

**ITE GROUP PLC**  
**INTERIM RESULTS & STRATEGY UPDATE ANNOUNCEMENT**

***Good performance in challenging trading conditions***  
***3 Year Transformation & Growth Programme (TAG) initiated***

|  | <b>Six months to<br/>31 March 2017</b> | <b>Six months to<br/>31 March 2016</b> |
|--|--|--|
| Volume sales                                     | 325,200 m <sup>2</sup>                 | 340,100 m <sup>2</sup>                 |
| Revenue  | £69.6m                                 | £63.6m                                 |
| Pre-tax profit                                   | £3.1m                                  | £10.6m                                 |
| Headline pre-tax profit <sup>1</sup>             | £15.4m                                 | £19.0m                                 |
| Diluted earnings per share                       | 0.6p                                   | 2.8p                                   |
| Headline diluted earnings per share <sup>2</sup> | 3.9p                                   | 5.2p                                   |
| Interim dividend per share                       | 1.5p                                   | 1.5p                                   |
| Net debt   | £55.2m                                 | £69.6m                                 |

**Financial highlights**

- Results in line with management expectations
- The first period of like-for-like<sup>3</sup> growth after three years of difficult trading
- Statutory revenue up to £69.6 million; statutory profit before tax down to £3.1 million due to event timings, foreign exchange and restructuring costs
- Ongoing stabilisation in Moscow is encouraging but trading remains challenging in a number of regions
- Continued strong cash generation; reduced net debt from £59.1 million at 30 September 2016 to £55.2 million at 31 March 2017
- Interim dividend maintained
- Improved level of bookings partly reflects new management sales initiatives
- Confidence in full year outcome with over 98% of revenues for FY 2017 contracted

**Strategy update**

- Comprehensive review of the strategy and business completed
- 3 year Transformation & Growth Programme (“TAG”) to create a scalable platform and drive organic growth
- Investment of up to £20 million to be funded by existing cash generation; anticipated strong ROI by 2020
- Dividend cover maintained at 2x throughout investment period

**Mark Shashoua, CEO of ITE Group plc, commented:**

*“I’m pleased to report that the Group has arrested its recent decline and posted like-for-like growth after three years of difficult trading. The first half performance reflects a more stable market in Moscow which is encouraging, but mixed market conditions remain in some of our other regions. We have completed a thorough review of the entire business and have concluded that there are significant organic opportunities in ITE’s existing core portfolio that have yet to be realised.*

*Therefore, I am delighted to announce today the evolution of our strategy and a £20 million Transformation and Growth Programme that will deliver a stronger, more scalable platform to drive organic growth with an emphasis on retention, content and customer service. By putting our exhibitors and visitors at the heart of everything we do, we plan to drive sustainable growth and shareholder value.”*

<sup>1</sup> Headline pre-tax profit 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.

<sup>2</sup> Headline diluted earnings per share is calculated using profit attributable to shareholders before adjusting items – see notes 3 and 6 to the condensed consolidated financial statements for details.

3 Where used, like-for-like or underlying measures are stated on a constant currency basis adjusted to exclude acquisitions impacting results for the first time, event timing differences, biennial events and net finance costs.

#### Enquiries:

|  |                |               |
|--|----------------|---------------|
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#### Executive summary

ITE has delivered a set of interim results which are assisted by the ongoing stabilisation of Moscow but reflect continued challenging trading conditions in some of the Group's other markets. Revenues of £69.6 million for the first six months are 9% higher than last year as a result of improved underlying trading (£1.4 million), foreign exchange (£5.8 million) and acquired events (£3.3 million), offset by the adverse impact from net biennial events (£2.3 million) and changes in event timings (£2.2 million). The improvement in underlying trading (£1.4 million) represents an increase of 2%.

Headline pre-tax profits of £15.4 million are 19% lower than the same period last year, yet up 2% on a like-for-like basis. The reduction is due in part to the non-recurrence of a £1.5 million foreign currency exchange gain in the comparative period, which has been replaced by a loss of £0.2 million in the current period. Underlying trading (£0.3 million), which includes the share of profits from associates and previously announced additional investment in overheads, foreign exchange (£0.2 million) and acquisitions (£0.5 million) have increased headline pre-tax profits, but are offset by the net impact from biennials (£0.8 million), timing changes (£1.8 million) and increased net finance costs (£0.3 million).

Reported profits before tax were £3.1 million (2016: £10.6 million). This is after including one-off restructuring costs of £2.3 million incurred in the first phase of the TAG Programme, announced today.

In December 2016 the Group completed the acquisition of the Gehua portfolio of events in China, with the first event post-ownership running in March contributing revenues of £0.9 million. Other events relating to recent acquisitions running for the first time under ITE ownership contributed revenues of £2.4 million, the majority of which relate to ABEC events in India.

The ongoing stabilisation of the trading environment in Moscow has enhanced performance in this significant part of our business, but this stabilisation has not yet spread to the remaining regions of Russia, nor to Kazakhstan or Azerbaijan, which continue to be impacted by the difficult trading environment we have experienced since the fall in oil prices. In Moscow like-for-like volumes over the first half were 5% higher than this time last year, although for Russia overall growth was just 1% and in Kazakhstan volumes were 25% lower and in Azerbaijan 42% lower.

In other regions, the Group has seen demonetisation in India, which has created uncertainty for many in the country, resulting in cancellations and postponements of a number of our smaller events. The continued uncertainty in Turkey has resulted in a number of cancellations by international exhibitors, although the improvement in relations with Russia resulted in the return of some Turkish exhibitors to our Russian exhibitions.

#### Strategic Review

A detailed diagnostic of the current portfolio and its growth potential has been undertaken as part of the Group's strategy review. Alongside this, a comprehensive review of key business areas was conducted including sales and marketing, content, show operations and support functions.

In recent years the Group pursued an acquisition-led strategy in order to diversify away from Russia and Central Asia which worked well when market conditions were buoyant, but as has been well documented, trading performance has deteriorated as macro-economic conditions have become more challenging. To execute its diversification strategy and in order to protect margins, investment was held back across the portfolio.

During the review process, management time has been spent on understanding where ITE's strengths lie and how the business needs to evolve. The events industry has changed and continues to evolve faster than ever and that change is largely driven by the different demands of our customers (exhibitors and visitors). More than ever, there is a constant need for Return on Investment and Return on Time which are critical key metrics for our customers and also a need for new and engaging customer experience. Therefore running market leading events is absolutely paramount.

Following a thorough strategy and business review, the Group believes the future is to move decisively from being a decentralised, geographically structured business to one that is product-led with strong regional platforms.

Our vision is “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.

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 create a best in class events business, the Group will invest in its people, systems and products in order to build a high quality portfolio and sustainable model for the long-term.

#### The Transformation & Growth Programme (“TAG”)

In order to drive the transition, ITE has initiated the TAG Programme which will see it invest up to £20 million over the next three years, creating a stronger, more scalable platform. The TAG Programme comprises of three pillars of strategic activity to drive revenue and accelerate growth as follows:

##### **1) Create a Scalable Platform**

The TAG Programme will introduce transformational levers and investment will be spread across five areas to:

- Implement best practice across the business
- Build and maintain ‘fit for purpose’ IT infrastructure and systems
- Invest in show operations
- Drive a performance culture
- Build capability and talent

As part of creating a scalable platform, the Group will change its operating model and transition from a model organised and managed by geography to a more centralised one that supports a product-led business. As part of TAG the Group will develop an ‘ITE way’ creating a blueprint to run events that is consistent globally.

##### **2) Manage the Portfolio**

The Group is implementing a more rigorous approach to allocation of capital. ITE currently runs 269 events and moving forward the Group will focus its capital resource on events that are market leading, or have the potential to be, delivering greater return on the Group’s investment and time.

Following the review, the Group has deliberately segmented its business into Core and Non-Core, enabling management to increase its focus on products that present the greatest opportunities whilst reducing distraction from smaller shows.

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 Core shows currently represent 85% of revenue and 85% of profit. The Non-Core shows consist of smaller shows with less potential for growth.

As part of the Group’s strategy, its top priority will be to apply a full suite of transformational levers to its Core events which present the best long-term growth opportunities and to realise their full potential. This will include investing in content to drive great customer experience, retention and pricing.

The Group will continue to pro-actively review its portfolio on an ongoing basis.

##### **3) Product-led Acquisitions**

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

#### TAG returns and funding

The Group has committed to investing up to £20 million over a three year period on the TAG Programme. This one-off cost will be split approximately one third in the current financial year, 2017, approximately 40% to 50% in 2018, and the remainder in 2019. This investment will cover both capital and operating expenditure. It is the intention to report one-off expenditure directly associated with the TAG Programme as an adjusting item, which will not affect headline results.

We anticipate a positive return on investment within three years and cash payback within four years.

Whilst we expect to continue to grow revenues, both headline PBT and EPS will be impacted in the current financial year – followed by anticipated flat or low growth in 2018 and anticipated double digit growth into 2019. This is due to the ongoing costs of running the new processes introduced across the programme, which will be reported within headline results.

The programme is designed to deliver mid-term sustainable high single digit revenue growth and high 20's operating margins.

We plan to fund the programme from cash generated by our operations. Throughout the duration of the programme, the Group expects to maintain its net debt to EBITDA within a target range of 1.5 to 2 times.

#### 2017-2020 Dividend

ITE intends to maintain its dividend cover of two times earnings throughout its planned investment period. The Board has announced an interim dividend this year of 1.5p (2016: 1.5p).

More detail will be provided at the Group's analyst presentation today and a recording of the event will be published in the investor relations section of ITE's website.

#### **Outlook**

Whilst we have seen a recent recovery in Moscow, market forecasts predict a much lower rate of growth than in the past. Trading conditions in other regions in which the Group operates continue to be challenging. Group revenues booked for 2017 are £136 million (at current exchange rates) representing circa 98% of market expectations for the full year. On a like-for-like basis these revenues are circa 5% ahead of this time last year, with trading volumes circa 2% lower. This improvement partly reflects earlier bookings following investment in the new initiatives introduced by management. With this good visibility on current year bookings the Board remains confident in the full year outcome and in the Group's future prospects as it embarks on the next stage of its development.

#### **Financial performance**

##### Statutory results

Revenues for the first six months of the year were £69.6 million (2016: £63.6 million). The uplift in revenue includes the ABEC Acetech Bangalore and the Gehua Shanghai Hosiery events running for the first time under ITE's ownership, a favourable foreign exchange impact partly offset by the negative timing and biennial pattern affecting the first six months. In addition, underlying trading (excluding currency benefit) is up £1.4m representing like-for-like growth of 2%. This is the first period of growth after three years of difficult trading.

The impact of foreign exchange rates (both on overseas costs incurred in the period and overseas costs recognised in this period relating to events in future periods) almost entirely offsets the favourable impact of foreign exchange rates on revenues meaning there is no favourable impact on profits from the movement in exchange rates since last year.

The average exchange rates over the first six months of the year are:

|               | Six months ended 31 March<br>2017 | Six months ended 31 March<br>2016 | Movement |
|---------------|-----------------------------------|-----------------------------------|----------|
| Russian ruble | 75.6                              | 103.2                             | +27%     |
| Turkish lira  | 4.3                               | 4.3                               | -        |
| Indian rupee  | 83.3                              | 98.2                              | +15%     |

Reported pre-tax profits were £3.1 million (2016: £10.6 million). This is after including one-off restructuring costs of £2.3 million incurred in the first phase of the TAG programme, announced today. It also includes a net charge of £0.8 million (2016: net credit of £1.3 million) on the revaluation of our liabilities relating to completed acquisitions, which in the current period principally relates to the unwinding of the discounting applied to our equity option liabilities (£1.6 million), offset by the net revaluation of equity option liabilities and deferred and contingent consideration payable (£0.8 million). The movements primarily relate to the options to acquire the 40% shareholding of ABEC we do not currently own and earn out obligations on the ABEC and Fasteners acquisitions completed in the prior year.

Reported diluted earnings per share for the first six months were 0.6p (2016: 2.8p). The decrease in earnings per share is due to the reduction in profits in the period and also an increase in the Group's effective tax rate, which has increased due to an anticipated increase in withholding taxes on dividends from overseas entities as profits increase.

##### 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. We also report a like-for-like measure, on a constant currency basis adjusted to exclude acquisitions impacting results for the first time, event

timing differences, biennial events and net finance costs. 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 comparisons across the industry.

Headline pre-tax profits for the first six months of the year were £15.4 million (2016: £19.0 million), in part as a result of the movement from a foreign exchange gain of £1.5 million in 2016 to a loss of £0.2 million in the current period. Underlying trading increased (£0.3 million) and foreign exchange (£0.2 million) and the first time impact of acquisitions (£0.5 million) both contributed to an increase, but these were offset by net biennials (£0.8 million), timing changes (£1.8 million) and increased net finance costs (£0.3 million). On a like-for-like basis, headline pre-tax profits are up 2%.

Headline diluted earnings per share for the first six months were 3.9p (2016: 5.2p), reflecting the reduced headline earnings in the period and the increase in the Group's effective tax rate, as detailed above.

The headline results are presented after excluding adjusting items consistent with those excluded in the year end annual report, but after also excluding restructuring costs. These are principally costs associated with designing and implementing the Group's TAG Programme, announced with the interim results today. The costs incurred to date relate to the design and diagnostic phase of the transformation programme, and further costs are expected during the remainder of the current financial year and across the subsequent two years as we move into the implementation and deployment phase.

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 to users of the interim report on the scale and progress of the Group's transformation programme.

The following table reconciles statutory profit/(loss) before tax to headline pre-tax profit:

|  | <b>Six months to 31<br/>March 2017<br/>£000</b> | Six months to 31<br>March 2016<br>£000 | Year ended<br>30 September 2016<br>£000 |
|--|---|--|---|
| Profit/(loss) on ordinary activities before taxation       | <b>3,130</b>                                    | 10,616                                 | (4,095)                                 |
| <i>Operating items</i>                                     |   |  |   |
| Amortisation of acquired intangible assets                 | <b>7,832</b>                                    | 7,603                                  | 15,468                                  |
| Impairment of goodwill                                     | -   | 1,236                                  | 24,650                                  |
| Impairment of investments in associates and joint ventures | -   | -                                      | 1,859                                   |
| Restructuring costs  | <b>2,347</b>                                    | -                                      | -                                       |
| Transaction costs on completed and pending acquisitions    | <b>184</b>                                      | 285                                    | 330                                     |
| Profit on disposal of investments                          | -   | (1,497)                                | (1,498)                                 |
| Tax on income from associates and joint ventures           | <b>1,140</b>                                    | 1,029                                  | 1,078                                   |
| <i>Financing items</i>                                     |   |  |   |
| Revaluation of liabilities on completed acquisitions       | <b>793</b>                                      | (316)                                  | (1,288)                                 |
| Headline pre-tax profit                                    | <b>15,426</b>                                   | 18,956                                 | 36,504                                  |

Amortisation of acquired intangible assets relates to the amortisation charge in respect of intangible assets acquired through business combinations. Restructuring costs are the costs incurred in designing and implementing the Group's new strategy. Transaction costs on completed and pending acquisitions relates principally to costs incurred on the Gehua acquisition completed in December 2016. Tax on income from associates and joint ventures is an adjustment to ensure consistency with pre-tax operating profits.

Revaluation of liabilities on completed acquisitions include the losses from the revaluation of our equity options over non-controlling interests in our subsidiaries (charge of £0.5 million), principally in relation to ABEC, revaluations of deferred and contingent consideration (credit of £1.3 million), principally in relation to Fasteners, and the imputed interest charge on the unwinding of the discounting on the Group's equity option liabilities (charge of £1.6 million).

#### Cash flows

The Group's cash flow generated from operations over the first six months has improved to £21.8 million (2016: £18.0 million), and during the period £5.9 million has been applied to fund acquisitions and £5.4 million to dividends, resulting in the Group's net debt standing at £55.2 million at 31 March 2017 (2016: £69.6 million). Consistent with the comparative period, cash conversion for the first half was over 100%. During the period the Group negotiated a relaxation of our leverage covenant with our banks for the final three quarters of the current financial year, ending 30 September 2017.

## Trading highlights and review of operations

During the period the Group organised 122 events (2016: 134 events) which generated actual revenue growth of 9%. Like-for-like revenues were 2% higher than for the same period last year.

Actual volume sales for the period were 325,200 sqm (2016: 340,100 sqm), reflecting the weaker biennial pattern, timing changes and weaker trading in Central Asia, Turkey and India, partially offset by the stabilisation of trading conditions in Moscow. Volume sales were 5% lower on a like-for-like basis in comparison to the same period last year.

A summary of the Group's revenue and gross profits for the period is set out below.

|                                | Volume Sales<br>sqm'000 | Revenue<br>£'m | Gross Profit<br>£'m |
|--------------------------------|-------------------------|----------------|---------------------|
| <b>First half 2016</b>         | <b>340</b>              | <b>63.6</b>    | <b>27.6</b>         |
| Non-annual 2016                | (19)                    | (2.9)          | (1.0)               |
| <b>Annually recurring 2016</b> | <b>321</b>              | <b>60.7</b>    | <b>26.6</b>         |
| Acquisitions                   | 26                      | 3.3            | 0.9                 |
| FX Translation                 | -                       | 5.8            | 1.5                 |
| Like-for-like change           | (16)                    | 1.4            | 0.1                 |
| <b>Annually recurring 2017</b> | <b>331</b>              | <b>71.2</b>    | <b>29.1</b>         |
| Timing differences             | (7)                     | (2.2)          | (1.8)               |
| Non-annual 2017                | 1                       | 0.6            | 0.3                 |
| <b>First half 2017</b>         | <b>325</b>              | <b>69.6</b>    | <b>27.6</b>         |

### Russia

The economic situation in Moscow has continued to stabilise although the regional offices continue to experience tough trading conditions. Like-for-like volume sales in Moscow were 5% higher than the comparative period and across Russia were 1% higher than the comparative period.

Moscow's largest event in the first half was the Moscow International Travel & Tourism (MITT) event, which increased volume sales to 13,700 sqm (2016: 11,700 sqm) reflecting the return of Turkish exhibitors and an increase in other international and domestic stands.

### Central Asia

Trading in Central Asia remains challenging with like-for-like volume sales for the first six months 22% lower than for the comparative period.

The largest part of the Group's business in the region is Kazakhstan, which reported a 25% decrease in like-for-like volume sales. The largest event in the region is the Kazakhstan International Oil & Gas Exhibition (KIOGE), held in October 2016, which was smaller than this time last year at 3,700 sqm (2016: 5,800 sqm), reflecting the continued impact of the oil price and local currency devaluation on the region.

### Eastern & Southern Europe

In Turkey, the Group has seen a reduction of 18% in like-for-like volumes due to the impact of regional unrest on the local economy resulting in a reduction in international interest in the region. The largest event taking place in the first half was the travel event EMITT, which achieved volumes of 23,300 sqm (2016: 26,700 sqm) against a worsening backdrop facing the Turkish tourist industry.

Ukraine grew like-for-like volumes by 37% but still represents less than 5% of Group profits.

### Asia

Like-for-like volume sales for the first six months in Asia were 6% lower than for the comparative period.

The Group's large construction events in India were held before demonetisation occurred in November, but some of our smaller Indian events have subsequently been affected, with a small number of cancellations and postponements. Acetech Mumbai is the largest construction event in India and remained wall-bound in its venue, although Acetech Delhi saw volumes decrease by 7% to 19,000 sqm from 20,400 sqm.

## Rest of the World

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 over 20%. The Breakbulk Americas event ran in September 2016 (and will run again in October 2017) and so does not - and will not - feature in the 2017 results. Trading has held firm for the mid-market focused fashion event, MODA, held at the NEC in Birmingham and volumes were slightly down on prior year, selling 14,400 sqm (2016: 15,000 sqm).

## April trading

April is the largest trading month for the Group. Mosbuild (which will be renamed WorldBuild Moscow next year) has benefitted from the stabilisation of the Moscow economy and the increased sales focus on this event, resulting in volume improvement from 31,200 sqm last year to 34,300 sqm this year. In India, as anticipated, the Security Safety show has seen withdrawals as the impact of de-monetisation affects our events. In Turkey, also as anticipated, the Beauty Eurasia event was significantly smaller due to the uncertainty created by the constitutional referendum particularly impacting our April events.

Set out below are the results for the Group's principal events taking place in April 2017:

|                            | 2017 (sqm) | 2016 (sqm) | Variance (%) |
|----------------------------|------------|------------|--------------|
| Mosbuild (Russia)          | 34,300     | 31,200     | +10%         |
| TransRussia (Russia)       | 7,400      | 7,100      | +4%          |
| ExpoElectronica (Russia)   | 8,200      | 7,600      | +8%          |
| Breakbulk Europe (Belgium) | 7,000      | 6,600      | +6%          |
| Beauty Eurasia (Turkey)    | 6,000      | 8,500      | -29%         |
| Secutech (India)           | 6,200      | 7,200      | -14%         |

# Condensed Consolidated Income Statement

For the six months ended 31 March 2017

|   | Notes | Six months to 31 March 2017 (Unaudited) |  |                   | Six months to 31 March 2016 (Unaudited) |  |                   | Year ended 30 September 2016 (Audited) |  |                   |
|---|-------|---|--|-------------------|---|--|-------------------|--|--|-------------------|
|   |       | Headline<br>£000                        | Adjusting<br>items<br>(note 3)<br>£000 | Statutory<br>£000 | Headline<br>£000                        | Adjusting<br>items<br>(note 3)<br>£000 | Statutory<br>£000 | Headline<br>£000                       | Adjusting<br>items<br>(note 3)<br>£000 | Statutory<br>£000 |
| <b>Revenue</b>  |       | <b>69,588</b>                           | -                                      | <b>69,588</b>     | 63,645                                  | -                                      | 63,645            | 134,422                                | -                                      | 134,422           |
| Cost of sales   |       | <b>(42,016)</b>                         | -                                      | <b>(42,016)</b>   | (36,082)                                | -                                      | (36,082)          | (75,862)                               | -                                      | (75,862)          |
| <b>Gross profit</b>   |       | <b>27,572</b>                           | -                                      | <b>27,572</b>     | 27,563                                  | -                                      | 27,563            | 58,560                                 | -                                      | 58,560            |
| Other operating income                                      |       | <b>333</b>                              | -                                      | <b>333</b>        | 230                                     | -                                      | 230               | 615                                    | -                                      | 615               |
| Administrative expenses                                     |       | <b>(15,607)</b>                         | <b>(10,363)</b>                        | <b>(25,970)</b>   | (13,523)                                | (7,627)                                | (21,150)          | (26,203)                               | (40,809)                               | (67,012)          |
| Foreign exchange (loss)/gain on operating activities        |       | <b>(246)</b>                            | -                                      | <b>(246)</b>      | 1,484                                   | -                                      | 1,484             | 1,956                                  | -                                      | 1,956             |
| Share of results of associates and joint ventures           |       | <b>5,004</b>                            | <b>(1,140)</b>                         | <b>3,864</b>      | 4,530                                   | (1,029)                                | 3,501             | 4,628                                  | (1,078)                                | 3,550             |
| <b>Operating profit/(loss)</b>                              |       | <b>17,056</b>                           | <b>(11,503)</b>                        | <b>5,553</b>      | 20,284                                  | (8,656)                                | 11,628            | 39,556                                 | (41,887)                               | (2,331)           |
| Investment revenue  |       | <b>283</b>                              | <b>1,309</b>                           | <b>1,592</b>      | 402                                     | 1,495                                  | 1,897             | 554                                    | 6,940                                  | 7,494             |
| Finance costs   |       | <b>(1,913)</b>                          | <b>(2,102)</b>                         | <b>(4,015)</b>    | (1,730)                                 | (1,179)                                | (2,909)           | (3,606)                                | (5,652)                                | (9,258)           |
| <b>Profit/(loss) on ordinary activities before taxation</b> |       | <b>15,426</b>                           | <b>(12,296)</b>                        | <b>3,130</b>      | 18,956                                  | (8,340)                                | 10,616            | 36,504                                 | (40,599)                               | (4,095)           |
| Tax on profit/(loss) on ordinary activities                 | 4     | <b>(3,466)</b>                          | <b>3,582</b>                           | <b>116</b>        | (3,364)                                 | 2,397                                  | (967)             | (7,059)                                | 3,983                                  | (3,076)           |
| <b>Profit/(loss) for the period</b>                         |       | <b>11,960</b>                           | <b>(8,714)</b>                         | <b>3,246</b>      | 15,592                                  | (5,943)                                | 9,649             | 29,445                                 | (36,616)                               | (7,171)           |
| Attributable to:  |       |   |  |                   |   |  |                   |  |  |                   |
| Owners of the Company                                       |       | <b>10,208</b>                           | <b>(8,714)</b>                         | <b>1,494</b>      | 13,095                                  | (5,943)                                | 7,152             | 27,289                                 | (36,616)                               | (9,327)           |
| Non-controlling interests                                   |       | <b>1,752</b>                            | -                                      | <b>1,752</b>      | 2,497                                   | -                                      | 2,497             | 2,156                                  | -                                      | 2,156             |
|   |       | <b>11,960</b>                           | <b>(8,714)</b>                         | <b>3,246</b>      | 15,592                                  | (5,943)                                | 9,649             | 29,445                                 | (36,616)                               | (7,171)           |
| <b>Earnings per share (p)</b>                               |       |   |  |                   |   |  |                   |  |  |                   |
| Basic   | 6     | <b>3.9</b>                              |  | <b>0.6</b>        | 5.2                                     |  | 2.8               | 10.7                                   |  | (3.6)             |
| Diluted   | 6     | <b>3.9</b>                              |  | <b>0.6</b>        | 5.2                                     |  | 2.8               | 10.7                                   |  | (3.6)             |

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

Notes 1 to 18 form an integral part of the condensed consolidated financial statements.



# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2017

|  | Six months to<br>31 March 2017 | Six months to<br>31 March 2016 | Year ended 30<br>September<br>2016 |
|--|--------------------------------|--------------------------------|------------------------------------|
|  | Unaudited                      | Unaudited                      | Audited                            |
|  | £000                           | £000                           | £000                               |
| Profit/(loss) for the period attributable to shareholders                  | 3,246                          | 9,649                          | (7,171)                            |
| Cash flow hedges:  |                                |                                |                                    |
| Movement in fair value of cash flow hedges                                 | 1,336                          | (3,474)                        | (7,042)                            |
| Fair value of cash flow hedges released to the income statement            | (387)                          | (340)                          | (1,293)                            |
| Currency translation movement on net investment in subsidiary undertakings | 5,276                          | 3,788                          | 17,414                             |
|  | <u>9,471</u>                   | <u>9,623</u>                   | <u>1,908</u>                       |
| Tax relating to components of comprehensive income                         | (290)                          | 693                            | 1,669                              |
| <b>Total comprehensive income for the period</b>                           | <b><u>9,181</u></b>            | <b><u>10,316</u></b>           | <b><u>3,577</u></b>                |
| Attributable to:   |                                |                                |                                    |
| Owners of the Company  | 7,429                          | 7,819                          | 1,421                              |
| Non-controlling interests  | 1,752                          | 2,497                          | 2,156                              |
|  | <u>9,181</u>                   | <u>10,316</u>                  | <u>3,577</u>                       |

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

Notes 1 to 18 form an integral part of the condensed consolidated financial statements.

## Condensed Consolidated Statement of Changes in Equity

31 March 2017

Six month period ended 31 March 2017 (Unaudited):

|  | Share<br>Capital | Share<br>Premium<br>Account | Merger<br>Reserve | Capital<br>Redemption<br>Reserve | ESOT<br>Reserve | Retained<br>Earnings | Put<br>Option<br>Reserve | Translation<br>Reserve | Hedge<br>Reserve | Total          | Non<br>Controlling<br>interests | Total<br>Equity |
|--|------------------|-----------------------------|-------------------|----------------------------------|-----------------|----------------------|--------------------------|------------------------|------------------|----------------|---------------------------------|-----------------|
|  | £000             | £000                        | £000              | £000                             | £000            | £000                 | £000                     | £000                   | £000             | £000           | £000                            | £000            |
| <b>Balance as at 1 October 2016</b>  | 2,621            | 20,629                      | 2,746             | 457                              | (4,370)         | 115,450              | (21,317)                 | (42,289)               | (2,992)          | <b>70,935</b>  | 25,427                          | <b>96,362</b>   |
| Net profit for the period  | -                | -                           | -                 | -                                | -               | 1,494                | -                        | -                      | -                | <b>1,494</b>   | 1,752                           | <b>3,246</b>    |
| Currency translation movement on net investment in subsidiary undertakings             | -                | -                           | -                 | -                                | -               | -                    | -                        | 5,276                  | -                | <b>5,276</b>   | -                               | <b>5,276</b>    |
| Movement in fair value of cash flow hedges   | -                | -                           | -                 | -                                | -               | -                    | -                        | -                      | 1,336            | <b>1,336</b>   | -                               | <b>1,336</b>    |
| Gain on effective portion of cash flow hedges recognised in / (released from) reserves | -                | -                           | -                 | -                                | -               | -                    | -                        | -                      | (387)            | <b>(387)</b>   | -                               | <b>(387)</b>    |
| Tax relating to components of comprehensive income                                     | -                | -                           | -                 | -                                | -               | -                    | -                        | -                      | (290)            | <b>(290)</b>   | -                               | <b>(290)</b>    |
| <b>Total comprehensive income for the 6 month period ending 31 March 2017</b>          | -                | -                           | -                 | -                                | -               | <b>1,494</b>         | -                        | <b>5,276</b>           | <b>659</b>       | <b>7,429</b>   | <b>1,752</b>                    | <b>9,181</b>    |
| Dividends  | 16               | (16)                        | -                 | -                                | -               | (5,350)              | -                        | -                      | -                | <b>(5,350)</b> | (112)                           | <b>(5,462)</b>  |
| Exercise of share options  | -                | -                           | -                 | -                                | 6               | (6)                  | -                        | -                      | -                | -              | -                               | -               |
| Share-based payments   | -                | -                           | -                 | -                                | -               | 143                  | -                        | -                      | -                | <b>143</b>     | -                               | <b>143</b>      |
| Issue of shares  | 23               | 3,444                       | -                 | -                                | -               | -                    | -                        | -                      | -                | <b>3,467</b>   | -                               | <b>3,467</b>    |
| Tax debited to equity  | -                | -                           | -                 | -                                | -               | 12                   | -                        | -                      | -                | <b>12</b>      | -                               | <b>12</b>       |
| Acquisition of subsidiary  | -                | -                           | -                 | -                                | -               | -                    | -                        | -                      | -                | -              | 4,636                           | <b>4,636</b>    |
| <b>Balance as at 31 March 2017</b>   | <b>2,660</b>     | <b>24,057</b>               | <b>2,746</b>      | <b>457</b>                       | <b>(4,364)</b>  | <b>111,743</b>       | <b>(21,317)</b>          | <b>(37,013)</b>        | <b>(2,333)</b>   | <b>76,636</b>  | <b>31,703</b>                   | <b>108,339</b>  |

Notes 1 to 18 form an integral part of the condensed consolidated financial statements.

## Condensed Consolidated Statement of Changes in Equity

31 March 2017

Six month period ended 31 March 2016 (Unaudited):

|  | Share<br>Capital | Share<br>Premium<br>Account | Merger<br>Reserve | Capital<br>Redemption<br>Reserve | ESOT<br>Reserve | Retained<br>Earnings | Put<br>Option<br>Reserve | Translation<br>Reserve | Hedge<br>Reserve | Total           | Non<br>Controlling<br>interests | Total<br>Equity |
|--|------------------|-----------------------------|-------------------|----------------------------------|-----------------|----------------------|--------------------------|------------------------|------------------|-----------------|---------------------------------|-----------------|
|  | £000             | £000                        | £000              | £000                             | £000            | £000                 | £000                     | £000                   | £000             | £000            | £000                            | £000            |
| <b>Balance as at 1 October 2015</b>  | 2,570            | 14,875                      | 2,746             | 457                              | (4,825)         | 140,031              | (16,843)                 | (59,703)               | 3,674            | <b>82,982</b>   | 16,361                          | <b>99,343</b>   |
| Net profit for the period  | -                | -                           | -                 | -                                | -               | 7,152                | -                        | -                      | -                | <b>7,152</b>    | 2,497                           | <b>9,649</b>    |
| Currency translation movement on net investment in subsidiary undertakings             | -                | -                           | -                 | -                                | -               | -                    | -                        | 3,788                  | -                | <b>3,788</b>    | -                               | <b>3,788</b>    |
| Movement in fair value of cash flow hedges   | -                | -                           | -                 | -                                | -               | -                    | -                        | -                      | (3,474)          | <b>(3,474)</b>  | -                               | <b>(3,474)</b>  |
| Gain on effective portion of cash flow hedges recognised in / (released from) reserves | -                | -                           | -                 | -                                | -               | -                    | -                        | -                      | (340)            | <b>(340)</b>    | -                               | <b>(340)</b>    |
| Tax relating to components of comprehensive income                                     | -                | -                           | -                 | -                                | -               | -                    | -                        | -                      | 693              | <b>693</b>      | -                               | <b>693</b>      |
| <b>Total comprehensive income for the 6 month period ending 31 March 2016</b>          | -                | -                           | -                 | -                                | -               | <b>7,152</b>         | -                        | <b>3,788</b>           | <b>(3,121)</b>   | <b>7,819</b>    | <b>2,497</b>                    | <b>10,316</b>   |
| Dividends paid   | -                | -                           | -                 | -                                | -               | (12,436)             | -                        | -                      | -                | <b>(12,436)</b> | (1,423)                         | <b>(13,859)</b> |
| Exercise of share options  | -                | -                           | -                 | -                                | 5               | (5)                  | -                        | -                      | -                | -               | -                               | -               |
| Share-based payments   | -                | -                           | -                 | -                                | -               | 239                  | -                        | -                      | -                | <b>239</b>      | -                               | <b>239</b>      |
| Tax debited to equity  | -                | -                           | -                 | -                                | -               | (554)                | -                        | -                      | -                | <b>(554)</b>    | -                               | <b>(554)</b>    |
| Acquisition of subsidiary  | -                | -                           | -                 | -                                | -               | -                    | (13,159)                 | -                      | -                | <b>(13,159)</b> | 17,086                          | <b>3,927</b>    |
| Exercise put option on acquisition of non-controlling interest                         | -                | -                           | -                 | -                                | -               | (429)                | 1,215                    | -                      | -                | <b>786</b>      | (786)                           | -               |
| <b>Balance as at 31 March 2016</b>   | <b>2,570</b>     | <b>14,875</b>               | <b>2,746</b>      | <b>457</b>                       | <b>(4,820)</b>  | <b>133,998</b>       | <b>(28,787)</b>          | <b>(55,915)</b>        | <b>553</b>       | <b>65,677</b>   | <b>33,735</b>                   | <b>99,412</b>   |

Notes 1 to 18 form an integral part of the condensed consolidated financial statements.

## Condensed Consolidated Statement of Changes in Equity

31 March 2017

Year ended 30 September 2016 (Audited):

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

Notes 1 to 18 form an integral part of the condensed consolidated financial statements.

# Condensed Consolidated Statement of Financial Position

31 March 2017

|  | Notes | 31 March<br>2017<br>Unaudited<br>£000 | 31 March<br>2016<br>Unaudited<br>£000 | 30 September<br>2016<br>Unaudited<br>£000 |
|--|-------|---------------------------------------|---------------------------------------|---|
| <b>Non-current assets</b>                                  |       |                                       |                                       |   |
| Goodwill   | 8     | 112,624                               | 110,722                               | 97,855                                    |
| Other intangible assets                                    | 9     | 71,046                                | 74,684                                | 70,816                                    |
| Property, plant & equipment                                |       | 2,857                                 | 2,432                                 | 2,469                                     |
| Interests in associates and joint ventures                 | 10    | 49,724                                | 50,224                                | 45,677                                    |
| Venue advances and other loans                             |       | 3,767                                 | 3,148                                 | 2,945                                     |
| Derivative financial instruments                           | 14    | 8                                     | 152                                   | -   |
| Deferred tax asset   |       | 4,320                                 | 3,624                                 | 3,070                                     |
|  |       | <b>244,346</b>                        | <b>244,986</b>                        | <b>222,832</b>                            |
| <b>Current assets</b>                                      |       |                                       |                                       |   |
| Trade and other receivables                                | 11    | 59,471                                | 44,661                                | 50,610                                    |
| Tax prepayment   |       | 375                                   | 249                                   | 2,115                                     |
| Derivative financial instruments                           | 14    | 15                                    | 882                                   | -   |
| Cash and cash equivalents                                  |       | 15,795                                | 13,476                                | 15,508                                    |
|  |       | <b>75,656</b>                         | <b>59,268</b>                         | <b>68,233</b>                             |
| <b>Total assets</b>  |       | <b>320,002</b>                        | <b>304,254</b>                        | <b>291,065</b>                            |
| <b>Current liabilities</b>                                 |       |                                       |                                       |   |
| Trade and other payables                                   | 12    | (21,221)                              | (16,859)                              | (20,844)                                  |
| Deferred income  |       | (80,115)                              | (57,766)                              | (61,918)                                  |
| Derivative financial instruments                           | 14    | (21,875)                              | (14,506)                              | (5,904)                                   |
| Provisions   |       | (269)                                 | (291)                                 | (240)                                     |
|  |       | <b>(123,480)</b>                      | <b>(89,422)</b>                       | <b>(88,906)</b>                           |
| <b>Non-current liabilities</b>                             |       |                                       |                                       |   |
| Bank loan  | 13    | (70,966)                              | (83,092)                              | (74,604)                                  |
| Provisions   |       | (168)                                 | (655)                                 | (189)                                     |
| Deferred tax liabilities                                   |       | (13,848)                              | (15,295)                              | (12,675)                                  |
| Derivative financial instruments                           | 14    | (3,201)                               | (16,378)                              | (18,329)                                  |
|  |       | <b>(88,183)</b>                       | <b>(115,420)</b>                      | <b>(105,797)</b>                          |
| <b>Total liabilities</b>                                   |       | <b>(211,663)</b>                      | <b>(204,842)</b>                      | <b>(194,703)</b>                          |
| <b>Net assets</b>  |       | <b>108,339</b>                        | <b>99,412</b>                         | <b>96,362</b>                             |
| <b>Equity</b>  |       |                                       |                                       |   |
| Share capital  | 15    | 2,660                                 | 2,570                                 | 2,621                                     |
| Share premium account                                      |       | 24,057                                | 14,875                                | 20,629                                    |
| Merger reserve   |       | 2,746                                 | 2,746                                 | 2,746                                     |
| Capital redemption reserve                                 |       | 457                                   | 457                                   | 457                                       |
| ESOT reserve   |       | (4,364)                               | (4,820)                               | (4,370)                                   |
| Retained earnings  |       | 111,743                               | 133,998                               | 115,450                                   |
| Put option reserve   |       | (21,317)                              | (28,787)                              | (21,317)                                  |
| Translation reserve  |       | (37,013)                              | (55,915)                              | (42,289)                                  |
| Hedge reserve  |       | (2,333)                               | 553                                   | (2,992)                                   |
| <b>Equity attributable to equity holders of the parent</b> |       | <b>76,636</b>                         | <b>65,677</b>                         | <b>70,935</b>                             |
| Non-controlling interest                                   |       | 31,703                                | 33,735                                | 25,427                                    |
| <b>Total equity</b>  |       | <b>108,339</b>                        | <b>99,412</b>                         | <b>96,362</b>                             |

Notes 1 to 18 form an integral part of the condensed consolidated financial statements.

# Condensed Consolidated Cash Flow Statement

For the six months ended 31 March 2017

|  | Notes | Six months<br>to 31 March<br>2017<br>Unaudited<br>£000 | Six months<br>to 31 March<br>2016<br>Unaudited<br>£000 | Year ended<br>30 September<br>2016<br>Audited<br>£000 |
|--|-------|--|--|---|
| <b>Cash flows from operating activities</b>                          |       |  |  |   |
| Operating profit/(loss) from continuing operations                   |       | 5,553  | 11,628   | (2,331)   |
| <b>Adjustments for non-cash items:</b>                               |       |  |  |   |
| Depreciation and amortisation  |       | 8,953  | 8,429  | 17,191  |
| Impairment of goodwill   | 3     | -  | 1,236  | 24,650  |
| Impairment of investments in associates and joint ventures           | 3     | -  | -  | 1,859   |
| Share-based payments   |       | 143  | 239  | 390   |
| Share of profit from associates and joint ventures                   |       | (3,864)  | (3,501)  | (3,550)   |
| Decrease in provisions   |       | (30)   | (41)   | (69)  |
| Gain on disposal of property, plant and equipment                    |       | -  | -  | (1)   |
| Foreign exchange loss/(gain) on operating activities                 |       | 246  | (1,484)  | (1,956)   |
| Profit on disposal of investments                                    |       | -  | (1,497)  | (1,498)   |
| Fair value of cash flow hedges recognised in the income statement    |       | (379)  | (171)  | (1,187)   |
| Dividends received from associates and joint ventures                |       | 620  | 1,295  | 5,373   |
| <b>Operating cash flows before movements in working capital</b>      |       | <b>11,242</b>  | <b>16,133</b>  | <b>38,871</b>   |
| (Increase)/decrease in receivables                                   |       | (7,778)  | 1,668  | (4,254)   |
| Venue advances and loans   |       | (2,500)  | (1,101)  | (2,867)   |
| Utilisation & repayment of venue loans                               |       | 2,077  | 1,349  | 3,901   |
| Increase in deferred income  |       | 18,197   | 7,935  | 12,087  |
| Increase/(decrease) in payables                                      |       | 599  | (7,994)  | (6,735)   |
| <b>Cash generated from operations</b>                                |       | <b>21,837</b>  | <b>17,990</b>  | <b>41,003</b>   |
| Tax paid   |       | (2,608)  | (2,103)  | (6,668)   |
| <b>Net cash from operating activities</b>                            |       | <b>19,229</b>  | <b>15,887</b>  | <b>34,335</b>   |
| <b>Investing activities</b>  |       |  |  |   |
| Interest received  |       | 283  | 233  | 385   |
| Investment in associates and joint ventures                          |       | -  | (1,684)  | (2,397)   |
| Acquisition of businesses – cash paid                                |       | (6,225)  | (16,167)   | (17,185)  |
| Cash acquired through acquisitions                                   |       | 343  | 3,403  | 3,404   |
| Purchase of property, plant and equipment and computer software      |       | (1,512)  | (1,388)  | (2,419)   |
| Disposal of plant, property and equipment and computer software      |       | 10   | 23   | 112   |
| Cash paid to acquire non-controlling interests                       |       | -  | (1,874)  | (2,087)   |
| <b>Net cash flows from investing activities</b>                      |       | <b>(7,101)</b>   | <b>(17,454)</b>  | <b>(20,187)</b>                                       |
| <b>Financing activities</b>  |       |  |  |   |
| Equity dividends paid  |       | (5,368)  | (12,427)   | (15,589)  |
| Dividends paid to non-controlling interests                          |       | (112)  | (1,423)  | (1,520)   |
| Interest paid and bank charges                                       |       | (1,913)  | (1,730)  | (3,544)   |
| Proceeds from the issue of share capital & exercise of share options |       | -  | -  | 3   |
| Repayment/(drawdown) of borrowings                                   |       | (3,570)  | 13,476   | 4,988   |
| <b>Net cash flows from financing activities</b>                      |       | <b>(10,963)</b>  | <b>(2,104)</b>   | <b>(15,662)</b>                                       |
| Net increase/(decrease) in cash and cash equivalents                 |       | 1,165  | (3,671)  | (1,514)   |
| <b>Net cash and cash equivalents at beginning of period</b>          |       | <b>15,508</b>  | <b>17,269</b>  | <b>17,269</b>   |
| Effect of foreign exchange rates on cash and cash equivalents        |       | (878)  | (122)  | (247)   |
| <b>Net cash and cash equivalents at end of period</b>                |       | <b>15,795</b>  | <b>13,476</b>  | <b>15,508</b>   |

Notes 1 to 18 form an integral part of the condensed consolidated financial statements.

## Net debt reconciliation

For the six months ended 31 March 2017

|                 | At 1 October 2016<br>£000 | Cash flow<br>£000 | Foreign exchange<br>£000 | At 31 March 2017<br>£000 |
|-----------------|---------------------------|-------------------|--------------------------|--------------------------|
| Cash            | 15,508                    | 1,165             | (878)                    | 15,795                   |
| Bank loan       | (74,604)                  | 3,570             | 68                       | (70,966)                 |
| <b>Net debt</b> | <b>(59,096)</b>           | <b>4,735</b>      | <b>(810)</b>             | <b>(55,171)</b>          |

Notes 1 to 18 form an integral part of the condensed consolidated financial statements.

# Notes to the Interim Financial Statements

## 1. General Information and basis of preparation

The information for the year ended 30 September 2016 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

### *Accounting policies*

The interim financial statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ended 30 September 2016. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 September 2016 except as described below.

No new standards, amendments to standards and interpretations have been adopted and applied in the period.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- Amendments to IAS 7 Statement of cash flows
- Amendments to IFRS 2 Share-based payments
- Clarifications to IFRS 15 Revenue from contracts with customers
- IFRS 9 Financial instruments
- IFRS 15 Revenue from contracts with customers
- Amendments to IAS 12 Income taxes
- IFRS 16 Leases

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.



## Notes to the Interim Financial Statements

### 2. Segmental information

IFRS 8 introduced the term Chief Operating Decision Maker (CODM). The Executive Management Team is considered to be the CODM and consists of the Chief Executive Officer, Chief Financial Officer, Strategy Director, HR Director, Marketing Director, Company Secretary, and the Regional Managing Director for each of our key regions.

ITE's reportable segments are strategic business units that are based in different geographic locations and managed separately. The products and services offered by each business unit are identical across the Group.

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

The revenue and 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 geographic segment as follows:

| <b>Six months ended</b>                              |                 |                |                      |                 |                    |                  |
|--|-----------------|----------------|----------------------|-----------------|--------------------|------------------|
| <b>31 March 2017</b>                                 |                 | <b>Central</b> | <b>Eastern &amp;</b> |                 | <b>Rest of the</b> | <b>Total</b>     |
| <b>Unaudited</b>                                     | <b>Russia</b>   | <b>Asia</b>    | <b>Southern</b>      | <b>Asia</b>     | <b>World</b>       | <b>Group</b>     |
|  | <b>£000</b>     | <b>£000</b>    | <b>Europe</b>        | <b>£000</b>     | <b>£000</b>        | <b>£000</b>      |
| <b>By geographical location of events/activities</b> |                 |                |                      |                 |                    |                  |
| Revenue  | 30,846          | 8,622          | 6,837                | 14,146          | 9,137              | 69,588           |
| Headline pre-tax profit/(loss)                       | 11,252          | 1,941          | 1,672                | 7,729           | (7,168)            | 15,426           |
| Operating profit/(loss)                              | <u>10,637</u>   | <u>1,700</u>   | <u>(648)</u>         | <u>4,322</u>    | <u>(10,458)</u>    | <u>5,553</u>     |
| <b>By origin of sale</b>                             |                 |                |                      |                 |                    |                  |
| Revenue  | 23,085          | 5,402          | 5,981                | 16,580          | 18,540             | 69,588           |
| Headline pre-tax profit/(loss)                       | 6,509           | 1,064          | 622                  | 8,576           | (1,345)            | 15,426           |
| Operating profit/(loss)                              | <u>5,894</u>    | <u>823</u>     | <u>(1,699)</u>       | <u>5,169</u>    | <u>(4,634)</u>     | <u>5,553</u>     |
| Operating profit                                     |                 |                |                      |                 |                    | 5,553            |
| Investment revenue                                   |                 |                |                      |                 |                    | 1,592            |
| Finance costs  |                 |                |                      |                 |                    | (4,015)          |
| Profit before tax                                    |                 |                |                      |                 |                    | <u>3,130</u>     |
| Tax  |                 |                |                      |                 |                    | 116              |
| Profit after tax                                     |                 |                |                      |                 |                    | <u>3,246</u>     |
| Capital expenditure                                  | 52              | 28             | 154                  | 405             | 873                | 1,512            |
| Depreciation and amortisation                        | 792             | 301            | 2,380                | 2,288           | 3,192              | 8,953            |
| <b>Balance Sheet</b>                                 |                 |                |                      |                 |                    |                  |
| Assets *   | <u>49,434</u>   | <u>14,543</u>  | <u>36,872</u>        | <u>131,598</u>  | <u>82,860</u>      | <u>315,307</u>   |
| Liabilities *  | <u>(40,962)</u> | <u>(6,540)</u> | <u>(29,269)</u>      | <u>(38,033)</u> | <u>(83,011)</u>    | <u>(197,815)</u> |

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

The revenue in the period of £69.6 million includes £0.2 million of barter sales.

Included within the headline pre-tax loss and operating loss of Rest of the World is £8.0 million and £8.9 million respectively of corporate costs.

## Notes to the Interim Financial Statements

### 2. Segmental information (continued)

| Six months ended<br>31 March 2016<br>Unaudited       | Russia<br>£000  | Central<br>Asia<br>£000 | Eastern &<br>Southern<br>Europe<br>£000 | Asia<br>£000    | Rest of<br>the World<br>£000 | Total<br>Group<br>£000 |
|--|-----------------|-------------------------|---|-----------------|------------------------------|------------------------|
| <b>By geographical location of events/activities</b> |                 |                         |   |                 |                              |                        |
| Revenue  | 25,165          | 9,322                   | 5,582                                   | 10,651          | 12,925                       | 63,645                 |
| Headline pre-tax profit/(loss)                       | 10,421          | 2,956                   | 394                                     | 6,107           | (922)                        | 18,956                 |
| Operating profit/(loss)                              | <u>8,157</u>    | <u>2,724</u>            | <u>(1,911)</u>                          | <u>4,726</u>    | <u>(2,068)</u>               | <u>11,628</u>          |
| <b>By origin of sale</b>                             |                 |                         |   |                 |                              |                        |
| Revenue  | 16,992          | 4,613                   | 6,513                                   | 12,694          | 22,833                       | 63,645                 |
| Headline pre-tax profit                              | 4,263           | 869                     | 852                                     | 7,831           | 5,141                        | 18,956                 |
| Operating profit/(loss)                              | <u>1,999</u>    | <u>637</u>              | <u>(1,453)</u>                          | <u>6,450</u>    | <u>3,995</u>                 | <u>11,628</u>          |
| Operating profit                                     |                 |                         |   |                 |                              | <u>11,628</u>          |
| Investment revenue                                   |                 |                         |   |                 |                              | 1,897                  |
| Finance costs  |                 |                         |   |                 |                              | <u>(2,909)</u>         |
| Profit before tax                                    |                 |                         |   |                 |                              | 10,616                 |
| Tax  |                 |                         |   |                 |                              | <u>(967)</u>           |
| Profit after tax                                     |                 |                         |   |                 |                              | <u>9,649</u>           |
| Capital expenditure                                  | 503             | 12                      | 77                                      | 154             | 642                          | 1,388                  |
| Depreciation and amortisation                        | 1,250           | 333                     | 2,308                                   | 1,512           | 3,026                        | 8,429                  |
| <b>Balance Sheet</b>                                 |                 |                         |   |                 |                              |                        |
| Assets *   | <u>36,586</u>   | <u>12,471</u>           | <u>42,205</u>                           | <u>125,011</u>  | <u>84,108</u>                | <u>300,381</u>         |
| Liabilities *  | <u>(17,378)</u> | <u>(5,105)</u>          | <u>(27,454)</u>                         | <u>(20,674)</u> | <u>(118,464)</u>             | <u>(189,075)</u>       |

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

The revenue in the period of £63.6 million includes £0.3 million of barter sales.

Included within the headline pre-tax profit/(loss) and operating profit/(loss) of Rest of the World is £6.8 million and £5.7 million respectively of corporate costs. Included within the headline pre-tax profit and operating profit of Asia is £3.5m of profit from associates. Included within the operating profit of Russia is an impairment charge of £1.2 million in respect of Siberian goodwill.

## Notes to the Interim Financial Statements

### 2. Segmental information (continued)

| Year ended<br>30 September 2016<br>Audited           | Russia<br>£000  | Central<br>Asia<br>£000 | Eastern &<br>Southern<br>Europe<br>£000 | Asia<br>£000    | Rest of<br>the World<br>£000 | Total<br>Group<br>£000 |
|--|-----------------|-------------------------|---|-----------------|------------------------------|------------------------|
| <b>By geographical location of events/activities</b> |                 |                         |   |                 |                              |                        |
| Revenue  | 50,851          | 21,980                  | 19,294                                  | 18,075          | 24,222                       | 134,422                |
| Headline pre-tax profit/(loss)                       | 20,316          | 7,309                   | 5,855                                   | 4,888           | (1,864)                      | 36,504                 |
| Operating profit/(loss)                              | <u>17,074</u>   | <u>6,841</u>            | <u>1,217</u>                            | <u>(23,545)</u> | <u>(3,918)</u>               | <u>(2,331)</u>         |
| <b>By origin of sale</b>                             |                 |                         |   |                 |                              |                        |
| Revenue  | 33,647          | 11,946                  | 20,185                                  | 23,619          | 45,025                       | 134,422                |
| Headline pre-tax profit                              | 9,883           | 3,402                   | 6,532                                   | 11,729          | 4,958                        | 36,504                 |
| Operating profit/(loss)                              | <u>6,641</u>    | <u>2,933</u>            | <u>1,895</u>                            | <u>(16,703)</u> | <u>2,903</u>                 | <u>(2,331)</u>         |
| Operating loss                                       |                 |                         |   |                 |                              | (2,331)                |
| Investment revenue                                   |                 |                         |   |                 |                              | 7,494                  |
| Finance costs  |                 |                         |   |                 |                              | (9,258)                |
| Loss before tax                                      |                 |                         |   |                 |                              | (4,095)                |
| Tax  |                 |                         |   |                 |                              | (3,076)                |
| Loss after tax                                       |                 |                         |   |                 |                              | <u>(7,171)</u>         |
| Capital expenditure                                  | 722             | 58                      | 100                                     | 253             | 1,286                        | 2,419                  |
| Depreciation and amortisation                        | 2,458           | 611                     | 4,674                                   | 3,309           | 6,139                        | 17,191                 |
| <b>Balance Sheet</b>                                 |                 |                         |   |                 |                              |                        |
| Assets *   | <u>46,054</u>   | <u>12,110</u>           | <u>41,013</u>                           | <u>102,479</u>  | <u>84,361</u>                | <u>286,017</u>         |
| Liabilities *  | <u>(26,208)</u> | <u>(4,194)</u>          | <u>(25,951)</u>                         | <u>(17,459)</u> | <u>(106,210)</u>             | <u>(180,022)</u>       |
| Non-current assets*                                  | <u>30,250</u>   | <u>5,025</u>            | <u>29,684</u>                           | <u>85,149</u>   | <u>69,654</u>                | <u>219,762</u>         |

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

The revenue in the year of £134.4 million includes £0.4 million of barter sales.

Included within the headline pre-tax profit/(loss) and operating profit/(loss) of Rest of the World is £13.1 million and £10.6 million respectively of corporate costs.

## Notes to the Interim Financial Statements

### 3. Adjusting items

The following (charges)/credits have been presented as adjusting items:

|  | Six months to<br>31 March 2017<br>Unaudited<br>£000 | Six months to<br>31 March 2016<br>Unaudited<br>£000 | Year ended 30<br>September<br>2016<br>Audited<br>£000 |
|--|---|---|---|
| <i>Operating items</i>                                     |   |   |   |
| Amortisation of acquired intangible assets                 | (7,832)   | (7,603)   | (15,468)  |
| Impairment of goodwill                                     | -   | (1,236)   | (24,650)  |
| Impairment of investments in associates and joint ventures | -   | -   | (1,859)   |
| Profit on disposal of investments                          | -   | 1,497   | 1,498   |
| Restructuring costs  | (2,347)   | -   | -   |
| Transaction costs on completed and pending acquisitions    | (184)   | (285)   | (330)   |
| Administrative expenses                                    | (10,363)  | (7,627)   | (40,809)  |
| Tax on income from associates and joint ventures           | (1,140)   | (1,029)   | (1,078)   |
| <i>Financing items</i>                                     |   |   |   |
| Revaluation of liabilities on completed acquisitions       | (793)   | 316   | 1,288   |
| <i>Taxation</i>  |   |   |   |
| Tax related to adjusting items                             | 2,442   | 1,368   | 2,905   |
| Tax on income from associates and joint ventures           | 1,140   | 1,029   | 1,078   |
|  | <b>(8,714)</b>                                      | <b>(5,943)</b>                                      | <b>(36,616)</b>                                       |

### 4. Taxation

|                                      | Six months to<br>31 March 2017<br>Unaudited<br>£000 | Six months to<br>31 March<br>2016<br>Unaudited<br>£000 | Year ended 30<br>September<br>2016<br>Audited<br>£000 |
|--------------------------------------|---|--|---|
| Current tax                          |   |  |   |
| UK corporation tax                   | 37  | 59   | 812   |
| Foreign tax                          | 2,064   | 1,981  | 5,682   |
|                                      | <b>2,101</b>  | <b>2,040</b>   | <b>6,494</b>  |
| Deferred tax                         | (2,217)   | (1,073)  | (3,418)   |
| Tax on profit on ordinary activities | <b>(116)</b>  | <b>967</b>   | <b>3,076</b>  |

Tax at the interim is charged on pre-tax profits, including those of associates and joint ventures, at a rate of 24% (2016: 18%) representing the best estimate of the weighted average annual corporation tax expected for the financial year adjusted for discrete items in the interim period.

## Notes to the Interim Financial Statements

### 5. Dividends

|  | Six months to<br>31 March 2017<br>Unaudited |                            |                             | Six months to<br>31 March 2016<br>Unaudited |                            |                             | Year ended<br>30 September 2016<br>Audited |                            |                             |
|--|---|----------------------------|-----------------------------|---|----------------------------|-----------------------------|--|----------------------------|-----------------------------|
|  | Per<br>share<br>p                           | Settled in<br>cash<br>£000 | Settled in<br>scrip<br>£000 | Per<br>share<br>p                           | Settled in<br>cash<br>£000 | Settled in<br>scrip<br>£000 | Per<br>share<br>p                          | Settled in<br>cash<br>£000 | Settled in<br>scrip<br>£000 |
| Amounts recognised as distributions to equity holders in the period: |   |                            |                             |   |                            |                             |  |                            |                             |
| Final dividend in respect of the year ended 30 September 2016        | 3.0   | 5,350                      | 2,497                       | -   | -                          | -                           | -  | -                          | -                           |
| Interim dividend in respect of the year ended 30 September 2016      | -   | -                          | -                           | -   | -                          | -                           | 1.5  | 3,158                      | 720                         |
| Final dividend in respect of the year ended 30 September 2015        | -   | -                          | -                           | 4.9   | 12,436                     | -                           | 4.9  | 12,436                     | -                           |
|  | <u>3.0</u>                                  | <u>5,350</u>               | <u>2,497</u>                | <u>4.9</u>                                  | <u>12,436</u>              | <u>-</u>                    | <u>6.4</u>                                 | <u>15,594</u>              | <u>720</u>                  |

The Directors have proposed an interim dividend for the year ending 30 September 2017 of 1.5p per ordinary share, a distribution of approximately £3.9 million. The proposed dividend has been approved by the Board and has not been included as a liability as at 31 March 2017. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares.

### 6. Earnings per share

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

|  | Six months to<br>31 March 2017<br>Number of shares ('000)<br>Unaudited | Six months to<br>31 March 2016<br>Number of shares ('000)<br>Unaudited | Year ended 30<br>September 2016<br>Number of shares ('000)<br>Audited |
|--|--|--|---|
| Weighted average number of shares:           |  |  |   |
| For basic earnings per share                 | 261,081  | 253,806  | 255,598   |
| Dilutive effect of exercise of share options | 168  | 328  | 79  |
| For diluted earnings per share               | <u>261,249</u>   | <u>254,134</u>   | <u>255,677</u>  |

#### **Basic and diluted earnings per share**

The calculations of basic and diluted earnings per share are based on the profit for the financial year attributable to equity holders of the parent of £1.5 million (31 March 2016: £7.2 million; 30 September 2016: loss of £9.3 million). Basic and diluted earnings per share were 0.6p and 0.6p respectively (31 March 2016: 2.8p and 2.8p respectively; 30 September 2016: (3.6)p and (3.6)p respectively).

#### **Headline earnings per share**

The calculations of headline basic and diluted earnings per share are based on the headline profit for the financial year attributable to equity holders of the parent of £10.2 million (31 March 2016: £13.1 million; 30 September 2016: £27.3

million). Headline basic and diluted earnings per share were 3.9p and 3.9p respectively (31 March 2016: 5.2p and 5.2p respectively; 30 September 2016: 10.7p and 10.7p respectively).

## Notes to the Interim Financial Statements

### 7. Acquisition of businesses

#### Gehua

On 9 December 2016, ITE's wholly owned subsidiary, ITE Asia Exhibitions Limited, acquired a 70% holding in ITE Gehua Exhibitions Co Ltd ("Gehua"), a company incorporated in Shanghai, for consideration of £10.8 million.

Gehua is a Shanghai-based business, founded in 2001, that runs a portfolio of complementary exhibitions in China spanning Textile and Clothing, Auto Parts and Accessories, Mechanical Equipment, Gifts, and Food – attracting both domestic and international exhibitors and visitors.

During the period the Group incurred transaction costs on the Gehua acquisition of £0.1 million, which are included within administrative expenses.

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

|   |                   |
|---|-------------------|
| <b>Assets acquired</b>                                    | <b>Fair value</b> |
|   | <b>£000</b>       |
| Intangible fixed assets – Trademarks (note 9)             | 2,983             |
| Intangible fixed assets – Customer relationships (note 9) | 4,451             |
| Trade and other receivables                               | 1,811             |
| Cash and cash equivalents                                 | 343               |
| Current liabilities                                       | (2,058)           |
| Deferred tax liabilities                                  | (1,859)           |
|   | <hr/>             |
|   | 5,671             |
| Non-controlling interest                                  | (4,636)           |
|   | <hr/>             |
| <b>Net assets acquired</b>                                | <b>1,035</b>      |
| Goodwill arising on acquisition (note 8)                  | 9,782             |
|   | <hr/>             |
| <b>Total cost of acquisition</b>                          | <b>10,817</b>     |
|   | <hr/>             |
| <b>Satisfied by</b>                                       |                   |
| Cash consideration  | 5,951             |
| Share consideration                                       | 3,500             |
| Contingent consideration                                  | 1,366             |
|   | <hr/>             |
|   | 10,817            |
|   | <hr/>             |
| <b>Net cash outflow arising on acquisition</b>            |                   |
| Cash consideration paid                                   | 5,951             |
| Cash and cash equivalents acquired                        | (343)             |
|   | <hr/>             |
|   | 5,608             |
|   | <hr/>             |

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

Goodwill arising on acquisition of £9.8 million reflects the strategic value in increasing the Group's presence in China and the expected synergies with the Group's existing industry sectors and Chinese operations. None of the acquired goodwill and intangibles are expected to qualify for tax deductions in the UK.

The acquired business has contributed £0.9 million to Group revenue and a profit of £0.3 million since acquisition. If the acquisition had occurred on 1 October 2016 it would have contributed £2.2 million to revenue and £1.0 million to profit.

## Notes to the Interim Financial Statements

### 8. Goodwill

|                                  | Total<br>£000  |
|----------------------------------|----------------|
| <b>At 1 October 2016</b>         | <b>97,855</b>  |
| Additions in the period (note 7) | 9,782          |
| Exchange differences             | 4,987          |
| <b>At 31 March 2017</b>          | <b>112,624</b> |

### 9. Other intangible assets

|  | Total<br>£000 |
|--|---------------|
| <b>At 1 October 2016</b>                         | <b>70,816</b> |
| Additions through business combinations (note 7) | 7,434         |
| Additions  | 780           |
| Disposals  | (1)           |
| Amortisation of acquired intangibles             | (7,832)       |
| Amortisation of computer software                | (528)         |
| Exchange differences                             | 377           |
| <b>At 31 March 2017</b>                          | <b>71,046</b> |

### 10. Interests in associates and joint ventures

|   | Total<br>£000 |
|---|---------------|
| <b>At 1 October 2016</b>                          | <b>45,677</b> |
| Share of results of associates and joint ventures | 3,864         |
| Dividends received                                | (620)         |
| Foreign exchange                                  | 803           |
| <b>At 31 March 2017</b>                           | <b>49,724</b> |



## Notes to the Interim Financial Statements

### 11. Trade and other receivables

|                                | <b>31 March<br/>2017<br/>Unaudited<br/>£000</b> | <b>31 March<br/>2016<br/>Unaudited<br/>£000</b> | <b>30 September<br/>2016<br/>Audited<br/>£000</b> |
|--------------------------------|---|---|---|
| Trade receivables              | <b>37,171</b>                                   | 25,022  | 32,499  |
| Other receivables              | <b>3,708</b>                                    | 5,391   | 3,634   |
| Venue advances and prepayments | <b>3,923</b>                                    | 3,455   | 3,322   |
| Prepayments and accrued income | <b>14,669</b>                                   | 10,793  | 11,155  |
|                                | <b>59,471</b>                                   | 44,661  | 50,610  |

### 12. Trade and other payables

|                              | <b>31 March<br/>2017<br/>Unaudited<br/>£000</b> | <b>31 March<br/>2016<br/>Unaudited<br/>£000</b> | <b>30 September<br/>2016<br/>Audited<br/>£000</b> |
|------------------------------|---|---|---|
| Trade payables               | <b>2,210</b>                                    | 2,176   | 2,699   |
| Taxation and social security | <b>1,925</b>                                    | 1,294   | 2,776   |
| Other payables               | <b>4,021</b>                                    | 3,349   | 3,469   |
| Accruals                     | <b>9,365</b>                                    | 7,658   | 8,075   |
| Deferred consideration       | <b>1,777</b>                                    | 1,161   | 1,654   |
| Contingent consideration     | <b>1,923</b>                                    | 1,221   | 2,171   |
|                              | <b>21,221</b>                                   | 16,859  | 20,844  |

### 13. Bank loan and overdraft

The bank loan is a £93.0 million multi-currency committed bank facility that provides revolving credit facilities through to 31 March 2019. Total drawdowns under the facility of £71.0 million at 31 March 2017 were denominated in Sterling (£68.1 million) and US Dollars (£2.9 million). At 31 March 2017 the Group had £22.0 million (March 2016: £9.9 million) of undrawn committed facilities.

All borrowings are arranged at floating interest rates, thus exposing the Group to interest rate risk. The Group uses interest rate swaps to mitigate this risk, hedging £40.0 million of the debt (31 March 2016: £nil; 30 September 2016: £40.0 million), reducing the exposure to fluctuations in interest rates. All borrowings are secured by a guarantee between a number of Group companies.

## Notes to the Interim Financial Statements

### 14. Derivative financial instruments

Derivative financial instruments are classified according to the following categories in the table below. The Group's derivative financial instruments are categorised into levels to reflect the degree to which observable inputs are used for determining their fair value. The Group's foreign currency forward contracts are classified as Level 2, while the equity and put options are classified as Level 3.

|                                    | 31 March 2017    |                    | 31 March 2016    |                    | 30 September 2016 |                    |
|------------------------------------|------------------|--------------------|------------------|--------------------|-------------------|--------------------|
|                                    | Unaudited        |                    | Unaudited        |                    | Audited           |                    |
|                                    | Notional<br>£000 | Fair value<br>£000 | Notional<br>£000 | Fair value<br>£000 | Notional<br>£000  | Fair value<br>£000 |
| <i>Current assets</i>              |                  |                    |                  |                    |                   |                    |
| Foreign currency forward contracts | 3,276            | 15                 | 16,413           | 882                | -                 | -                  |
| Equity options                     | 2,548            | -                  | -                | -                  | -                 | -                  |
|                                    | <b>5,824</b>     | <b>15</b>          | <b>16,413</b>    | <b>882</b>         | <b>-</b>          | <b>-</b>           |
| <i>Non-current assets</i>          |                  |                    |                  |                    |                   |                    |
| Foreign currency forward contracts | 3,621            | 8                  | 5,262            | 152                | -                 | -                  |
| Equity options                     | 910              | -                  | 2,675            | -                  | 3,016             | -                  |
|                                    | <b>4,531</b>     | <b>8</b>           | <b>7,937</b>     | <b>152</b>         | <b>3,016</b>      | <b>-</b>           |
| <i>Current liabilities</i>         |                  |                    |                  |                    |                   |                    |
| Foreign currency forward contracts | 15,346           | 1,356              | 4,162            | 231                | 22,177            | 1,284              |
| Equity options                     | 23,067           | 20,519             | 14,275           | 14,275             | 4,620             | 4,620              |
|                                    | <b>38,413</b>    | <b>21,875</b>      | <b>18,437</b>    | <b>14,506</b>      | <b>26,797</b>     | <b>5,904</b>       |
| <i>Non-current liabilities</i>     |                  |                    |                  |                    |                   |                    |
| Foreign currency forward contracts | 12,285           | 802                | 14,057           | 896                | 23,427            | 1,976              |
| Equity options                     | 3,118            | 2,208              | 18,156           | 15,482             | 18,968            | 15,951             |
| Interest rate swaps                | 191              | 191                | -                | -                  | 402               | 402                |
|                                    | <b>15,594</b>    | <b>3,201</b>       | <b>32,213</b>    | <b>16,378</b>      | <b>42,797</b>     | <b>18,329</b>      |

Level 1 fair values are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair values are measured using inputs, other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 3 fair values are measured using inputs for the asset or liability that are not based on observable market data.

For the Group's Level 3 financial instruments the fair values are determined using standard valuation models based on discounted cash flow projections. The fair values of unobservable inputs are sensitive to changes in discount rates and future cash flow projections.

The following table shows the movements in the Group's equity option liabilities during the period:

|   | <b>Total<br/>£000</b> |
|---|-----------------------|
| <b>At 1 October 2016</b>                                      | <b>20,571</b>         |
| Unwind of discount  | <b>1,572</b>          |
| Revaluation   | <b>530</b>            |
| Exchange differences recognised in other comprehensive income | <b>54</b>             |
| <b>At 31 March 2017</b>                                       | <b>22,727</b>         |

## Notes to the Interim Financial Statements

### 14. Derivative financial instruments (continued)

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

The foreign currency forward contracts as at 31 March 2017 cover exchange exposures over the next 36 months. These instruments have been designated in hedging relationships, with any changes in their fair value being recorded in equity.

### 15. Share capital

|  | 31 March 2017<br>Unaudited<br>£000 | 31 March 2016<br>Unaudited<br>£000 | 30 September<br>2016<br>Audited<br>£000 |
|--|------------------------------------|------------------------------------|---|
| <b>Authorised</b>  |                                    |                                    |   |
| 375,000,000 ordinary shares of 1 penny each (31 March 2016: 375,000,000; 30 September 2016: 375,000,000) | 3,750                              | 3,750                              | 3,750                                   |
| <b>Allotted and fully-paid</b>   |                                    |                                    |   |
| 266,044,865 ordinary shares of 1 penny each (31 March 2016: 256,973,631; 30 September 2016: 262,139,673) | 2,660                              | 2,570                              | 2,621                                   |

During the period, the Group issued 2,299,379 shares of 1p each as part of the consideration paid to acquire a 70% shareholding in Gehua. The Company announced a scrip dividend alternative for the year ended 30 September 2016 final dividend, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. As a result of this, 1,605,813 new ordinary shares of 1p each were issued. During the period, no ordinary shares of 1p each (2016: nil) were allotted pursuant to the exercise of share options.

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

### 16. Events after the balance sheet date

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

### 17. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with key management personnel will be disclosed in the Group's Annual Report for the year ended 30 September 2017. Transactions between the Group and its associates, where relevant, are disclosed below.

#### *Trading transactions with associates*

During the period ended 31 March 2017 the Group charged management fees of £0.2 million (2016: £nil) to Sinostar ITE, the Group's joint venture operation in Hong Kong and China.

## Notes to the Interim Financial Statements

### 18. Principal risks and uncertainties

The following principal risks and uncertainties disclosed in the 2016 Annual Report have not changed during the period:

- Political uncertainty and regulatory risk
- Economic instability reduces demand for exhibition space
- Financial risk – foreign currency risk
- Financial risk – liquidity risk
- Financial risk – covenant risk
- Commercial relationships
- Venue availability
- Competitor risk
- Integration and management of acquisitions
- People

Refer to pages 43-46 of the 2016 Annual Report for details of the potential impact and mitigating actions in place for each of these risks.

In addition to the above risks, one additional risk has been identified in the period, as follows:

#### Business Transformation Risk

##### *Potential Impact*

Today the Group begins a significant transformation programme aimed at transforming the nature and focus of the business. As with any transformation programme, the nature, scale, processes, information technology and people will at times be significantly impacted and changed. This brings with it a significant level of execution risk, which may lead to either delay or increased cost of the programme.

##### *Mitigation*

The risk of delay and increased costs of the programme are mitigated by the Transformation Steering Committee and processes implemented by the management team. This is chaired by our Director of Transformation, who has significant relevant experience of change and brings together key individuals from across the business to monitor the programme. Further the Board and Executive Management Team have significant oversight of the programme.

## Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Interim Management Report. The financial position of the Group, its cash flows and liquidity position are described in the financial statements and notes. The Group has the financial resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. The Group operates in territories that can be unpredictable and unexpected geopolitical and economic events such as attempted coups, acts of terrorism, sanctions, currency controls and exchange rate movements can have an impact on the Group's reported trading performance. A significant deterioration in trading from the major markets (notably Russia and Turkey) could impact on certain banking covenants. However, the Directors have a range of mitigating actions available and within their control. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Group continues to adopt the going concern basis in preparing the interim report and financial statements.

## Responsibility statement

We confirm that to the best of our knowledge:

- (a) the condensed set of interim financial statements, which have been prepared in accordance with IAS 34 “Interim Financial Reporting” give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the consolidation as a whole as required by DTR 4.2.4R;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact, and description of principal risks and uncertainties for the remaining six months of the financial year); and
- (c) the interim management report includes a fair review of the information required regarding related party transactions (under DTR 4.2.8R).

By the order of the board

Chief Executive Officer

Mark Shashoua

16 May 2017

## Independent Review Report to ITE Group plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2017 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of financial position, the condensed consolidated cash flow statement and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

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

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

### **Our responsibility**

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

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### **Deloitte LLP**

Chartered Accountants and Statutory Auditor  
London, United Kingdom

16 May 2017

## Directors and professional advisers

|                     |   |
|---------------------|---|
| Directors           | Marco Sodi, non-executive Chairman<br>Mark Shashoua, Chief Executive Officer<br>Andrew Beach, Chief Financial Officer<br>Neil England, non-executive Director<br>Linda Jensen, non-executive Director<br>Stephen Puckett, non-executive Director<br>Sharon Baylay, non-executive Director |
| Company Secretary   | Anneka Kingan   |
| Registered office   | ITE Group plc, 105 Salusbury Road, London, NW6 6RG  |
| Registration number | 1927339   |
| Auditor             | Deloitte LLP, 2 New Street Square, London, EC4A 3BZ   |
| Solicitors          | Olswang, 90 High Holborn, London, WC1V 6XX  |
| Principal Bankers   | Barclays Bank plc, 1 Churchill Place, London, E14 5HP<br>HSBC Bank plc, 60 Queen Victoria Street, London, EC4N 4TR  |
| Company Brokers     | Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT   |
| Registrars          | Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA  |
| Public Relations    | FTI Consulting Limited, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD   |
| Website             | <a href="http://www.ite-exhibitions.com">www.ite-exhibitions.com</a>  |

## Financial calendar

The Group's financial calendar can be found at <http://www.ite-exhibitions.com/Financial-Calendar>.