associates and joint ventures		**1,691**	1,859
Share-based payments		**218**	390
Share of profit from associates and joint ventures		**(5,006)**	(3,550)
Increase/(decrease) in provisions		**371**	(69)
Foreign exchange gain on operating activities		**(337)**	(1,956)
Loss/(profit) on disposal of investments		**3,712**	(1,498)
Fair value of cash flow hedges recognised in the income statement		**(661)**	(1,187)
Dividends received from associates and joint ventures		**3,831**	5,373
Operating cash flows before movements in working capital		**28,539**	38,872
Increase in receivables		**(10,130)**	(4,254)
Advances and prepayments to venues		**(5,187)**	(2,867)
Utilisation of venue advances and prepayments		**5,526**	3,901
Increase in deferred income		**20,673**	12,087
Increase/(decrease) in payables		**2,864**	(6,736)
Cash generated from operations		**42,285**	41,003
Tax paid		**(6,790)**	(6,668)
Net cash from operating activities		**35,495**	34,335
Investing activities			
Interest received	5	**688**	385
Investment in associates and joint ventures		**(220)**	(2,397)
Acquisition of businesses – cash paid		**(9,673)**	(17,185)
Cash acquired through acquisitions		**343**	3,404
Purchase of plant, property and equipment and computer software		**(3,136)**	(2,419)
Disposal of plant, property and equipment and computer software		**238**	112
Disposal of subsidiary – cash received		**128**	-
Cash disposed of through disposals		**(125)**	-
Cash paid to acquire non-controlling interests		**-**	(2,087)
Net cash utilised on investing activities		**(11,757)**	(20,187)
Financing activities			
Equity dividends paid		**(8,652)**	(15,589)
Dividends paid to non-controlling interests		**(760)**	(1,520)
Interest paid and bank charges	6	**(3,824)**	(3,544)
Proceeds from the issue of share capital and exercise of share options		**4**	3
Drawdown of borrowings		**219,060**	217,788
(Repayment)/ of borrowings		**(220,710)**	(212,800)
Net cash outflow from financing activities		**(14,882)**	(15,662)

Consolidated Cash Flow Statement
30 September 2017

	2017	2016
	£000	£000
Net decrease in cash and cash equivalents	**8,856**	(1,514)
Cash and cash equivalents at beginning of year	**15,508**	17,269
Effect of foreign exchange rates	**(1,043)**	(247)
Cash and cash equivalents at end of year	**23,321**	15,508
Cash generated from the business		
Cash generated from operations	**42,285**	41,003
Interest received	**688**	385
Interest paid	**(3,824)**	(3,544)
	39,149	37,844
Free cash flow from the business		
Cash generated from the business	**39,149**	37,844
Tax paid	**(6,790)**	(6,668)
	32,359	31,176

Net debt reconciliation

Net debt reconciliation

	At 1 October 2016	**Cash flow**	**Foreign exchange**	**At 30 September 2017**
	£000	**£000**	**£000**	**£000**
Cash	**15,508**	**8,856**	**(1,043)**	**23,321**
Debt due after one year	**(74,604)**	**1,650**	**(44)**	**(72,998)**
Net debt	**(59,096)**	**10,506**	**(1,087)**	**(49,677)**

The accompanying notes 1 to 9 form an integral part of the consolidated financial statements.

1 Basis of preparation

Whilst the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS"), this announcement does not contain sufficient information to comply with IFRS. The Company expects to publish full financial statements that comply with IFRS in January 2018. These will be available at www.ite-exhibitions.com.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2017 or 2016, but is derived from those accounts. Statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006 or equivalent preceding legislation.

The Directors have, at the time of approving the Consolidated Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

2 Impact of new accounting standards

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after 1 October 2017. A list of these can be found below:

New, amended and revised Standards	Effective date
Amendments to IAS 7 *Statement of cash flows*	1 January 2017
Amendments to IFRS 2 *Share-based payments*	1 January 2018
Clarifications to IFRS 15 *Revenue from contracts with customers*	1 January 2018
IFRS 9 *Financial instruments*	1 January 2018
IFRS 15 *Revenue from contracts with customers*	1 January 2018
Amendments to IAS 12 *Income taxes*	1 January 2019
IFRS 16 *Leases*	1 January 2019

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, with the exception of the adoption of IFRS 16 *Leases*, which will replace the current leasing standard, IAS 17 *Leases*.

IFRS 16 requires all leases to be treated in a consistent way to the current rules on finance leases. This will result in all leases being disclosed in the Statement of Financial Position, with the exception of short-term leases, where, for lease terms of less than 12 months, an election can be made to account for the expense in line with the payment terms.

This is expected to have a significant impact on both the Group's Statement of Financial Position, as there will be an increase in lease assets and financial liabilities recognised, and the Group's Income Statement, through a changing of the expense profile and the financial statement lines in which the expenses are recognised. The adoption of IFRS 16 will increase the expense charged at the beginning of our lease contracts, due to the straight-line operating lease expense charge being replaced by the finance cost approach, which, by its nature is front-loaded. Currently, our operating lease rentals are recognised within administrative expenses, but under IFRS 16, these will be classified as finance costs and therefore operating profit is expected to increase on adoption. The financial impact of the changes have yet to be quantified by management.

The adoption of IFRS 15 is not expected to have a material impact on the Group's Income Statement but may lead to a change in the Statement of Financial Position. The Group has significant forward bookings, which are currently recognised within trade debtors and deferred income at the point at which a contractual obligation to provide the service arises. Under IFRS 15, the deferred income, and corresponding debtor, may not be recognised until the earlier of the service being provided and the payment falling due. This may result in a material reduction to the deferred income and trade receivables on adoption of the standard. Management is currently in the process of

assessing the extent of the impact on adoption of the new standard and the financial impact of the changes have yet to be quantified.

3 Reconciliation of profit on ordinary activities before taxation to headline profit before tax

Operating profit is stated after charging/(crediting):

	2017	2016
	£000	£000
Staff costs	**42,410**	31,728
Depreciation of property, plant and equipment	**1,135**	816
Amortisation of intangible assets included within administrative expenses	**15,191**	16,375
Impairment of goodwill	**11,204**	24,650
Impairment of acquired intangible assets	**1,381**	-
Impairment of investments in associates and joint ventures	**1,691**	1,859
Loss/(profit) on disposal of investments	**3,712**	(1,498)
Operating lease rentals – land and buildings	**2,128**	2,180
Net gain on derivative financial instruments – cash flow hedges	**-**	(107)
Gain on derivative financial instruments – equity options	**(4,839)**	(6,940)
Foreign exchange gain on operating activities	**(337)**	(1,956)

Adjusting items

	2017	2016
	£000	£000
Operating items		
Amortisation of acquired intangible assets	**14,069**	15,468
Impairment of goodwill	**11,204**	24,650
Impairment of intangible assets	**1,381**	-
Impairment of investments in associates and joint ventures	**1,691**	1,859
Transaction costs on completed and pending acquisitions	**406**	330
Loss/(profit) on disposal of investments	**3,712**	(1,498)
Restructuring costs	**4,982**	-
Tax on income from associates and joint ventures	**1,504**	1,078
Total operating items	**38,949**	41,887
Financing items		
Revaluation of liabilities on completed acquisitions	**(4,164)**	(1,288)
Total adjusting items	**34,785**	40,599

The adjusting items are discussed in the Chief Financial Officer's statement.

4 Segmental information

The Group has identified reportable segments based on financial information used by the Senior Operating Board in allocating resources and making strategic decisions. The Senior Operating Board (consisting of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Strategy Director and HR Director), are considered to be the Group's Chief Operating Decision Maker. The Group evaluates performance on the basis of headline profit or loss before tax.

The Group's reportable segments are operational business units and groups of events that are managed separately, either based on geographic location or as portfolios of events. During the year the Group has made changes to the reportable segments, adding a new Brands segment, which includes our Africa Oil Week, Breakbulk and Moda portfolios and is managed by the Brands Managing Director. This replaces the Rest of the World segment reported in the prior year, which also previously included central costs and other unallocated costs that are now presented separately, as a reconciling segment.

The products and services offered by each business unit are identical across the Group. The revenue and headline profit before tax are attributable to the Group's one principal activity, the organisation of trade exhibitions, conferences and related activities and can be analysed by operating segment as follows:

Year ended 30 September 2017	**Asia**	**Brands**	**Central Asia**	**Eastern & Southern Europe**	**Russia**	**Total Group**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Revenue	**23,777**	**18,704**	**21,736**	**17,041**	**71,365**	**152,623**
Segment headline profit before tax	**6,885**	**5,374**	**6,541**	**4,766**	**26,339**	**49,905**
Unallocated costs						**(18,283)**
Headline profit before tax						**31,622**
Adjusting items (note 3)						**(34,785)**
Loss before tax						**(3,163)**
Tax						**(3,252)**
Loss after tax						**(6,415)**

The revenue in the year of £152.6m includes £0.3m (2016: £0.4m) of barter sales. No individual customer amounts to more than 10% of Group revenues.

Unallocated costs include:

- other income;
- head office costs;
- unallocated TAG costs of £1.3m;
- foreign exchange gains and losses on translation of monetary assets and liabilities held in Group subsidiary companies that are denominated in currencies other than the functional currency of the subsidiaries; and
- net finance costs.

The Group's share of profits from associates and joint ventures, capital expenditure and amortisation and depreciation can be analysed by operating segment as follows:

Notes to the Consolidated Financial Statements
30 September 2017

4 Segmental information (continued)

Year ended 30 September 2017	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	Total Group £000
Share of results of associates and joint ventures						
Share of results before tax	**5,095**	**-**	**-**	**-**	**1,415**	**6,510**
Tax	**(1,173)**	**-**	**-**	**-**	**(331)**	**(1,504)**
Share of results after tax	**3,922**	**-**	**-**	**-**	**1,084**	**5,006**
Capital expenditure						
Segment capital expenditure	**885**	**10**	**47**	**261**	**98**	**1,301**
Unallocated capital expenditure						**1,835**
						3,136
Depreciation and amortisation						
Segment depreciation and amortisation	**4,567**	**5,166**	**566**	**3,815**	**959**	**15,073**
Unallocated depreciation and amortisation						**1,253**
						16,326

The impairment charges recognised in respect of goodwill, intangible assets and investments in associates and joint ventures can be analysed by operating segment as follows:

	2017 £000	2016 £000
Asia	**8,235**	25,273
Brands	**3,547**	-
Eastern & Southern Europe	**2,494**	-
Russia	**-**	1,236
	14,276	26,509

The Group's assets and liabilities can be analysed by operating segment as follows:

30 September 2017	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	Total Group £000
Assets						
Segment assets	**116,002**	**56,156**	**13,063**	**27,373**	**68,813**	**281,407**
Unallocated assets						**17,894**
						299,271
Liabilities						
Segment liabilities	**(63,022)**	**(9,369)**	**(5,359)**	**(9,079)**	**(33,300)**	**(120,129)**
Unallocated liabilities						**(88,820)**
						(208,949)
Net assets						**90,322**

4 Segmental information (continued)

The comparative period segmental information has been restated to reflect the changes made to the operating segments in the current year.

Year ended 30 September 2016 (restated)	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	Total Group £000
Revenue	17,102	24,385	21,980	19,337	51,618	134,422
Segment headline profit before tax	5,523	10,987	6,997	5,593	19,767	48,867
Unallocated costs						(12,363)
Headline profit before tax						36,504
Adjusting items (note 3)						(40,599)
Loss before tax						(4,095)
Tax						(3,076)
Loss after tax						(7,171)

Year ended 30 September 2016 (restated)	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	Total Group £000
Share of results of associates and joint ventures						
Share of results before tax	4,443	-	-	(23)	208	4,628
Tax	(1,041)	-	-	5	(42)	(1,078)
Share of results after tax	3,402	-	-	(18)	166	3,550
Capital expenditure						
Segment capital expenditure	253	14	58	100	722	1,147
Unallocated capital expenditure						1,272
						2,419
Depreciation and amortisation						
Segment depreciation and amortisation	3,309	5,050	611	4,674	2,458	16,102
Unallocated depreciation and amortisation						1,089
						17,191

4 Segmental information (continued)

The Group's assets and liabilities can be analysed by operating segment as follows:

30 September 2016 (restated)	Asia	Brands	Central Asia	Eastern & Southern Europe	Russia	Total Group
	£000	£000	£000	£000	£000	£000
Assets						
Segment assets	102,219	73,279	12,021	43,962	46,921	278,402
Unallocated assets						12,662
						291,064
Liabilities						
Segment liabilities	(59,994)	(17,483)	(4,202)	(10,084)	(25,962)	(117,725)
Unallocated liabilities						(76,977)
						(194,702)
Net assets						96,362

Geographical information

Information about the Group's revenue by origin of sale and non-current assets by geographical location are detailed below:

	Revenue		**Non-current assets***	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Asia	**26,133**	23,619	**89,948**	84,995
Central Asia	**13,073**	11,946	**4,250**	5,012
Eastern & Southern Europe	**15,032**	20,185	**22,617**	33,628
Russia	**52,340**	33,647	**28,783**	27,219
Rest of the World	**46,045**	45,025	**60,636**	68,908
	152,623	134,422	**206,234**	219,762

* Non-current assets exclude deferred tax assets.

5 Investment revenue

	2017	2016
	£000	£000
Interest receivable from bank deposits	**688**	385
Gain on revaluation of equity options	**4,839**	6,940
Gain on cash flow hedges	**-**	169
Gain on revaluation of deferred and contingent consideration	**503**	-
	6,030	7,494

6 Finance costs

	2017	2016
	£000	£000
Interest on bank loans	**2,512**	2,403
Bank charges	**1,312**	1,141
Loss on revaluation of deferred and contingent consideration	**-**	3,094
Loss on cash flow hedges	**-**	62
Imputed interest charge on discounted equity option liabilities	**1,178**	2,558
	5,002	9,258

7 Tax on profit on ordinary activities

Analysis of tax charge for the year:

	2017	2016
	£000	£000
Group taxation on current year result:		
UK corporation tax credit on result for the year	**(249)**	820
Adjustment to UK tax in respect of previous years	**(49)**	(8)
	(298)	812
Overseas tax – current year	**7,402**	5,721
Overseas tax – previous years	**675**	(39)
	8,077	5,682
Current tax	**7,779**	6,494
Deferred tax		
Origination and reversal of timing differences:		
Current year	**(3,457)**	(3,218)
Prior year	**(1,070)**	(200)
	(4,527)	(3,418)
	3,252	3,076

7 Tax on profit on ordinary activities (continued)

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2017	2016
	£000	£000
Loss on ordinary activities before tax	**(3,163)**	(4,095)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.5% (2016: 20.0%)	**(617)**	(819)
Effects of:		
Expenses not deductible for tax purposes	**407**	247
Loss on sale of investments	**724**	-
Permanent differences	**128**	(59)
Increase in uncertain contingencies	**920**	303
Tax effect of equity options and deferred/contingent consideration	**(809)**	(491)
Impairment of goodwill	**2,678**	5,302
Tax effect of amortisation of intangibles	**(801)**	(755)
Deferred tax asset not recognised	**1,208**	674
Withholding tax and other irrecoverable tax	**231**	533
Deferred tax provision on repatriation of overseas profits	**829**	49
Tax charge in respect of previous period	**(444)**	(248)
Reduction in deferred tax rate from 19% to 17%	**297**	42
Effect of different tax rates of subsidiaries in other jurisdictions	**(524)**	(1,006)
Associate tax	**(975)**	(696)
	3,252	3,076

The Group operates and derives profits from a range of international markets, and as such it is subject to tax in a number of territories. The Group actively monitors developments in international and domestic tax rules to which it is subject and is currently assessing the potential impact of measures announced as part of the OECD's 'Base Erosion and Profit Shifting'. It is possible that changes in tax rules will have an impact of the Group's effective tax rate in future periods.

	2017	2016
	£000	£000
Tax relating to components of comprehensive income:		
Cash flow gains - Current	**-**	262
Cash flow (losses)/gains - Deferred	**(222)**	1,407
	(222)	1,669
Tax relating to amounts (charged) / credited to equity:		
Share options – Current	**-**	(84)
Share options – Deferred	**(12)**	68
	(12)	(16)
	(234)	1,653

8 Dividends

	2017			2016		
	Per share p	**Settled in cash £000**	**Settled in scrip £000**	Per share p	Settled in cash £000	Settled in scrip £000
Amounts recognised as distributions to equity holders in the year:						
Final dividend in respect of the prior year	**3.0**	**5,350**	**2,497**	4.9	12,436	-
Interim dividend in respect of the current year	**1.5**	**3,328**	**686**	1.5	3,158	720
	4.5	**8,678**	**3,183**	6.4	15,594	720

The Directors are proposing a final dividend for the year ended 30 September 2017 of 2.5p per ordinary share, a distribution of approximately £6.7m. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 2,783,585 (2016: 2,869,603) ordinary shares representing 1.0% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

9 Earnings per share

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

	2017 No. of shares (000)	2016 No. of shares (000)
Weighted average number of shares:		
For basic earnings per share	**263,241**	255,598
Effect of dilutive potential ordinary shares	**309**	79
For diluted and headline diluted earnings per share	**263,550**	255,677

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share are based on the loss for the financial year attributable to equity holders of the parent of £8.2m (2016: loss of £9.3m). Basic and diluted earnings per share were (3.1)p (2016: (3.6)p).

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 8.1p per share (2016: 10.7p). Headline basic earnings per share is 8.2p (2016: 10.7p).

9 Earnings per share (continued)

	2017	2016
	£000	£000
Loss for the financial year attributable to equity holders of the parent	**(8,246)**	(9,327)
Amortisation of acquired intangible assets	**14,069**	15,468
Tax effect of amortisation of acquired intangible assets	**(3,559)**	(2,905)
Impairment of goodwill	**11,204**	24,650
Impairment of acquired intangible assets	**1,381**	-
Impairment of investments in associates and joint ventures	**1,691**	1,859
Transaction costs on completed and pending acquisitions	**406**	330
Restructuring costs	**4,982**	-
Loss/(profit) on disposal of investments	**3,712**	(1,498)
Revaluation of liabilities on completed acquisitions	**(4,164)**	(1,288)
Headline earnings attributable to Owners of the Company for the financial year after tax	**21,476**	27,289

Responsibility statement

The responsibility statement below has been prepared in connection with the Group's full annual report for the year ending 30 September 2017. Certain parts thereof are not included within this announcement.

We confirm that to the best of our knowledge:

The accounts prepared in accordance with International Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and the management report, which is incorporated in the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

The responsibility statement was approved by the board of directors on 27 November 2017 and is signed on its behalf by:

Mark Shashoua
Chief Executive Officer

Andrew Beach
Chief Financial Officer

Dividend calendar

Final dividend 2017

Ex-dividend date	4 January 2018
Record date	5 January 2018
Payment date	5 February 2018

Interim dividend 2018

Ex-dividend date	21 June 2018
Record date	22 June 2018
Payment date	2 August 2018