ITE Group plc Annual Report & Accounts 2010

Creating marketplaces for business

Registration number
1927339

Introduction

ITE is one of the world's leading organisers of international trade exhibitions and conferences and specialises in organising events in growing and developing markets.

Investing in high quality events

ITE held 167 events last year, with 491,000m² sold. We continue to strengthen our existing positions of market leadership by investing in the quality of our events. Here is a snapshot of the year's highlights.

Sfitex

Sector	Security
City, Country	St Petersburg, Russia
Size	2,500m²

MITT

Sector:	Travel & Tourism
City, Country:	Moscow, Russia
Size:	19,500m²

UITT

Sector:	Travel & Tourism
City, Country	Kiev, Ukraine
Size	4,600m²

October **November** **December** **January** **February** **March**

2009 **2010**

KIOGE Exhibition & Conference

Sector	Oil & Gas
City, Country:	Almaty, Kazakhstan
Size	7,900m², 926 delegates

Public Health

Sector	Healthcare
City, Country	Kiev, Ukraine
Size:	3,300m²

Acquisition

Country	India

ITE confirm the purchase of an Indian exhibition organiser based in New Delhi The acquisition includes events in the paper, metals and lighting sectors and the Group is looking to expand these exhibitions and use the business as a platform to launch new events into the Indian market

IMOB

Sector	Interiors
City, Country	Istanbul, Turkey
Size	46,100m²

Aquatherm Moscow

Sector:	Building & Interiors
City, Country	Moscow, Russia
Size	6,100m²

AutoSib

Sector:	Automotive
City, Country:	Novosibirsk, Russia
Size	1,900m²

The expansion of AutoSib despite a challenging economic climate illustrates the growth prospects for ITE's business outside of core events in Moscow and St Petersburg This event, in Russia's third largest city, Novosibirsk, was acquired in 2008 with the Siberian Fair business, and grew by 46% in size in 2010

Acquisition

Region	Eastern and Southern Europe
Sector:	Heating & Ventilation

ITE acquire Fin-mark S r l u, the Italian exhibition organiser of heating and ventilation events, Aqua-therm Kiev, Aqua-therm Azerbaijan and Aqua-therm Kazakhstan The acquisition complements ITE's portfolio of building and interiors events and add to ITE's existing strength in these markets The Kiev event is already established as a market leader

World Food Moscow

Sector	Food & Drink
City, Country·	Moscow, Russia
Size:	21,000m²

Kazcomak

Sector	Heavy Construction
City, Country	Almaty, Kazakhstan
Size.	1,200m²

April **May** **June** **July** **August** **September**

MosBuild

Sector	Building & Interiors
City, Country	Moscow, Russia
Size:	62,700m²

MosBuild is Russia's largest trade exhibition and the largest in ITE's portfolio It covers a broad range of products and services for the dynamic Russian building and interiors sector The 2010 event hosted over 2,000 exhibiting companies and 106,740 trade visitors in two of Moscow's best known exhibition venues

48

countries represented by exhibitors in 2010

Caspian Oil & Gas Exhibition and Conference

Sector·	Oil & Gas
City, Country	Baku, Azerbaijan
Size:	3,100m², 511 delegates

Caspian Oil & Gas became the first exhibition to be held at the brand new Baku Expo Center in June 2010 The event, opened by President Ilham Aliyev, marked the beginning of a new era for trade events in Azerbaijan as the new venue provides world class facilities and the capacity for larger events

280

exhibiting companies in 2010

Moda

Sector:	Fashion & Clothing
City, Country:	Birmingham, England
Size	17,100m²

Moda is the UK's leading trade event for fashion and clothing manufacturers and retailers Held twice a year in February and August, Moda has experienced impressive growth rates The 2010 edition attracted a 20% like-for-like increase in visitors and expanded both yield and net exhibition size

20%

increase in like for like exhibition size

Overview

Highlights

	Year ended 30 September 2010	Year ended 30 September 2009
Volume sales	**491,000m^2**	423,000m^2
Revenue	**£113.5m**	£116 7m
Profit before tax	**£31.3m**	£41 5m
Headline pre-tax profit*	**£36.6m**	£45 8m
Basic earnings per share	**10.0p**	12 8p
Diluted earnings per share	**9.8p**	12 7p
Headline diluted earnings per share**	**11.6p**	14 2p
Dividend per share	**5.7p**	5 5p
Net cash	**£23.0m**	£23 1m
Net assets	**£72.6m**	£56 7m

- → Good financial performance in the Group's lesser biennial year
- → £20m+ invested in development of the business in Ukraine, Turkey and India
- → Strong cash generation from operations £50m
- → Net cash of £23m at year-end to support further expansion
- → Increase in dividend to 5 7p (2009 5 5p)
- → Recovery is now under way in all of the Group's core markets

Revenue (£m)

Net cash (£m)

Headline profit before tax (£m)

Net assets (£m)

Notes

* Headline pre tax profit is defined as profit before tax amortisation of acquired intangibles and impairment of goodwill (including associates) profits or losses arising on disposal of Group undertakings revaluation of financial liabilities in relation to minority put options and direct costs on completed and pending acquisitions and disposals – see note 4 for details

** Headline diluted earnings per share is calculated using profit before amortisation of acquired intangibles and impairment of goodwill (including associates), profits or losses arising on disposal of Group undertakings, revaluation of financial liabilities in relation to minority put options and direct costs on completed and pending acquisitions and disposals – see note 8 for details

At a glance

	ITE Offices	Number of events
Russia	Moscow Novosibirsk St Petersburg	71
Central Asia & Caucasus	Aktau Almaty Astana Atyrau Baku Bishkek Dushanbe Tashkent	65
Eastern & Southern Europe	Antalya Istanbul Kyiv Poznan	23
UK & Western Europe	Hamburg Huddersfield London Utrecht Valencia	4
Rest of World	Algiers Beijing Dubai New Delhi Shanghai	4

Key sectors	Square metres sold (000)	2010 revenue (£m)	Number of staff
Construction Food Motor Oil & gas Travel	**206** 256 (2009)	**66.1** 80.9 (2009)	**367** 381 (2009)
Construction Healthcare Oil & gas Travel	**60** 62 (2009)	**19.6** 19 0 (2009)	**153** 148 (2009)
Construction Motor Travel	**179** 74 (2009)	**15.3** 9.6 (2009)	**117** 98 (2009)
Fashion	**37** 31 (2009)	**8.2** 7 0 (2009)	**155** 163 (2009)
Construction Oil & gas	**9** 0 (2009)	**4.3** 0 2 (2009)	**44** 21 (2009)

ITE's business

ITE is an organiser of exhibitions and conferences in emerging and developing markets

ITE organises high quality events of an international standard throughout the 13 countries in which it operates The business is managed in five main geographic sectors Russia, Central Asia & Caucasus, Eastern & Southern Europe, UK & Western Europe and Rest of World (see Divisional summary on pages 18 to 25 and the Financial highlights section on page 1)

As an exhibition organiser, ITE hires venues at which it stages its events and markets the events to both exhibitors and visitors Exhibitions and conferences provide an opportunity for participants from national and international companies to meet, network and transact business The exhibition media is the best media for suppliers to display and demonstrate their products to potential buyers This is particularly powerful in emerging and developing markets where culturally face-to-face meetings are the norm and where alternative media, B2B publishing and on line marketing opportunities are less developed

ITE's strength derives from its focus on organising B2B exhibitions and conferences, the development of strong brands in key industry sectors and the regional expertise in the markets in which it operates ITE has been operating in these markets for over 15 years and its experience and local knowledge are unique

ITE's principal business of organising B2B trade exhibitions accounts for 95% of the Group's revenues Conferences account for circa 4% of the Group's revenues and other activities relating to the core exhibition business (mostly publishing) account for 1% of revenue

ITE's sector brands are a key asset The brands have been established through a sustained record of presenting high quality events which meet customer expectations ITE events serve key industries including construction & interiors, oil & gas, food & drink, travel & leisure, motor & transport, fashion, medical & healthcare and IT & telecoms

ITE has an extensive office network, covering both the territories where our events are held and international sales offices in other countries ITE is able to operate at national level where local staff are close to local industry trends and at an international level where our sales teams are in regular communication with key industry suppliers in our sectors The Group has 25 offices across the world, each of them employing almost exclusively local staff

The offices of the Group co-operate in a unique way Each office sells its own exhibitions, but participates with equal levels of commitment in the exhibitions organised by other offices This holistic approach has been carefully cultivated through the years and enables ITE's business to follow long established trading patterns

Region	Offices	Staff*	Events	% of 2010 Group revenues
Russia	3	367	71	58%
Central Asia & Caucasus	8	153	65	17%
Southern & Eastern Europe	4	117	23	14%
UK & Western Europe	5	155	4	7%
Rest of world	5	44	4	4%
Total	25	836	167	100%

* As at 30 September 2010

ITE's top 50 events in 2010 (by gross profit) are categorised by market and by sector as follows:

	Construction & interiors	Oil & gas	Travel & tourism	Motor & transport	Food & drink	Fashion & textiles	Technology & telecoms	Pharmaceuticals & healthcare	Other	Total
Moscow	●●	●◆	●	●●	●●		●	●	●●◆	14
St Petersburg	●●								●	3
Novosibirsk	●◆◆								◆◆◆	6
Kazakhstan	●	●●◆	●		●			●	●	8
Azerbaijan	●	●◆					◆			4
Uzbekistan	◆	●								2
Ukraine	●●		●					●		4
Turkey	●		●		●				●	4
UK & Western Europe						●●◆◆				4
Rest of the World									●	1
Total	**13**	**8**	**4**	**2**	**4**	**4**	**2**	**3**	**10**	**50**

● > £0 5 million revenue
◆ < £0 5 million revenue

Revenue by sector

- Construction 39%
- Oil & gas 12%
- Food 10%
- Travel 12%
- Motor 5%
- Fashion 7%
- IT 2%
- Medical 4%
- Other 9%

Revenue by region

- Russia 58%
- Central Asia & Caucasus 17%
- Eastern & Southern Europe 14%
- UK & Western Europe 7%
- Rest of World 4%

Our marketplace Building our market share

The Group has a strong balance sheet and excellent market positions in places with good growth opportunities and is well positioned to expand both organically and through acquisitions.

Tatef, Turkey

Mosbuild, Russia

During the year ITE expanded its recurring business by 36,000m^2 to 442,000m^2.

ITE's brands have built their reputation through sustained delivery of successful exhibitions to our customers. The foundation of this are ITE's local offices and the dedication of its staff.

Moda, United Kingdom

Our marketplace Broadening our sectors

ITE's strategy targets new sectors and regions within its existing market places where there is potential for the participation of international exhibitors.

Oil & gas
12%
Revenue

Travel
12%
Revenue

Construction
39%
Revenue

Food
10%
Revenue

ITE is targeting new emerging markets where there is clear opportunity for strong growth and development of the exhibition business.

New Region, India

New Sector, Aquatherm

Motor
5%
Revenue

Fashion
7%
Revenue

Medical
4%
Revenue

Other
9%
Revenue

IT
2%
Revenue

Overview

Our marketplace Scale and sustainability

The Key Performance Indicators that ITE uses to measure progress against its objectives and the performance this year are set out below:

<table>
<tr><th>Objective</th><th>Progress</th><th>KPI</th></tr>
<tr><td>To increase revenues from existing exhibition portfolio</td><td>Sterling revenues from existing ('like for like') products have fallen by 6% in the year under review This reflects the severity of the recession in our markets, which continued to have an effect on our business through the first three quarters of the year</td><td>Revenue from recurring business (£m)</td></tr>
<tr><td>To increase the annually recurring volume base of our exhibition business</td><td>The annually recurring volume base of the exhibition business increased by 9% in 2010 from 406,000m² to 442,000m² The net increase in volume sales is comprised of a 52,000m² fall in portfolio sales, offset by an incremental 88,000m² from new additions to the portfolio in the year The bulk (73,000m²) of this new volume is from low yielding events in Turkey Cumulatively over the last two financial years ITE's volumes have fallen by 165,000m², representing a 29% 'like-for-like reduction', mitigated by the addition of 156,000m² from acquisitions</td><td>Volume from recurring business (£m)</td></tr>
<tr><td>To make incremental bolt on acquisitions in support of our objectives</td><td>The Group acquired a small exhibition business in India in November 2009 which gives ITE access to a market with substantial growth potential

In April the Moscow business acquired two exhibitions to supplement its existing portfolio 'Citybuild' and 'Meat and Dairy' will make their initial contribution in the next financial year

In April ITE completed the acquisition of three 'Aquatherm' events in Ukraine, Kazakhstan and Azerbaijan These events supplement our Moscow joint venture of the same brand, and give ITE a strong position from which the Group can build more events in this sector</td><td>Strategy execution 2008–2010
<table>
<tr><th>Date</th><th>Event</th><th></th></tr>
<tr><td>March 2008</td><td>Siberian Fair</td><td>▲</td></tr>
<tr><td>April 2008</td><td>Interstroyexpo</td><td>○</td></tr>
<tr><td>January 2009</td><td>EMITT</td><td>●</td></tr>
<tr><td>November 2009</td><td>India</td><td>▲</td></tr>
<tr><td>February 2010</td><td>Split Associate</td><td>●</td></tr>
<tr><td>April 2010</td><td>Global Expo</td><td>●</td></tr>
<tr><td>April 2010</td><td>Aqua-therm</td><td>●</td></tr>
</table>
● Sector expansion in market
▲ New market
○ Existing market and sector</td></tr>
<tr><td>Secure forward venue rights for significant exhibitions</td><td>Of ITE's top ten exhibitions and conferences eight have secured rights for three years, one for two years and one for one year The Group's management are engaged in an ongoing process of agreeing venue terms to ensure this objective is met These ten exhibitions represent 55% of revenues</td><td></td></tr>
</table>

Leveraging our business model into new markets and geographies

Developing market-leading brands

Sustainable Growth

Investing in an international sales network and local presence

Maintaining long-term venue relationships

Sustainable Market Leadership

Strong financial management

Chairman's statement

A good financial performance

Group performance
The Group has delivered a good financial performance in its lesser biennial year that also reflected the effects of the recession although latterly included the beginnings of a recovery The Group's revenues for the year were £113 5 million (2009 £116 7 million) and headline pre tax profits were £36 6 million (2009 £45 8 million) Reported pre-tax profits were £31 3 million (2009 £41 5 million) and fully diluted earnings per share were 9 8p (2009 12 7p)

The balance sheet is strong and the Group finished the year with net cash balances of £23 0 million (2009 £23 1 million) after making investments in new businesses of over £20 million over the last 12 months

Development of ITE's business
The Group has continued to work on expanding the geographic profile of its business In November 2009, ITE made initial steps to establish an exhibition business in India through the purchase of a small exhibition organiser We now have a local office infrastructure in India through our operational centre in Delhi We have also expanded our presence in Turkey by acquiring a significant portfolio of events from our former 50% owned associate business In April, the Group acquired three 'Aquatherm' events in Ukraine, Kazakhstan and Azerbaijan which supplement the existing Moscow event of the same brand These investments are all in line with the Board's strategy of developing international brand strength and expanding its emerging market presence

Board and management
There have been no changes to the Board this year The Group have decided to adopt early the new provisions on annual re-election of Directors as recommended by the recently issued 2010 UK Corporate Governance Code, as such, all Directors will offer themselves for re election at the Company's 2011 Annual General Meeting

The Board and executive management have worked to build a stronger management team and to facilitate the development of talent within our business This investment is necessary to enable the Group to fulfil its strategy for business expansion ITE is full of committed individuals, many of whom have demonstrated their loyalty and expertise over a number of years and I would like to thank the 822 staff of ITE throughout the world who have worked so hard for the Group in a year where the economic environment has been challenging

Dividend
The Board has maintained its progressive dividend policy through the recession and is recommending a final dividend of 4 0p per share, which together with the interim dividend of 1 7p per share makes a full year dividend of 5 7p per share (2009 5 5p) The Board aims to maintain dividend cover of two times over the biennial cycle, and this dividend therefore reflects both the Group's strong cash position and the Board's confidence in the Group's future

Ian Paterson
Non-executive Chairman

Dividend per share

5.7p

Revenue

£113.5m

Outlook
The Group's markets have all been impacted by the recession over the last two years Moscow, which is our most significant market, has seen improving trading conditions and next year's results should reflect the financial effect of this strengthening recovery Our other CIS markets are lagging Moscow's recovery, but are now showing signs of recovery In our other markets, Turkey, India and the UK, trading conditions are either stable or improving This positive outlook must be tempered by the risk that the global economy remains uncertain and could cause this recovery to stall

At 26 November forward bookings for 2011 were £74 million which, on a 'like for-like basis', represents growth of more than 10% over last year's bookings at the same time and is in line with the Board's expectations

The Group has a strong balance sheet and excellent market positions in places with good growth opportunities and is well positioned to expand both organically and through acquisitions The Board remains confident of the future prospects for the Group's business

Ian Paterson
Non executive Chairman
29 November 2010

The Board remains confident of the future prospects of the Group's business.

Operating performance and Divisional summary

Chief Executive's statement

Further strategic progress

The Group has delivered a robust financial performance in a year that saw sentiment in our markets move from recession to recovery Most of the events that took place reflect the effects of the recession, with only those taking place in the final quarter of the year reporting significant improvement over last year's equivalent events The effects of last year's recession are evidenced by the expected 11% reduction in 'like for-like' volume sales Average exchange rates of the Euro, our principal invoicing currency, were 5% stronger against Sterling over the year and this helped to mitigate the effect of the sales shortfall on reported revenues

Actual revenues for the year were £113 5 million (2009 £116 7 million), which in 'like for like' terms is a reduction of circa 6% The biennial pattern of the Moscow International Oil & Gas event (which did not take place this year) together with the impact of the recession accounted for a £10 million reduction from last year's revenues Revenues from newly acquired businesses in the year were circa £8 0 million Approximately half of this came from new shows in Turkey (previously owned by our former associate company) and comprise relatively low priced large events The addition of our new Indian exhibition business and a portfolio of 'Aquatherm' events in Ukraine and Central Asia account for the balance of new acquisition revenue

The Group's gross margin has fallen to 49% from last year's high of 52% This partially reflects ITE's biennial pattern, but is also a consequence of the new low-yielding Turkish events in the portfolio which contributed £3 8 million of revenue, but at markedly lower yields than the Group's average yield Administrative expenses (before amortisation) have risen by 11% to £19 9 million, but the majority of this increase relates to transaction costs and overhead increase associated with new acquisitions Excluding these acquisition-related costs, administrative expenses before amortisation have increased by circa 6%

Operating profits before amortisation and transaction costs were £36 6 million, which represents a net operating margin of 32%

Trading summary 2010

As last year, the principal factor affecting the performance of individual events was where and when they took place in the year The Russian economy began to show positive signs in Moscow shortly after the beginning of the calendar year and has gathered momentum since then In Central Asia the signs of recovery lag Moscow by six months and Ukraine, which suffered the worst of the recessions, has yet to start a recovery In Turkey, Azerbaijan and Uzbekistan the effects of the global recession were moderate compared to the impact on Russia, Central Asia and Ukraine

Events taking place in the first quarter of this financial year reflected the full impact of the recession and were set against comparative performances from October to December 2008 which enjoyed 'top of the market' conditions for our business Events taking place from January to April enjoyed a mix of influences as their booking periods included periods of recession and also the beginnings of a recovery, and for events taking place after May the pattern was increasingly one of the recovering economy By September 2010 the events had almost all of their bookings cycle made in an improving economic background

Russell Taylor
Chief Executive Officer

We have continued to invest by acquiring complementary businesses and further strengthening our market leading events and brands

Events held

167

Space sold in the year

491,000m²

Brands

Sectors have also responded differently to the recession Construction, represented by the Build brand remains our largest sector accounting for 39% of the Group's revenue and has over the last two years been the most severely affected of ITE's sectors Since 2008 the sector has fallen in size by 26% Mosbuild, the dominant Moscow construction exhibition, took place in April but was a net 16% smaller than the equivalent event in 2009, which itself had been 14% down on the 2008 peak result Likewise Interstroyexpo, the international construction event in St Petersburg, is now running at about half of its 2008 size, and Balticbuild (St Petersburg) and Kazbuild (Kazakhstan) are reduced to circa 30% of their former peak sizes Oil & Gas, represented by the 'IOGE' brand is ITE's second biggest sector accounting for circa 12% of revenue and replicated at seven events across our territories These events are beginning to recover with the recovering oil price The portfolio was 24% smaller in 2010 than its equivalent peak in 2008 ITE's travel exhibition brand accounts for circa 12% of Group revenue and is dominated by the Moscow, Turkish and Ukrainian events, all taking place in the spring season A substantial proportion of their customer base comes from government and regional authorities The 2010 events performed exceptionally well and collectively were only 13% lower than the 2008 peak events However, looking forward there is now more pressure on many government budgets, particularly in the Southern Mediterranean and Western European holiday destinations and the trading environment for this sector next year is more challenging 'World Food' is ITE's major food brand and accounts for 10% of Group revenues Despite a positive result from World Food Moscow in September 2010, the 'World Food' portfolio is still more than 20% smaller than the comparative 2008 portfolio

The revenues and profits of the Group's business for this financial year are comparable to the results from the last pre recession year, 2008 However in the interceding two years the Group has absorbed a 29% 'like for like' fall in sales volumes from its core portfolio, and replaced the profits and revenues through a combination of new business acquisitions, favourable currency movements and cost reductions Accordingly as the Group enters 2011, the underlying base of the exhibition business is stronger than in 2008 and there is scope for a cyclical recovery towards previous activity levels, if economic circumstances continue to improve in the next few years

ITE's strategy

ITE's primary business objectives are to

- create sustainable growth in headline earnings per share, and
- create and maintain sustainable positions of market leadership in the exhibition business in emerging markets

ITE's strategic priorities for achieving these objectives are

(i) to continue to strengthen and build on its existing market leadership
(ii) to expand its business model into other sectors and/or geographies where there is the potential to create strong market positions
(iii) to grow and improve its portfolio of international exhibition brands
(iv) to invest in the development of management talent in ITE

ITE's performance against its strategic objectives is set out below

(i) To continue to strengthen and build on its existing market leadership

ITE's existing positions of market leadership are based upon the strength of its international sales network, its market leading brands, established local offices and longstanding relationships with venues

International sales reach

ITE's International sales reach differentiates it from its local competition in Russian and CIS markets Through its subsidiary sales offices the Group has built a specialist skill base in promoting sales into ITE's Russian and CIS exhibitions In 2010 'international sales' accounted for 35% of total metres sold in the year, through its London office 20%, its German office 5%, its Chinese office 3% and its Turkish office 3% International sales, having performed well in 2009, reflected the recessionary slowdown this year

ITE's market leading brands

ITE has established strong brand identity in certain sectors of exhibitions In particular the Build brand in construction, the Oil & Gas events brand, the ITE Travel exhibition and World Food brands all have strong reputations and identities with customers, earned through more than 15 years of sustained good performance The Group is working to establish more recognised brands ITE now runs Aquatherm events, under licence, in four of its markets and its security portfolio is being expanded and will be represented in three markets next year

Operating performance and Divisional summary

Chief Executive's statement *continued*

ITE's sales expertise, brand strength and local office presence give it a unique position in the Russian and CIS markets

The actions taken during the last 18 months have strengthened the Group and positioned it to benefit from growth

Building local presence
ITE's brands have built their reputation through sustained delivery of successful exhibitions to customers The foundation of this are ITE's local offices, which like its exhibitions and brands, have been in place for over 15 years and today employ over 650 people (outside of the UK) who manage local market sales and the details of staging an exhibition Critically they own and manage the databases of visitors necessary for making an exhibition successful for our customers ITE's local office skills in Russia and CIS are a differentiating factor from other international organisers and a barrier to entry for new organisers wishing to run events in these markets

Maintaining venue relationships
ITE has established special relationships with the venues that host its exhibitions Historically ITE has supported the development of venue facilities which in turn has helped the Group's exhibitions to grow Through this ITE has established the rights to run its main exhibition themes in its chosen venues at the time of its choice ITE has continued to work on maintaining its strong relationships over the year and has successfully extended its forward venue bookings for key events In Turkey the Group has secured the position of its new events with a three year prepayment arrangement

(ii) To expand the business model into other sectors and geographies where there is the potential to create strong market positions
In existing markets the strategy targets new sectors and regions where businesses can be acquired or developed and where there is potential for the participation of international exhibitors In new markets ITE is targeting the development of exhibition businesses where there is clear opportunity for strong future growth

In November 2009 ITE acquired a small business in Delhi, India, running exhibitions that serve the paper industry and the mining, metals and metallurgy industries India does not yet have a mature exhibition industry and definitive international exhibitions have not yet been established ITE has entered the India market with an aim to establish its brands and give it the best chance of winning a leading market position as the exhibition industry develops In February 2010 ITE acquired 100% ownership of exhibitions in Turkey which serve the food, engineering, furniture and promotional gift industries These are all new sectors for ITE in Turkey There is a real opportunity to bring the Food show into the 'World Food' brand and to leverage relationships with international exhibitors

(iii) To grow and improve its portfolio of international brands
The Group has always had a presence in the heating and ventilation markets through its own 'Heat-Vent' brand Acquiring three shows with the rights to use the Aquatherm brand in three more of its territories in addition to the Moscow event gives ITE the support of a strong well-recognised international brand in this sector The existing construction events taking place in Kazakhstan and Azerbaijan have already benefited from this association The Group's management has been actively developing initiatives to improve the strength of its existing brands

(iv) To invest in the development of management talent in ITE
ITE has benefited over the years from the commitment, loyalty and expertise of its employees The exhibition industry is not an established profession and so training and development is mostly 'on the job' and the responsibility of local offices As ITE grows it is important to maintain its culture and the Group has now started a process of identifying, training and developing selected individuals to ensure continuity of quality management is generated internally in the future

Operating performance

To run successful international exhibitions, an organiser must have both local presence and international sales strength.

ITE's established position in its main sectors in its core markets, its brands and its venue relationships make it hard for new entrants to successfully compete with ITE's events in these markets Two of these assets – the brands and the international sales skills are portable and will help ITE to establish itself in new emerging and growth markets

In 2010 the Group ran 167 events (2009 179) There were a number of cancellations in the year reflecting tough economic circumstances, with acquisitions and new launches compensating for some of these events in the overall total

A detailed analysis of revenues and gross profits from the exhibition and conference activity is set out below

The average yield on our portfolio of annually recurring events is now £247 (2009 £268) The change in yield is attributable to product mix in the portfolio with newly acquired events having an average yield of £93 per square metre – principally attributable to the new Turkish events

		Square metres sold (000)	Revenue £m	Gross profit £m	Average yield per m²
2009	All events	423	116	60	
	Non annual	(17)	(7)	(5)	
2009	Annually recurring	406	109	55	£268
	Acquisitions	88	8	3	
	Net reduction	(52)	(8)	(4)	
2010	**Annually recurring**	**442**	**109**	**54**	**£247**
	Non-annual	**49**	**3**	**1**	
2010	**All events**	**491**	**112**	**55**	

Operating performance and Divisional summary

Divisional summary Russia

In Russia ITE operates through three offices, Moscow, St Petersburg and Novosibirsk During the year the Group ran 71 events in Russia, with total volume sales of 205,300m² (2009 257,000m²) Actual revenues of £66 1 million were 18% less than last year though 2010 does not include the biennial Moscow International Oil & Gas event On a like for-like basis volume sales were down 14% and revenues 7%

The Russian economy has returned to growth and is expected to expand by around 4%* in 2010, with a similar level of growth expected in 2011* In general macro economic indicators look more favourable for Russia than a year ago, with the price of oil, Russia's key export, holding consistently above $70 a barrel, a stronger Ruble and inflation and interest rates at relatively low levels Although the Russian government is now running an annual budget deficit for the first time in a number of years, this is at relatively low and sustainable level of circa 3% pa, with plans for this to be eliminated over the next five years

Across all of our Russian offices the story of 2010 has been one of improving performance quarter by quarter as the effects of a return to growth have started to feed into the Group's sales The return to growth has also been marked by a difference in the speed of return of local and international exhibitors and by time lags in the recovery between Moscow and the Group's various regional offices In broad terms, local exhibitors have returned to the market quicker than international exhibitors, which reverses the Group's experience in 2009 when local exhibitors were the first to react to the recession and reduce expenditure

Moscow is Russia's principal international exhibition centre and experienced an increase in local demand from early 2010 (the Group's second quarter), with international exhibitors returning in the fourth quarter events In general terms, St Petersburg and Novosibirsk have lagged Moscow by around six months, having seen a return of local exhibitors from the end of the third quarter

In Moscow, where six of the Group's top ten events are held, the autumn events, which were largely untroubled in 2008, all recorded sizeable declines this year as the full impact of the recession was reflected in their results Second quarter events performed reasonably well with strong growth at the Moscow Aquatherm exhibition (a joint-venture with Reed exhibitions), where the Group is responsible for making local sales and for staging the event The Moscow International Travel and Tourism event was held in March and despite the economic

Revenue by sector

● Construction	50%
● Oil & gas	3%
● Food	12%
● Travel	13%
● Motor	8%
● IT	3%
● Medical	3%
● Other	8%

MITT, Russia

difficulties of a number of its exhibitors from Southern Europe achieved sales of 19,500m², a decline of only 3% This was a resilient performance for an internationally dominated event and owes much to the strong rebound in Russian outbound tourism, which grew by over 40% in the first quarter of 2010 The third quarter holds the largest event in the Group's portfolio including the Moscow construction event Mosbuild, which is held in the first week of April This year's event sold 62,700m², a reduction of 16% on last year, reflecting the high level of international participation and a moribund Moscow construction market The other leading events in Moscow to take place during April have a larger local exhibitor base and fared much better TransRussia, the transport and logistics exhibition sold 7,500m², an increase of 3% on the last year (2009 7,300m²) and the Moscow International Protection and Security exhibition sold 6,600m², an increase of 3% on last year (2009 6,400m²) ExpoElectronica, the electrical components exhibition, sold 5,100m², a decrease of 7% on last year (2009 5,500m²) The final quarter of the Group's financial year, saw a strong return to growth Exhibitions held in this period last year fully reflected the effects of the recession, and this year they benefited from a strong return of local exhibitors along with the beginnings of the return of international exhibitors Worldfood Moscow, the leading International food and drink exhibition, was a significant beneficiary selling 21,000m², which was 29% more than last year (2009 16,300m²), and demonstrated the value of not only a leading international position, but also the Group's ability to maintain the strength of its products through the downturn

Trading in St Petersburg, where the trading pattern lagged Moscow by around six months, was difficult this year The dominance of construction in the St Petersburg portfolio added to the difficulty with the leading construction event, Interstroyexpo, selling 6,400m² a decline of 37% on last year (2009 10,100m²) There were signs of a small improvement in the fourth quarter and latterly indications of improved bookings for 2011

Sibfair, the Group's Novosibirsk operation held 37 exhibitions during the year and delivered volume sales of 36,000m² (2009 40,500m²) This performance reflected the more general spread of events across sectors and a lesser reliance on international exhibitors

The Group continues to enjoy good relationships with all of its principal venues in Russia In Moscow there is currently more than sufficient international quality exhibition space for the current level of business activity St Petersburg's business will benefit from the expected new and larger exhibition and conference facility due to be built by 2013 Novosibirsk's business is currently constrained by the quality and size of the existing facility, which is a converted warehouse There is however a relatively advanced plan for a new quality exhibition venue, and construction has begun The planned facility is expected to be completed by the end of 2012 ITE is currently involved in a dialogue with the potential new venue owners to transfer its portfolio and agree terms for the future

* IMF world statistics book – Oct 2010

World Food Moscow, Russia

GDP per head*

$15,800

* Source IMF world economic outlook database

2010 revenue (£m)

66.1

80 9 (2009)

Square metres sold (000s)

206

256 (2009)

Number of staff

367

381 (2009)

Population of region* (million)

140

* Source IMF world economic outlook database

Operating performance and Divisional summary

Divisional summary Central Asia & Caucasus

ITE's principal offices in Central Asia are in Kazakhstan, Azerbaijan and Uzbekistan This year ITE organised a total of 59 events across these territories delivering total volume sales of 60,200m², which was 1% less than last year Revenues of £19 6m represented an increase of 3% over last year

All of the economies within this region are dependent on oil for their overseas earnings and economic well-being and the return to a more stable oil price above $70 a barrel for the majority of 2010 has helped to stabilise the economies In Azerbaijan and Uzbekistan, which had little exposure to the international banking crisis in 2009, the economies continued to grow well during 2010

Kazakhstan

Kazakhstan, which has been exposed to the economic recession since its own property crash of mid 2008, only began to slowly emerge into growth during the early part of 2010 The late cycle nature of the exhibition industry means that this growth is only now beginning to filter through to increased space sales The relatively flat nature of economic activity during the year meant that 2010 was stable overall in volume sales terms in comparison to 2009, with volume sales of 36,000m² being only 2% less than last year and revenues at the same level The region did, however, show a similar pattern of improvement in performance during the year, with exhibitions taking place in the second half of the year performing more strongly in comparison to the prior year

The region has two principal sectors of operation, Oil and Gas and Construction The region's largest Oil and Gas event, the Kazakhstan International Oil & Gas Exhibition which took place in the first quarter of the year achieved sales of 7,900m², 23% less than in the prior year, reflecting difficult trading conditions The construction sector has begun to

Revenue by sector

Construction	19%
Oil & gas	46%
Food	7%
Travel	6%
Motor	1%
IT	3%
Medical	9%
Other	9%

New exhibition centre, Baku, Azerbaijan

show signs of recovery, with the leading construction event Kazbuild, which takes place in September, showing good growth albeit at a much lower level of activity than in its peak years of 2007 and 2008

ITE continues to work closely with Atakent, the principal venue in Almaty, to develop existing venue facilities At present Atakent offers the Group sufficient space in which to operate its events

Azerbaijan
Azerbaijan was relatively unaffected by the economic recession in 2009 and this year the region achieved volume sales of 14,600m², a similar level to last year The highlight of the year was the opening of a new 28,000m² venue located close to Baku international airport ITE has agreed terms to run its exhibition portfolio there and is established as the anchor tenant With state of the art facilities this new venue offers the Group an opportunity to grow previously space-constrained events, notably the Caspian Oil & Gas Exhibition and the construction event, Bakubuild, as well as launching new events

Uzbekistan
ITE's Uzbekistan business showed strong growth in 2010, led by the Oil and Gas event which delivered a strong performance and is now producing revenues in excess of £1 million a year Overall the region sold 10,200m² in the year an improvement on last year of 3% on an actual basis and 22% on a like-for-like basis

GDP per head*
$6,000
* Source IMF world economic outlook database

2010 revenue (£m)
19.6
19 0 (2009)

Square metres sold (000s)
60
62 (2009)

Number of staff
153
148 (2009)

Population of region* (million)
66
* Source IMF world economic outlook database

ITE's KIOGE team

Divisional summary Eastern & Southern Europe

The Eastern and Southern European region is represented by the Group's offices in Turkey and Ukraine Overall the region sold 178,600m² in 2010 (2009 73,700m²) which on a like for-like basis (excluding acquisitions and biennial events) was a decline of 21% in volumes, with a corresponding decrease in revenues These two offices performed very differently in 2010 Ukraine, continued to feel the effects of political and economic instability well into the year, with little appetite from both local and international customers to increase their participation in exhibitions this year Turkey, which was relatively unaffected by the economic recession in 2009, performed strongly, grew its overall sales on a 'like for-like' for basis and added six new exhibitions from the successful 'split' of the Group's former associate ITF

Ukraine

In 2009 the Ukrainian economy suffered a 15% reduction in GDP, with only a modest recovery in 2010 and consequently this market was the most severely affected of all ITE's territories during the last financial year The majority of the Group's Ukrainian business takes place in the first half of the year and this period experienced the full effects of the economic downturn, volumes sales fell by nearly 50% in comparison to the relatively strong trading in the same period in the prior year

However, Ukraine remains an attractive market for ITE The country has a population of over 45 million, its GDP is forecast to grow by 4% to 5% in the near future and it has significant natural resources, notably iron ore and coal A restructured financial base following a support package agreement with the IMF, should provide the foundation for good recovery in the general trading environment and this is expected to positively impact the trade exhibition market during 2011 and beyond This potential led the Group to acquire the market leading Kyiv Aquatherm event (serving the Heating, Ventilation and Air-Conditioning industries) in April 2010 The first event under the Group's ownership was held in May 2010, achieving 14,200m² and becoming one of the Group's top ten events by contribution

Turkey

The Turkish economy is growing strongly and this is reflected in an expanding exhibition market and in the expansion of both the main venues in Istanbul, who between them are building new additional exhibition space of 50,000m² When complete, the city will have nearly 200,000m² of international quality venue space

Revenue by sector

● Construction	48%
● Oil & gas	2%
● Food	12%
● Travel	24%
● IT	2%
● Medical	4%
● Other	8%

Public Health, Ukraine

In December 2009, the Group successfully acquired half the exhibition business of ITF, the Group's former associate company, giving ITE control of six exhibitions in a variety of sectors, including engineering, furniture and food Full ownership presents ITE with the opportunity to influence better and improve development of these events, particularly their international participation The newly acquired events together with the biennial construction machinery event, Ankomak realised volume sales this year of 118,100m²
On a like-for-like basis the growth in the underlying Turkish portfolio was 1%

GDP per head*

$10,800

* Source IMF world economic outlook database

2010 revenue (£m)

15.3

9 6 (2009)

Square metres sold (000s)

179

74 (2009)

Number of staff

117

98 (2009)

Population of region* (million)

117

* Source IMF world economic outlook database

Promoturk, Turkey

Operating performance and Divisional summary

Divisional summary UK & Western Europe

Despite the UK's sluggish economic performance over the past year, the Group's UK Fashion business has performed strongly The business contains MODA the leading mid market fashion event for Womenswear, Menswear and Footwear and Bubble a niche high-end Childrenswear event which runs twice a year in London Overall these events grew revenues and space by 19%, helped by the successful launch of MODA Lingerie alongside the existing events in February and August This new sector, which was well received by exhibitors and visitors alike, added over 4,000m² during the year and reinforces the market leading position of ITE's fashion brand among mid-market independent fashion retailers

GDP per head*

$34,700

* Source IMF world economic outlook database

2010 revenue (£m)

8.2

7 0 (2009)

Square metres sold (000s)

37

31 (2009)

Number of staff

155

163 (2009)

Revenue by sector

● Fashion	84%
● Other	16%

Bubble, United Kingdom

Rest of World

In India our newly acquired subsidiary made an excellent start with a successful edition of its leading event Paperex (December 2009 7,300m²), a biennial event which serves the domestic paper mill industry, and Lighting South Asia in September 2010 The Group's Indian presence is still small, but India offers an opportunity for significant organic growth as its exhibition industry is currently sub-size for its economy The Indian economy is projected to show strong growth in the coming years Presently growth of the exhibition industry is constrained by the lack of suitable large international venue facilities ITE is focused on the development of its portfolio of events to mirror its existing sector strength in readiness for potential venue expansion New launches are planned in the Construction, Food and Oil and Gas sectors

Elsewhere, ITE successfully managed the 16th Liquefied Natural Gas Congress in Oran, Algeria, despite the significant obstacles posed by the Icelandic volcanic ash cloud which prevented a number of speakers and delegates attending The event builds on our strength of running events for third parties in the Oil and Gas sector and the Group is actively pursuing similar opportunities

Revenue by sector

● Construction	11%
● Oil & gas	67%
● Other	22%

LNG16, Algeria

Operating performance and Divisional summary

Finance Director's statement

Strong operational cash flow

Revenue and gross profit
Revenue for the year was £113 5 million (2009 £116 7 million) and gross profits for the year were £55 3 million (2009 £60 3 million)

Administrative expenses across the Group increased to £25 8 million from £18 3 million in the previous year Administrative expenses include significant non cash items, including an amortisation charge of £5 8 million (2009 £4 3 million) reflecting the impact of the acquisitions made during the year together and a full year's charge for acquisitions made during 2009, a charge for share-based payments of £1 4 million (2009 £1 1 million) and foreign exchange losses of £0 1 million (2009 gain of £3 9 million) arising on the translation of foreign currency denominated assets held by overseas Group companies Excluding these non cash items administrative expenses increased by £2 0 million to £19 9 million (2009 £17 9 million), with £0 4 million being attributable to acquisitions made during the year and £0 9 million to transaction costs relating to completed and pending acquisitions The charging of transaction costs on acquisitions to the profit and loss account results from a change in accounting rules with effect from the beginning of this financial year Overall, Group administrative expenses excluding non cash items represented 16% of revenue (2009 15%)

Operating profit was £29 9 million against a prior year profit of £42 9 million, resulting in net operating margins of 26% (2009 37%) for the year This result is distorted by significant differences in amortisation, foreign exchange gains and losses and transaction costs on acquisitions After adjusting for these items, operating profit for this year is £36 8 million (2009 £43 3 million), yielding an operating margins of 32%

Headline pre tax profit this year was £36 6 million (2009 £45 8 million)

Other operating income
Other operating income, £0 3 million (2009 £0 3 million), represents rental income earned from subletting surplus office space, principally at ITE's London offices

Investment revenue
Investment income, £1 1 million (2009 £0 6 million), came from three primary sources during year Income derived from interest on bank deposits, gains on derivative financial instruments and gains on the revaluation of put options Interest on bank deposits decreased during the year to £0 3 million (2009 £0 6 million) as the Group held lower average cash balances throughout the year of £20 7 million (2009 £23 1 million) and the Group was exposed to a full year of worldwide interest rates at historically low levels Gains on derivative financial instruments of £0 2 million (2009 £nil) are derived from forward contracts the Group uses to hedge a portion of its UK based international sales and gains on put options of £0 5 million (2009 £nil) represent the difference between the original anticipated cost of put options and the actual realised cost upon exercise

Finance costs
Finance costs of £0 6 million (2009 £2 1 million) represent the interest cost of the Group's borrowings in Euro and US Dollar, bank charges and the loss on settlement of the Group's derivative financial instruments not in hedging relationships of nil (2009 £1 7 million) The Group enters into currency borrowing arrangements as part of its currency hedging activity and at 30 September 2010 the Group had currency borrowings of €10 0 million, and US$2 5 million, equivalent to a total of £10 2 million (2009 £9 5 million)

Neil Jones
Finance Director

Headline diluted earnings per share

11.6p

Operational cash flow

£49.7m

Return to shareholders (£m)

- Profit after tax
- Dividend
- Share buyback

Tax charge
The tax charge of £7 3 million represents 23% of profit before tax (2009 26%) The reduction in the tax rate results from the full year effect of the lowering of underlying corporation tax rates within our main operating economies, a reduction in the tax charged on repatriation of overseas profits and the release of provisions as a result of agreeing prior year tax positions in the UK The lower levels of underlying corporation tax, if sustained, will continue to benefit the Group's tax rate in the future

Earnings per share
Basic earnings per share were 10 0p (2009 12 8p) Diluted earnings per share decreased to 9 8p (2009 12 7p)

The Group achieved headline diluted earnings per share of 11 6p (2009 14 2p) Headline diluted earnings per share are based upon profit for the financial year attributable to equity holders of the parent, before amortisation of acquired intangible assets, any profits or losses on disposal of Group undertakings, revaluation of financial liabilities in relation to minority put options and transaction costs relating to completed and pending acquisitions and disposals

Dividends
The Group has recommended a final dividend of 4 0p per share for 2010, to bring the total dividend for the year to 5 7p per share (2009 5 5p)

Return to shareholders
ITE is committed to maximising shareholder return and is a leading performer in its sector over recent years ITE is committed to a long term progressive dividend policy, set against a principle of maintaining approximately two times cover across the biennial cycle Since 2006 the Company has increased the dividend from 3 5p per share to a record level of 5 7p per share in 2010 Set out above is a graph showing total cash returned to shareholders (including the share buybacks in the years ended 30 September 2007, 2008 and 2009) against the post tax profits earned by ITE over the last five years

Cash flow
Cash generated from operations in the year was £49 7 million (2009 £37 4 million) The principal applications of cash were £20 5 million applied to acquisitions (2009 £8 4 million), £9 2million applied to new venue loans and advances (2009 £5 4 million), £7 4 million was paid in tax (2009 £11 9 million), and £13 3 million was distributed as dividends (2009 £12 6 million) The net decrease in cash balances over the year was £0 1 million, with the Group holding £23 0 million in net cash at 30 September 2010 (2009 £23 1 million)

Acquisitions
On 27 November 2009, ITE acquired 70% of the issued share capital of Airgate Holdings Limited (Airgate) for an initial cash consideration of €2 2 million (£2 0 million) and deferred consideration of £0 4 million, which was settled during the year The Group purchased the remaining 30% of Airgate on 23 July 2010 for a consideration of €1 3 million (£1 1 million) Airgate owns the Group's Indian exhibition portfolio

On 31 December 2009, the Group acquired six exhibitions in Turkey which were formally part of its 50% Turkish associate ITF As a result of the transaction the Group acquired assets with a value of £2 6 million, the consideration for which was the 50% shareholding the Group held in ITF

On 1 April 2010, the Group completed the purchase of the remaining 25% of Primexpo NW, the organiser of Interstroyexpo (the leading St Petersburg construction event), for €3 4 million in cash

On 9 April 2010, the Group acquired the exhibition assets of Global Expo for an initial consideration of £1 1 million

Progressive dividend policy maintained through the global downturn

Finance Director's statement *continued*

in cash, and contingent consideration of up to £1 million This Moscow based business operates two exhibitions, one serving the meat and dairy industry and the other servicing infrastructure suppliers to the construction industry

On 29 April 2010, the Group acquired 100% of the issued share capital of Fin mark S r l u, an Italian company based in Bologna, for a net consideration of €14 3 million (£12 5 million) in cash Fin-mark S r l u owns the rights to run the Aquatherm exhibitions in Ukraine, Kazakhstan and Azerbaijan

During the year the Group paid £0 7 million in contingent consideration in relation to acquisitions made in prior years As at 30 September 2010 the Group has a deferred and contingent consideration liability of £1 7 million, the majority of which it expects to pay during 2011

Effective tax rate reduced to 23%

Balance Sheet
The Group's consolidated balance sheet at 30 September 2010 is summarised in the table below

	Assets £m	Liabilities £m	Net assets £m
Goodwill and intangibles	79 4	0 0	79 4
Property, plant and equipment	1 7	0 0	1 7
Venue advances	10 5	0 0	10 5
Cash	33 2	(10 2)	23 0
Current assets and liabilities excluding cash	35 7	(71 0)	(35 3)
Provisions – non current	0 0	(0 8)	(0 8)
Deferred tax	1 7	(6 1)	(4 4)
Other non-current assets and liabilities	0 2	(1 7)	(1 5)
Total as at 30 September 2010	**162.4**	**(89.8)**	**72.6**
Total as at 30 September 2009	135 0	(78 3)	56 7

Net assets increased by £15 9 million to £72 6 million The main changes are in goodwill and intangibles (an increase of £18 8 million), venue advances (an increase of £5 6 million) and trade receivables (an increase of £4 9 million) offset by deferred income (an increase of £10 6 million) and an increase in trade and other payables (£1 8 million)

Investment and capital expenditure
The Group's capital expenditure on plant and equipment for the year was £1 1 million (2009 £0 4 million) and included exhibition equipment, office fixtures and fittings and computer equipment & associated software

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

Expocentr is ITE's principal venue in Moscow and hosts some of its largest exhibitions including MosBuild, Moscow International Oil & Gas exhibition, Moscow International Travel & Tourism, World Food Moscow, TransRussia and Moscow International Protection & Security Exhibition ITE has an agreement with Expocentr which secures the Group's rights to conduct its exhibitions at the venue on agreed rates until 2013

Crocus Exhibition Centre is located on the outskirts of Moscow city centre and hosts MosBuild+, Expoelectronica, Moscow International Motor Show and the Moscow International Boat Show ITE has an agreement with Crocus which

Net assets

£72.6m

secures the Group's rights to conduct its exhibitions at the venue until 2015

Lenexpo is located in St Petersburg and hosts the recently acquired Interstroyexpo and Baltic Building Week events ITE has an agreement with Lenexpo, providing rights to hold its exhibitions at the venue on agreed rates to 2012

Atakent Exhibition Centre is the largest venue in Almaty, Kazakhstan and hosts the Kazakhstan International Oil & Gas events and KazBuild exhibitions ITE's agreement with Atakent confirms its rights to hold its exhibitions at the venue on agreed rates until 2017

CNR is the principal venue in Istanbul, located close to the City's international airport, and holds all but one of the Group's Turkish exhibitions ITE has an agreement with CNR which secures its rights to conduct its exhibitions at the venue on agreed rates until 2014

The International Exhibition Centre (IEC) is the principal venue in Kyiv and hosts all of the Groups Ukrainian events, including the newly acquired Aquatherm exhibition ITE has an agreement with IEC which secures its rights to conduct its exhibitions at the venue until 2012, and is in the process of finalising a new agreement to extend those rights and rates to 2014

The Group funds the development of venues and facilities where improvements will enhance the prospects and profitability of its business The funding can take the form of a prepayment of future venue fees ('advance payment'), or a loan which can be repaid by cash or by offset against future venue fees ('venue loan') Generally the funding brings rights over future venue use and advantageous pricing arrangements through long term agreements Venue loans and advance payments are included in the Balance Sheet under non current and current assets

At 30 September 2010, the Group's Sterling value of the outstanding balances of advance payments and venue loans was £10 5 million (2009 £4 9 million) as follows

ITE has continued to develop its strong relationship with its key venues

	30 September 2009 £m	New £m	Repayments £m	Forex £m	30 September 2010 £m
Kyiv	1 0	–	(0 1)	–	0 9
Almaty	1 4	1 0	(1 8)	0 1	0 7
St Petersburg	0 3	–	–	0 1	0 4
Uzbekistan	0 4	–	(0 1)	–	0 3
Crocus (Moscow)	1 3	–	(0 1)	–	1 2
CNR (Istanbul)	0 5	8 1	(1 8)	0 2	7 0
Total	**4 9**	**9 1**	**(3 9)**	**0.4**	**10 5**

Capital
During the year the Company issued 204,500 ordinary shares of 1p in the year All of the total new issues were pursuant to the exercise of options and yielded aggregate consideration of £174,110 During the year the Company made no additional purchases of shares for the Employees Share Option Trust ('ESOT')

As at 30 September 2010 ESOT held 9,997,386 (4 0%) of the Company's issued share capital (2009 10,602,886, 4 3%)

Treasury
During the year, the Group experienced a net foreign exchange gain of £0 1 million (2009 gain of £2 2 million) The exchange rate for the Euro at 30 September 2010

Finance Director's statement *continued*

was €1 16 £1 (30 September 2009 €1 09 £1), the exchange rate for the US Dollar at 30 September 2010 was $1 58 £1 (30 September 2009 $1 59 £1)

During the year, 72% of the Group's sales were priced in Euros, 11% in GBP and 4% in US Dollars, the balance being in various local currencies Overall 65% of the Group's cash receipts for the period were collected in 'hard' currency (Sterling, Dollars or Euros) and 35% was collected in various local currencies, the majority being Rubles

The Group uses derivative instruments and currency borrowings to protect itself against the effect of currency fluctuations on a proportion of its sales and its balance sheet The Group's policy on derivative instruments is that

- it will hedge no more than 75% of the value of anticipated hard currency collated sales, and
- it will only enter into derivative transactions up to 36 months ahead

At 30 September 2009, the Group had entered into forward contracts to sell Euros for Sterling between October 2010 and September 2013 The value of the contracts is €99 7 million at an average rate of €1 15 £1 These instruments are designated as hedging instruments

Over the year, the Group has entered into currency borrowing arrangements to minimise its exposure to foreign exchange risk on trade receivables At 30 September 2010 the Group had borrowings of €10 0 million, and US$2 5 million The cash balance of £23 0 million at 30 September 2010 is net of these borrowings

The Group finances its operations through cash holdings The objective of the Group is to maximise investment income and minimise interest costs, bearing in mind its liquidity requirements

For short-term debt, such as overdraft facilities or debt with a term of less than six months, fixed or floating rates of interest are used For debt with a term of greater than six months, it is policy that at least 50% must have fixed rates of interest so as to minimise the Group's exposure to interest rate movements As at 30 September 2010, all of the Group's borrowing requirements were in the form of overdraft facilities

It is Group policy that its cash balances are not invested in instruments that would put the capital value at risk All invested funds have a determinable rate of interest

Liquidity risk
The Group policy is to ensure continuity of funding for operational needs through cash deposits and debt facilities as appropriate The key requirement for the business is to maintain flexibility to allow the Group to take advantage of opportunities that could arise over the short term The needs of the business are determined on a rolling cash flow forecast basis, covering weekly, monthly and 12 monthly requirements Short term flexibility is maintained by holding cash in current accounts and high liquidity money market funds The Group has overdraft facilities in place both to permit currency borrowing as part of its foreign exchange management and to allow flexibility in where it holds its cash balances

Recent events in the world financial markets have highlighted the risks associated with holding deposits in foreign-domiciled banks The territories in which ITE operates do not all have internationally recognised banks and the Group has relationships with a number of domestic banks The Group seeks to use the territories leading banks and to minimise the level of cash held in such banks Of the Group's total cash balance of £33 2 million as at 30 September 2010, 74% was held in institutions with a rating of grade A or above and 19% in B to BBB+

Going concern
The Group and Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the CEO's statement and Operating performance and Divisional summary on pages 14 to 25 The financial position of the Group and Company, its significant cash balance, its cash flow, liquidity position and absence of long-term borrowings are described in the finance review on pages 26 to 31 In addition, in the general information section and note 20 of the notes to the financial statements the Group and Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk are referred to

After making enquires, reviewing the Group and Company's forecasts and projections and taking account of reasonably possible changes in trading performance, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future For this reason, they have adopted the going concern basis in preparing the Annual Report and Financial Statements

Risks and uncertainties

The Group identifies and monitors the key risks and uncertainties affecting the Group and runs the business in a way that minimises the impact of such risks where possible

Operational risks	Potential impact	Mitigation
Political uncertainty and regulatory risk	The Group's business is principally carried out in Russia and the CIS Changes in law or the regulatory environment could have an effect on some or all of the exhibitions of the Group	ITE has reduced the risk by establishing its business as independent Russian and CIS companies fully contributing to the local economy, and the diversity of businesses across sectors and geography provides protection for the longer-term prospects of the Group
Economic instability reduces demand for exhibition space	Reduced demand for exhibition space would reduce the profits of exhibitions	ITE operates across a wide range of sectors and countries to minimise the exposure to any single market ITE, through its relationships with venues and staff has a relatively flexible cost structure, allowing it to manage its event margins in the short and medium term
Commercial relationships	The Group has key commercial relationships with venues which secure the Group's rights to run its exhibitions in the future	These key relationships are regularly reviewed and the Group seeks to maintain its exhibition rights for at least three years forward for significant exhibitions
Venue availability	Damage to or unavailability of a particular venue could impact the Group's short term trading position	The Group carries business interruption insurance policies which protect profits on our largest 20 events against such an event in the short term In the longer-term the Group seeks to maintain good relationships with its principal venues to ensure the continuance of availability
Competitor risk	Competition has existed in ITE's markets for some years ITE faces competitive pressures on a market-by-market basis	In all of its overseas markets, ITE has a strong position as an international organiser, achieved through effective use of its international sales network and its established brands for major events A single exhibition or sector in a market could have its prospects curtailed by a strong competitor launch, however, the breadth of ITE's portfolio of events, with its geographic and sector diversity, reduce the risk of a competitive threat to the Group's overall business
People	ITE's employees have long standing relationships with customers and a unique knowledge of the exhibitions business Loss of key staff could impact the short term prospects of a specific event or sector	ITE has sought to build loyalty in its staff by ensuring remuneration is competitive and through a wide distribution of the Group's long-term incentive plans ITE has a good record of retaining its key staff through both growth and recessionary times
Financial risk – foreign currency risk	The Group is exposed to movements in foreign exchange rates against Sterling for both trading transactions and for the translation of overseas operations The principal exposure is to the Euro, which forms the basis of invoicing and to the Ruble which forms the base books of the Group's Russian operations	The Group seeks to minimise exposure by • Protecting a certain amount of euro denominated sales with forward contracts • Utilising currency overdraft facilities to hedge foreign currency balance sheet assets

Corporate social responsibility

Overview
The Board of ITE believes that corporate and social responsibility is an important part of the Group's culture and that the adoption of good practice will have a positive impact on profits and increase the long term value for shareholders Due consideration is given to risks arising from social, environmental and ethical issues as part of an ongoing risk review process

Social interaction
The Board of the Company is aware of both the benefits to its business of engaging with its various constituencies in a socially responsible manner and the risks of failing to do so As an operator of internationally focused businesses in emerging markets, the Company ensures that it is culturally sensitive in its dealings with the local community and that its employment and development policies are non discriminatory and encourage the employment of local nationals at all levels in the Company

The Company actively supports its employees in their support of local community projects For the first time, the London office selected a 'charity of the year' The charity selected was 'Coram' which is based in London and uses music therapy as a form of counselling for children Amongst a number of fund raising initiatives, a group of staff from the London office donated a day of their time to Coram to help maintain the garden at the Coram centre Approximately £5,000 has been donated to Coram this year

In Moscow, amounts were donated to the 'Brotherhood of St Alexis', the 'Give Life Foundation' and the charity department of the 'Russian Church'

In Kazakhstan, amounts were donated to 'Akneid' (a local charity)

In total charitable donations across the Group totalled over £35,000 (2009 £18,000)

The Group has also donated equipment with a value of approximately $10,000 to the 'Special School for the Hearing Impaired' in Uzbekistan

The Group is looking to increase further the number of its offices which take part in charitable activities

Employees
Employees are selected and promoted on the basis of merit and ability, regardless of age, gender, race, religion, sexual orientation or disability The Group has a policy of encouraging employees, especially those from the locations in emerging markets, to move around the offices of the Group, thus providing development opportunities for all staff In addition, employees are assisted in their career development through an annual appraisal scheme and sponsored training is provided where there is a benefit to both the individual and the Company All staff are eligible for issues of share options or awards under the Employee's Performance Share Plan as the Board feels that it is important for them to take an active part in the success of the Company and to share in the long term value they help to create The Board recognises the need to provide a safe working environment for employees and exhibitors and visitors at the Group's events Each office is responsible for ensuring that their business operates in compliance with Group policies and the

Volunteering day Coram, ITE, London

relevant local health and safety legislation During the year, all employees in the London office have had a 'refresher' Health and Safety training session Staff from all regions with lead responsibility for the operation of the Group's exhibitions on-site also attended an updated training course

Ethics
Integrity is core to the Group's values which it actively promotes in its dealings with employees, shareholders, customers and suppliers and with the authorities of the countries in which it operates, and recognises that reputation is a valuable and fragile asset gained over a substantial period The leadership position of the Group's exhibitions and the long-term growth of its core shows is a testament to the success of its practices

The Group promotes high ethical standards in carrying out its business activities and has clear guidelines for dealing with gifts, hospitality, corruption, fraud and the use of inside information All ITE staff are required to comply with the laws and regulations of the country in which they operate

The Group is a member of UFI (the worldwide exhibition organisers association) and through this, the attendance figures at our key exhibitions are audited by independent services This helps to provide assurance to our exhibitors and visitors as to the standard of our exhibitions

The Group aims to provide a high quality of service at all its events in all locations The Group operates to a strict minimum quality level to ensure events are provided to exhibitors and visitors at international standards, irrespective of where they are held

The Group ensures that all advertising and public communications avoid untruths or overstatements

ITE builds a relationship with suppliers based on mutual trust and undertakes to pay suppliers on time and in accordance with agreed terms of business All information regarding the relationship between the Group and a supplier must remain confidential

Environment
As a media services company, the Group acknowledges that its business has an impact on the environment, albeit relatively minor, and ITE recognises the importance of following good environmental practice The Company is aware that this is an area of increasing concern to employees, shareholders and customers alike The Company does not manufacture or sell any tangible products and has identified the principal areas of environmental impact as energy use, waste recycling, paper & printing and travel

The London and Huddersfield offices engaged the services of 'Carbon Smart' during 2010 'Carbon Smart' assessed these offices' Carbon Footprint Their carbon footprint was found to be 427 tonnes CO_2e which equated to 3 3 tonnes of CO_2e per employee per year This compares favourably to the average UK employee (4 tonnes of CO_2e emissions per year), however, it is recognised that improvements can be made The London and Huddersfield offices have set themselves a target to reduce their carbon footprint by at least 5% over the next 12 months

The UK operation of the Group has been awarded the Carbon Smart Blue Award during the year, and is aiming to achieve the Silver award in the next 12 months

By identifying environmental improvements, we expect to see increased efficiencies and with that reduced costs and the management of environmental issues is part of our business strategy to create long term value for shareholders The Group already undertakes a number of initiatives aimed at reducing its carbon footprint

- The Group encourages the recycling of waste paper and office waste and plans to increase the recycling rates and materials recycled throughout the Group The Group has recently introduced a 'paid-for' waste recycling initiative in our London office
- The Group has installed video-conferencing facilities at its London, Huddersfield, Moscow, St Petersburg, Kiev, Istanbul, Almaty and Hamburg offices to reduce staff travel requirements
- Computers and IT equipment are recycled where possible and redundant equipment is either sold to staff or given to charitable organisations
- The Group has been reducing its printed materials over the last few years, with a greater reliance on electronic media for its marketing materials However, catalogues and delegate packs are still printed and the Group is implementing a set of operating standards to be followed by suppliers aimed at controlling paper sourcing and use of materials
- The Group encourages staff to use public transport through offering season ticket loans for London staff
- The Group is taking advantage of recent e communications legislation for communicating with shareholders and so will be able to reduce the volume of printed materials produced with the publication of our Annual Report and Interim Statement

The Group's activities in staging exhibitions and conferences do impact on the environment, through waste and natural resources usage from materials used in assembling exhibition stands and travel to exhibitions and conferences for exhibitors, delegates and ITE staff Presently, practice in controlling waste at different exhibition centres varies widely through the different regions in which the Group operates The Group follows current best practice in each of its markets by observing industry and country legislation

Our Directors

Iain Paterson Russell Taylor Michael Hartley Malcolm Wall Edward Strachan Neil England Neil Jones

Iain Paterson (63)
Non-executive Chairman
Iain Paterson was appointed a Director and Non executive Chairman of the Company in May 2002 He has 40 years of international management experience at a senior level, most particularly in the oil industry He was a Board Member and International Director of Enterprise Oil plc Previously he spent 14 years at British Petroleum plc He is currently a Non-executive Director of Mol Nyrt (the Hungarian energy company) and Chairman of two private companies, AnTech Limited and Plebble Loyalty Limited He is a member of the Advisory Committee for Oman Oil Company (Exploration and Production)

Russell Taylor (52)
Chief Executive Officer
Russell Taylor was appointed Chief Executive in May 2008 having joined ITE in March 2003 as Finance Director He has extensive experience of all sectors of the exhibition industry, having earlier in his career spent seven years at Earls Court Olympia Group, as Group Finance Director and subsequently Managing Director of Earls Court & Olympia Halls He is a qualified Chartered Accountant, having trained at Touche Ross & Co, where he became a Manager in the Corporate Finance Department He holds a BA in Economics

Neil England (56)
Non executive Director
Audit, Remuneration & Nomination Committees
Neil England was appointed a Non-executive Director of the Company in March 2008 He has a breadth of sales and marketing experience and an extensive knowledge of ITE's key geographic markets He was formerly Vice President for Mars Incorporated with responsibility for all the CIS countries and he built a market-leading business there More recently, he was Group Commercial Director on the main board of Gallaher Group Plc He is currently Non-executive Chairman of the Eastern European Trust Plc, an emerging market trust investing in Eastern Europe, Non executive Chairman of Silverstone Holdings Limited and is Senior Independent Director of Wincanton Plc

Michael Hartley (61)
Non executive Director
Audit, Remuneration & Nomination Committees
Michael Hartley was appointed a Non-executive Director of the Company on 21 October 2003 and is currently Chairman of the Audit Committee and Senior Independent Director He brings extensive international management experience to the Board, having spent 16 years with Coats Viyella plc, for the last three years as Chief Executive of the Viyella division He has worked extensively in Asia, Australasia and Africa Mr Hartley was until recently Chairman of Dawson International plc and is currently Chairman of privately owned recruitment business Hartley Resourcing Limited He holds an MBA from Manchester Business School

Neil Jones (44)
Finance Director
Neil Jones was appointed as Finance Director in November 2008 He has held senior financial positions within the exhibitions industry for over 10 years He was formerly Finance Director at Tarsus Group plc, which specialises in the organisation of trade exhibitions in Europe, America, UAE and Asia Prior to that, he was European Finance Director for Advanstar Communications, one of the largest US media groups Neil is a member of the Institute of Chartered Accountants of England and Wales, qualifying with Price Waterhouse in 1990

Edward Strachan (46)
Executive Director
Edward Strachan joined ITE in 1993 when he launched ITE's local business in Kazakhstan Since then he has opened and managed ITE's operations in St Petersburg, Turkey, Kazakhstan, Uzbekistan and Azerbaijan and currently lives abroad in the CIS He became a main Board Director in July 2003 and brings to the Board his extensive experience of the exhibition industry in Russia and the CIS regions

Malcolm Wall (54)
Non executive Director
Audit, Remuneration & Nomination Committees
Malcolm Wall was appointed as a Non-executive Director of the ITE Group in May 2006 and is currently Chairman of the Remuneration committee He has enjoyed a highly successful career in the media sector and brings senior level board experience and extensive knowledge of the B2B market and the exhibitions business Mr Wall left Virgin Media where he was Chief Executive of Content in April 2009 Previous posts include a ten year spell with United Business Media during which, as Chief Operating Officer, he had direct responsibility for the professional media business unit that included B2B publications and the exhibition business He is currently a Non executive Director of Creston plc and Harlequin FC Ltd

Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 30 September 2010

Principal activities and review of business
The principal activities of the Group comprise the organisation of trade exhibitions and conferences The main subsidiary and associate undertakings which affect the profits or net assets of the Group in the year are listed in note 5 to the financial statements of the Company Details of the Group's performance during the year and expected future developments are contained in the Chief Executive's statement on pages 14 to 16 and in the Divisional summary on pages 18 to 25 Details of the Group's financial risk management policies are contained on page 31

Results and dividends
The audited accounts for the year ended 30 September 2010 are set out on pages 49 to 92 The Group profit for the year, after taxation and non controlling interests, was £24 0 million (2009 £30 7 million)

The Directors recommend a final dividend of 4 0p (2009 3 9p) The total dividend for the year, including the proposed final dividend, is 5 7p (2009 5 5p)

Capital structure
Details of the Company's issued share capital and movements during the year are shown in note 21 The Company has one class of ordinary shares which carry no right to fixed income Each share carries the right to one vote at general meetings of the Company

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights

Details of employee share schemes are set out in note 24 The Trustee of the ITE Group Share Trust is not permitted to vote on any unvested shares held in the trust unless expressly directed to do so by the Company A dividend waiver is in place in respect of the Trustee's holding

No person has any special rights of control over the Company's share capital and all shares are fully paid

The Company's Articles of Association may be amended by a special resolution at a general meeting of the shareholders No amendments are proposed to be made to the existing Articles at the 2011 Annual General Meeting There is a schedule of matters reserved for the Board and terms of reference for Board Committees, copies of which are available on request, and the Corporate Governance Statement can be found on pages 40 to 43

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank facility agreements, property lease arrangements and employees' share plans None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide compensation for loss of office or employment that occurs because of a takeover bid

Directors
The Directors who served throughout the year are as follows

Executive Directors	Non executive Directors
Russell Taylor	Iain Paterson
Edward Strachan	Michael Hartley
Neil Jones	Malcolm Wall
	Neil England

Their biographical details are set out on pages 34 and 35

Under the Company's current Articles of Association, one third of the Directors must retire by rotation each year However, the Board has decided to adopt early the recommendations of the Financial Reporting Council that all directors of FTSE 350 companies be subject to annual re election and all the Directors will offer themselves for re election at the forthcoming Annual General Meeting

Substantial shareholdings

At 27 October 2010, the Company had been notified under Rule 5 of the Financial Services Authority's Disclosure and Transparency Rules of the following interests in its ordinary shares

Name of holder	Number of shares	Percentage held %
BlackRock Investment Management (UK) Limited	40,669,116	16 38
Schroder Investment Management Limited	38,732,794	15 60
Standard Life Investments	14,807,989	5 96
Old Mutual Asset Managers	14,800,818	5 96
Scottish Widows	13,685,561	5 51
Legal & General Investment Management Limited	12,829,129	5 17
Threadneedle Investments	11,508,675	4 63
Employee Share Option Trust (ESOT)	9,978,386	4 02
JP Morgan Asset Management	7,749,752	3 12

Directors' share interests

The Directors who held office at 30 September 2010 had the following interests in the ordinary shares of the Company

Name of Director	30 September 2010	30 September 2009
Executive		
Neil Jones	**47,216**	34,370
Edward Strachan*	**5,675,233**	5,675,233
Russell Taylor	**1,441,839**	941,839
Non executive		
Neil England	**10,000**	10,000
Michael Hartley	**26,839**	25,254
Iain Paterson	**148,566**	148,566
Malcolm Wall	**11,456**	11,456

* Edward Strachan is a majority shareholder of Kyzyl Tan Consultants which holds 3 000 000 shares in the Company These are included in the 5 675 233 above

The Directors, as employees and potential beneficiaries, have an interest in the 9,978,386 shares held by the ITE Group Employee's Share Trust at 30 September 2010 ITE Group Employee Share Trust held 9,978,386 shares at 29 November 2010

There were no changes in the interests of Directors between 30 September 2010 and 29 November 2010

Authority to purchase the Company's shares

At the Annual General Meeting on 28 January 2010, shareholders authorised the Company to make one or more market purchases of up to 24,812,270 of the Company's ordinary shares to be held in treasury at a price between 1p (exclusive of expenses) and 105% of the average middle market price of a share for the five business days immediately preceding the date on which the share is purchased

No purchases were made during the year and the Directors propose to renew this authority at the 2011 Annual General Meeting

Donations

The Group made £35,000 of charitable donations (2009 £18,168) during the year No political donations were made (2009 Nil)

Employees

The Group's human resources strategy is to attract and retain talented, high calibre employees focused on achieving excellent results The Remuneration policy is designed to achieve this aim

The Group places great importance in the development of its staff to support the business in meeting its objectives This is reflected in the training initiatives in place for staff, both internally and externally The Group keeps employees informed on matters affecting them and on matters affecting the Group's performance through regular newsletters and through meetings, both formal and informal Employees are able and are encouraged to move around the Group in order to experience the business environment in other offices The Group actively encourages the participation of employees in activities of offices other than their own The Group distributes long-term incentives widely to staff in all offices At 30 September 2010 approximately 50% of staff held long term incentives in some form As a result, the Group's employees identify strongly with ITE's overall objectives

It is the Group's policy to consider fully applications for employment by disabled persons, bearing in mind a number of factors including their suitability and fit for the role, irrespective of any disability In the event of a member of staff becoming disabled, every effort would be made to ensure their continued employment and progression in the Group It is Group policy that training, career development and promotion of disabled employees match that of other employees as far as possible

Directors' report *continued*

Supplier payment policy
The Company's policy, which is also applied to the Group, is to agree payment terms with suppliers when entering into each transaction to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment The Company has no trade creditors Trade creditors of the Group at 30 September 2010 were equivalent to 4 5 days (2009 3 days) purchases, based on the average daily amount invoiced by suppliers during the year

Annual General Meeting
The Notice convening the Annual General Meeting to be held at 12 noon on 27 January 2011 is contained in a circular sent to shareholders at the same time as this report

Auditors
Deloitte LLP have expressed their willingness to continue in office A resolution to reappoint them as the Company's auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting

Directors' Statement as to Disclosure of Information to Auditors
Each Director of the Company at the date when this report was approved confirms
- so far as each of the Directors is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given in accordance with section 418 of the Companies Act 2006

By Order of the Board

Russell Taylor
Chief Executive Officer
29 November 2010

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing the Parent Company financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Responsibility statement

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and
- the management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By order of the Board

Russell Taylor
Chief Executive Officer
29 November 2010

Neil Jones
Finance Director
29 November 2010

Corporate governance report

Combined Code compliance
The Company is committed to high standards of corporate governance and supports the principles laid down in the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008 ('the Combined Code') This statement describes how the principles of the Combined Code are applied and reports on the Company's compliance with the Code's provisions

The Directors consider that the Company has been in compliance with the provisions of the Code throughout the financial year under review and to the date of this report

The Board
The Board of Directors ('the Board') currently has seven members, comprising the Non executive Chairman, Chief Executive, Finance Director, an additional Executive Director, and three further independent Non-executive Directors All of the Directors bring strong judgement to the Board's deliberations The Board is of sufficient size and diversity that the balance of skills and experience is considered to be appropriate for the requirements of the business The Non-executive Directors are all independent of management and free from any business or other relationship, including those relationships and circumstances referred to in provision A 3 1 of the Combined Code that could materially interfere with the exercise of independent and objective judgement The Company considers that the Chairman was independent on appointment The Non-executive Directors were all appointed for an initial three year term and, thereafter, subject to satisfactory performance, may serve one or two additional three year terms, with a thorough review of their continued independence and suitability to continue as Directors if they are to remain on the Board for more than nine years

The Chairman and Chief Executive
The different roles of the Chairman and Chief Executive are acknowledged A responsibility statement for each of those roles has been agreed and adopted by the Board

Senior Independent Non-executive Director
The senior independent Non-executive Director, Michael Hartley, is available to shareholders if they have concerns which are not resolved through the normal channels of Chairman, Chief Executive or Finance Director or for which such contact is inappropriate

The Directors
The biographical details of the Board members are set out on pages 34 and 35 The Directors have all occupied, or occupy, senior positions in UK and/or non-UK listed companies and have substantial experience in business The Non executive Directors do not participate in any of the Group's pension schemes or in any of the Group's bonus, share option or other incentive schemes At all times there has been a majority of Non-Executive independent Directors on the Board, in compliance with Code provision A 3 2 All Directors must stand for election at the first AGM after they are appointed and the Articles of Association provide that all Directors will stand for re election at least every three years However, the Board has decided to adopt early the recommendations of the Financial Reporting Council that all directors of FTSE 350 companies be subject to annual re election and all the Directors will offer themselves for re election at the forthcoming Annual General Meeting

Role of the Board
The Board is collectively responsible for the proper management of the Company The Board normally meets not less than seven times each financial year and has a formal schedule of matters reserved to it for decision making, including responsibility for the overall management and performance of the Group and the approval of its long term objectives and commercial strategy, approval of annual and interim results, annual budgets, material acquisitions and disposals, material agreements and major capital commitments, approval of treasury policies, and assessment of its going concern position

Board members receive appropriate documentation in advance of each Board or Committee meeting which normally includes a detailed report on current trading and full papers on matters where the Board will be required to make a decision or give its approval

There is an established procedure for the preparation and review, at least annually, by the Board of medium term plans and the annual budget The business reports monthly on its performance against its agreed budget The Board receives a monthly update on performance and reviews any significant variances All major investment decisions are subject to post completion reviews

During the year the Chairman met with the Non-executive Directors without the Executive Directors present

Directors' and Officers' insurance cover, is provided by the Company, in line with normal market practice, for the benefit of Directors in respect of claims arising in the performance of their duties

Board performance evaluation
The formal annual evaluation of the performance of the Board, its Committees and individual Directors was undertaken before the year end This consisted of an internally run exercise led by the Chairman with the assistance of the Company Secretary The appraisal questionnaire used in connection with the process was wide ranging and included questions outlined in the Combined Code, covering both Board and Committee performance

The appraisal output is used to identify strengths and development areas and confirmed that the Board and its Committees were operating effectively Individual performance was also appraised, based on one-to-one interviews with the Chairman, or in the case of the Chairman, with the Senior Independent Director following consultation with both the other Non-executive Directors and the Executive Directors

Independent professional advice
The Board has approved a procedure for Directors to take independent professional advice at the Company's expense, if necessary No such advice was sought by any Director during the year In addition, the Directors have direct access to the advice and services of the Company Secretary

Training and development
An induction programme is arranged for newly appointed Directors and includes presentations from senior management on the business, as well as guidance on their duties, responsibilities and liabilities as a Director of a listed company Business familiarisation involves Directors visiting exhibitions in markets in which the Group operates to gain a greater understanding of the Group's activities and to meet senior managers throughout the business Every Director has access to training as required and is encouraged to continue his own development

Conflicts of interest
The Company's Articles of Association were amended at the 2009 AGM, in line with the Companies Act 2006, to allow the Board to authorise potential conflicts of interest that may arise and to impose limits or conditions, as appropriate The Company has established a procedure whereby any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Directors voting or without their votes being counted and in making such a decision, as always, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Company

Board Committees
There are a number of standing Committees of the Board to which various matters are delegated The Committees all have formal Terms of Reference that have been approved by the Board which are available on the Group's website (www ite exhibitions com) Details are set out below

The Nomination Committee
The Nomination Committee comprises Neil England, Michael Hartley and Malcolm Wall and is chaired by Iain Paterson It meets as necessary and is responsible for considering and recommending to the Board persons who are appropriate for appointment as Executive and Non-executive Directors There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board which involves the Nomination Committee interviewing suitable candidates proposed by either existing Board members or by an external search company Careful consideration is given to ensure appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained When dealing with the appointment of a successor to the Chairman, the senior independent Non-executive Director will chair the Committee instead of the Chairman When the Committee has found a suitable candidate, the Chairman of the Committee will make a proposal to the whole Board and the appointment is the responsibility of the whole Board following recommendation from the Committee

The Committee met three times during the year Its principal activities were
- Reviewing the size and composition of the Board including the mix of skills and experience
- Succession Planning for the Board and senior management
- Considering the responses to the questionnaire used for the annual evaluation of the Board and its Committees, prior to review by the whole Board

The Remuneration Committee
The Remuneration Committee comprises Neil England, Michael Hartley and Iain Paterson, and is chaired by Malcolm Wall The committee met five times this year Full details of its activities and of Directors' remuneration are set out in the Directors' Remuneration Report on pages 44 to 48 Those pages detail compliance with the legal requirements with regard to remuneration matters

The Audit Committee
The Audit Committee comprises Neil England and Malcolm Wall and is chaired by Michael Hartley The Board is satisfied that Michael Hartley has appropriate financial expertise to fulfil this role

The role of the Audit Committee is to monitor the financial reporting process, the integrity of the Group's interim and annual financial statements prior to their submission to the Board and the statutory audit of the annual and consolidated accounts It is also responsible for reviewing the Group's internal financial control and risk management systems, advising the Board on the appointment of external auditors, overseeing the relationship with the external auditors, approving auditor remuneration, reviewing the Group's whistle blowing procedures, reviewing accounting policies and compliance, and monitoring and reviewing the effectiveness of the Group's internal audit function

The Committee met four times during the year On each occasion the Chairman, Chief Executive, Finance Director, and other members of staff, as required, attended by invitation The external auditors attended all four meetings Significant areas of work covered by the Audit Committee included
- Reviewing the Group's final and interim financial statements,
- Reviewing results from audits undertaken and progress against the internal audit plan,
- Identifying, evaluating and managing the key risks faced by the Group, and
- Reviewing the Group's internal control environment and its effectiveness

Governance

Corporate governance report *continued*

The Audit Committee regularly monitors the relationship with the auditors and assesses their performance, cost effectiveness, objectivity and independence It agrees the scope of the audit work and discusses the results of the full-year audit and interim review each year At each Audit Committee meeting the external auditors were able to meet with the Committee without management being present

It is a specific responsibility of the Audit Committee to ensure that an appropriate relationship is maintained between the Group and its auditors The Group has a policy of controlling the provision of non audit services by the external auditors in order to maintain their independence and ensure that their objectivity and independence are safeguarded This control is exercised by ensuring non audit projects, where fees are expected to exceed £50,000, are subject to the prior approval of the Chairman of the Audit Committee In addition, where a proposed service is outside the normal scope of non-audit services, the engagement must be approved in advance by the Chairman of the Audit Committee In awarding work for non-audit services, the Group takes into account a range of factors including quality of service, cost effectiveness, and historic knowledge of the business or sector The Committee has scrutinised the internal procedures of Deloitte LLP and satisfied itself that the independence and objectivity of the auditors are not affected by the non-audit work undertaken

Internal audit function
The Group engages KPMG to perform internal control audits at its main offices This work is co ordinated by the Head of Internal Controls and Procedures who reports KPMG's findings directly to the Audit Committee The Audit Committee considers the Group to have an effective independent internal audit function

Internal control
The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing its effectiveness In discharging that responsibility, the Board confirms that it has established the procedures necessary to apply the Combined Code, including clear operating procedures, lines of responsibility and delegated authority, which are reviewed regularly

Business performance is managed closely and the Board has established processes, as part of the normal good management of the business, to monitor
- Strategic plan achievement, through a regular review of progress towards strategic objectives,
- Financial performance, within a comprehensive financial planning and accounting framework, including budgeting and forecasting, financial reporting, analysing variances against plan, exchange rate volatility, and taking appropriate management action,
- Capital investment and asset management performance, with detailed appraisal, authorisation and post-investment reviews, and
- Principal risks and risk management processes, which accords with the Turnbull guidance, and that the significant risks faced by the Group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity

Risk management process
There is in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has operated throughout the financial year These are reviewed by the Board at each meeting and also in detail by the Audit Committee once a year The risk framework governs the management and control of both financial and non financial risks The adoption of this policy throughout the Group enables a consistent approach to the management of risk at both regional and business unit level

In addition, during the financial year, the Audit Committee received
- Reports from the Head of Internal Controls and Procedures on the work carried out under the annual internal audit plan,
- Risk management reports, including the status of actions to mitigate major risks and the quantification of selected risks, and,
- Reports from the external Auditors

Through the monitoring processes set out above, the Board conducted a review of the effectiveness of the system of internal control during the financial year The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss In that context, the review, in the opinion of the Board, did not indicate that the system was ineffective or unsatisfactory and the Board is not aware of any change to this status up to the approval of this report

Attendance at meetings
The attendance of Directors at Board and Committee meetings during the year was as follows

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Neil England	7	4	5	3
Michael Hartley	7	4	5	3
Neil Jones	7			
Iain Paterson	7		5	3
Edward Strachan	7			
Russell Taylor	7			
Malcolm Wall	7	4	5	3
Total number of meetings	**7**	**4**	**5**	**3**

Shareholder relations
The Company is committed to maintaining good communications with shareholders The Chairman, Chief Executive and Finance Director, have dialogue with individual institutional shareholders in order to develop an understanding of their views which is fed back to the Board General presentations are given to analysts and investors covering the annual and interim results The Divisional summary set out on pages 18 to 25 details the financial performance of the Company as well as setting out the risks it faces and plans for the future All shareholders will have the opportunity to ask questions at the Company's AGM on 27 January 2011 At the AGM, the Chairman will give a statement on current trading conditions The Chairmen of the Nomination, Remuneration and Audit Committees will be available to answer questions at the AGM In addition, the Group's website containing published information and press releases can be found at www ite exhibitions com

Whistle blowing arrangements
The Company has an established policy which enables and encourages staff to report in confidence any possible improprieties in either financial reporting or other matters

Corporate social responsibility
Neil Jones, Finance Director, is the Board sponsor for environmental, social governance, community investment and other corporate social responsibility matters

ASB guidance on narrative reporting
The Company considers that it is in compliance with the additional guidance on narrative reporting for UK companies published by the Accounting Standards Board in January 2008

Governance

Report on remuneration

This report has been prepared in accordance with the Companies Act 2006 ('the Act') and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, the Listing Rules of the UK Listing Authority and the Combined Code (with due account also taken of the provisions of the Corporate Governance Code) As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved

The Act requires the auditors to report to the Company's members on certain parts of the Directors' remuneration report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting Regulations This report has therefore been divided into separate sections for audited and unaudited information

Unaudited information
The Remuneration Committee
The members of the Remuneration Committee ('the Committee') are the Group's four Non executive Directors, Malcolm Wall (Chairman), Michael Hartley, Iain Paterson and Neil England

The Remuneration Committee is responsible for
- recommending to the Board the remuneration and terms and conditions of employment of the Chairman (who absents himself from discussions regarding his own remuneration), Executive Directors and key members of senior management,
- measuring subsequent performance as a prelude to determining the Executive Directors' and key managers' total remuneration on behalf of the whole Board, and
- granting awards under the ITE Group's Performance Share Plans and options under the various ITE Group Share Option Schemes outlined below

During the year, the Committee consulted with Hewitt New Bridge Street for advice on executive remuneration and the operation of the various ITE Group share schemes Hewitt New Bridge Street has provided no other services to the Company

The terms of reference of the Remuneration Committee are available on the Company's corporate website

Remuneration policy
The Company's principal remuneration policy aim is to ensure that compensation offered is appropriate to attract, retain and motivate Executive Directors and staff with the ability and experience to deliver the Company's strategy and grow the business, having regard to the prevailing economic conditions and competition for such people in the markets in which the Company operates

In formulating its policies the Committee has regard to and balances the following factors
a) the remuneration packages offered to executives in companies competing in the same markets as the Company,
b) the remuneration practice in the markets in which the executive is principally based,
c) the need to align the interests of the executive with those of the shareholders,
d) the performance of the individual executive and of the Company as a whole, and
e) any amounts payable to executives in respect of services performed for the associates of the Company

The Committee Chairman liaises with the Group's independent remuneration adviser and others to ensure that pay and employment conditions in the Group as a whole are taken into account (in determining salary levels, benefits, pension provision, bonus payments and long-term incentive opportunity) when framing the executive remuneration policy

In line with the Association of British Insurers' Guidelines on Responsible Investment Disclosure, the Committee will ensure that the incentive structure for Executive Directors and senior management will not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour More generally, the Committee will ensure that the overall remuneration policy does not encourage inappropriate operational risk-taking

In addition, the Committee regularly reviews the executive remuneration policy to ensure that it takes due account of market practice, best practice and the specific circumstances of the Company

The remuneration packages of the executives comprise base salary and benefits, a performance-related bonus and longer term share-based incentive arrangements A significant proportion of Executive Directors' remuneration is, therefore, performance related

Policy criteria for various components
Base salary
Base salary levels are reviewed annually by the Committee taking into account each Executive Director's role, experience, performance and the markets in which they perform their duties The base salaries for Russell Taylor and Neil Jones, and the consultancy remuneration for Edward Strachan are regularly reviewed and are subject to benchmarking exercises against industry and sector comparators

During the year under review, Russell Taylor's base salary was increased to £380,000 p a from 1 February 2010, Edward Strachan's base salary and consultancy fees to Kyzyl Tan Consultants Limited was increased to £380,000 p a from 1 April 2010, and Neil Jones' base salary was increased to £220,000 p a from 1 October 2010 Russell Taylor's remuneration had not been increased since his appointment as CEO in May 2008 and Edward Strachans' remuneration had not been increased since 1 October 2008 Neil Jones' remuneration was last reviewed on 1 November 2009

The Committee believes that the Company's strong performance, the importance of Messrs Taylor and Strachan to the Company's success, and mindful that these rates of increase are broadly reflective of the salary increase throughout the Company, makes these increases appropriate Mr Jones' salary has been independently benchmarked by Hewitt New Bridge Street

Details of the Executive Directors' base salaries for the year commencing 1 October 2010 are also set out under 'Directors' service contracts' on page 46 of this report

Variable bonus
The Executive Directors and certain senior management participate in performance related annual bonus schemes ("Executive Bonus Plan"), which recognise Company objectives to deliver growth of headline profit before tax For the financial year commencing 1 October 2010, Russell Taylor's and Neil Jones' maximum annual bonus opportunity provided under the Executive Bonus Plan will be 100% and 80% of base salary respectively Neil Jones' maximum annual bonus potential has been increased from 65% to 80% to align him more closely to a market competitive rate Edward Strachan's annual bonus opportunity through the Company's consultancy agreement with Kyzyl Tan Consultants Limited ('Kyzyl Tan') is on a similar basis to the Executive Bonus Plan, and for the financial year commencing 1 October 2010 is capped at 100% of the Kyzyl Tan consultancy fee and his remuneration as a Director The maximum bonus potential for Mr Taylor, Mr Strachan and Mr Jones is split between financial targets (80% of potential) and personal targets (20% of potential) For the financial year ending 30 September 2010, a bonus equating to 100% of the maximum bonus opportunity will be paid to the Executive Directors under the Executive Bonus Plan, reflecting a year in which financial targets for headline profit before tax were exceeded together with the delivery of a number of the Group's strategic objectives

Long term incentives
In recent years the Company has operated Performance Share Plans and Share Option Schemes as its share based arrangements

Performance Share Plans
The Company has operated the ITE Group plc Employees Performance Share Plan 2004 and the ITE Group plc Key Contractors' Performance Share Plan 2004 Awards can be made to executives and senior management over shares worth up to 100% of base salary each year, and under the latter scheme to key individuals who are not Group employees

Awards were granted in February 2010 to Executive Directors up to 100% of salary subject to aggregate three year headline earnings per share targets Further information regarding these targets can be found on page 48

This performance condition was chosen by the Committee to incentivise management to deliver sustained headline earnings per share performance over the relevant three year period The targets are based upon a compound rate of growth in headline diluted earnings per share calculated to take account of the Company's biennial business cycle The 30% award target is based upon a 5 5% compound increase in diluted earnings per share, and the 100% award target is based upon a 11 5% compound increase in diluted headline earnings per share The targets are calculated for each of the three performance years, taking account of any material events which are not annually recurring and aggregated into an 'Aggregated headline diluted earnings per share target'

In line with past practice, it is proposed that awards for the year commenced 1 October 2010 be made to Executive Directors in January 2011, and that these be subject to aggregate three year headline diluted earnings per share targets as follows below 40p, 0% of the award will vest, at 40p, 30% of the award will vest, and at 45p, 100% of the award will vest Between 30% and 100% vesting will be calculated on a straight line basis

Shareholding guidelines
Executive Directors are required to retain shares of a value equal to 25% of the after tax gain made on the vesting of awards under the Plans, until they have built up a shareholding of a value equivalent to at least 100% of annual base salary Further details of Directors' interests in the ordinary shares of the Company are set out on page 37 of this report

Share option plans
The Company has operated the ITE Group plc 2009 Discretionary Share Option Scheme It is not intended that the Executive Directors will participate in the 2009 Discretionary Share Option Scheme

Pensions
The Company offers a stakeholder pension to its employees but currently makes no Company contribution under this scheme

Since his appointment as Chief Executive Officer in May 2008, the Company makes a contribution equal to 10% of Russell Taylor's base salary to his personal pension scheme

Directors' service contracts
Executive Directors
Russell Taylor (Chief Executive) and Neil Jones (Finance Director) have UK contracts of employment which reflect market and best practice for senior management serving in the UK and have no fixed term Notice periods and base salary details for all Directors are outlined in the tables set out below Other than the contribution to Russell Taylor's pension scheme described above, there are no contributions to pension schemes The standard terms provide for medical insurance and life insurance but provide for no other benefits in kind such as Company cars

Governance

Report on remuneration *continued*

In the event of early termination of an Executive Director's contract, it is the Committee's policy that (subject to the provisions of each contract) the amount of compensation (if any) paid to the Executive Director will be determined by reference to the relevant circumstances that prevail at the time The Committee's objective will be to avoid rewarding poor performance Furthermore, the Committee will take account of the Executive Director's duty to mitigate their loss

Edward Strachan's remuneration as a Director from 1 October 2010 is £37,000 In addition, Edward Strachan is remunerated as a consultant through the Company's agreement with Kyzyl Tan This contract with Kyzyl Tan is due to expire on 31 March 2011 when it will be renewed, subject to renegotiation The base consultancy fee under this agreement for the year commencing 1 October 2010 is £343,000 Kyzyl Tan is entitled to a bonus based upon the same targets and criteria as the Executive Bonus Scheme, which is capped at 100% of Kyzyl Tan's base consultancy fee and Edward Strachan's remuneration as a Director Under the Kyzyl Tan contract, Edward Strachan is required to reside in the markets where his management responsibilities are based and Kyzyl Tan is entitled to an annual living away from home allowance of up to $60,000 for its employee

Consistent with market practice, there are no service contracts or other employment arrangements with any of the Executive Directors with fixed terms or notice periods in excess of one year or terms which would expose the Company to compensation payments in excess of one year's total remuneration

The dates of each contract, the relevant notice period and base salary for 2010 2011 are as follows

Name	Date of contract	Notice period	Base salary 2010 2011	Review dates
Russell Taylor	25 March 2003	12 months	£380,000	February
Neil Jones	3 November 2008	12 months	£220,000	October
Edward Strachan	30 June 2003	6 months	£37,000	October
Edward Strachan through Kyzyl Tan Consultants Ltd	25 November 2010	6 months	£343,000	April

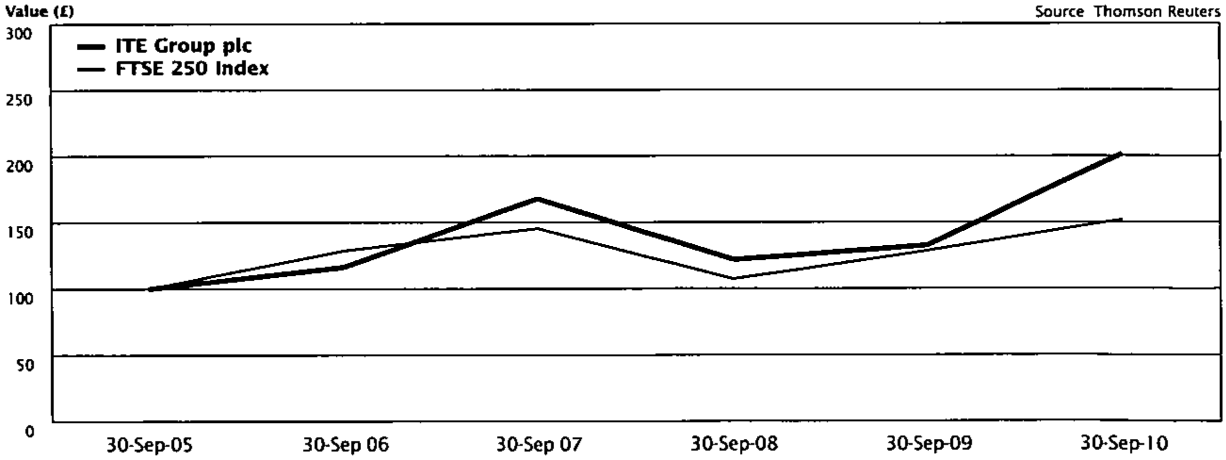
Non executive Directors

The Chairman and Non executive Directors are entitled to one month's written notice to terminate their Letters of Appointment but no further rights to compensation payments on termination The effective dates of their Letters of Appointment are as follows Iain Paterson, 27 May 2002, Michael Hartley, 20 October 2003, Malcolm Wall, 4 May 2006, and Neil England, 18 March 2008

The Non-executive Directors' fees were subject to an independent benchmarking exercise against relevant comparators, taking account of their time commitment and responsibilities Accordingly, the fees for the year commencing 1 October 2010 for Michael Hartley will be £43,500, for Malcolm Wall £43,500 and for Neil England £38,500 Iain Paterson's fees will be £123,000

Executive Directors may accept outside appointments with the prior approval of the Board and provided only that these appointments do not prejudice the individual's ability to fulfill their duties at the Company Whether any related fees are retained by the individual or remitted to the Company will be considered on a case by-case basis

Performance graph
Total shareholder return



This graph shows the value by 30 September 2010 of £100 invested in ITE Group plc on 30 September 2005 compared with the value of £100 invested in the FTSE 250 Index The other points plotted are the values at intervening financial year ends

The Committee believes this to be the most appropriate Index to use for this purpose

Audited information

Aggregate Directors' remuneration

The total amounts for Directors' remuneration and other benefits were as follows

	2010 £000	2009 £000
Emoluments	**2,157**	1,722
Gains on exercise of share options (see below for details)	**473**	492
Total	**2,630**	2,214

Directors' emoluments

Name of Director	Notes	Fees/Basic Salary £000	Annual Bonuses[1] £000	Benefits In kind £000	2010 total £000	2009 total £000
Executive						
Russell Taylor	2	**375**	**380**	**38**	**793**	614
Edward Strachan	3	**373**	**380**	**43**	**796**	624
Neil Jones		**198**	**130**	**–**	**328**	244
Non-executive						
Iain Paterson		**120**	–	–	**120**	120
Michael Hartley		**41**	–	–	**41**	41
Malcolm Wall		**41**	–	–	**41**	41
Neil England		**38**	–	–	**38**	38
Aggregate emoluments		**1,186**	**890**	**81**	**2,157**	1,722

Notes
1 Bonus is based on salary as at 30 September 2010
2 Contributions to pension schemes are included under 'Benefits in kind
3 Edward Strachan earned Director s fees of £37 000 for the year and he is a shareholder of Kyzyl Tan Consultants Limited ('Kyzyl Tan) which received consultancy fees for services provided to the Group of £336,000 per annum These amounts are included under 'Fees/basic salary Kyzyl Tan earned total performance related bonuses of £380,000 for the year related to Edward Strachan s annual bonus arrangements for the year Kyzyl Tan was paid £43 000 in the year to 30 September 2010 for living away from home allowance in accordance with its consultancy agreement These amounts are all included in the table above

Directors' interests in Performance Share Plans

Aggregate emoluments disclosed above do not include any amounts for the value of awards under the Company's Performance Share Plans to acquire ordinary shares in the Company granted to or held by the Directors Details of these are as follows (and targets are outlined on page 48)

Director Scheme	01 Oct 09	Granted during the year	Option price	Exercised during the year	Lapsed during the year	Market price at exercise date	30 Sep 10	Date of grant	Share price on date of grant	Exercisable from	Exercisable to	Gain on exercise £000
Neil Jones												
2004 Employees'	203 500		1p	–	–	–	203 500	20/01/2009	£0 70	20/01/2012	19/01/2019	
Performance	47,500(1)		1p	–	–	–	47 500	15/06/2009	£1 00	31/12/2013	30/12/2019	
Share Plan		150 000	1p	–	–	–	150 000	11/02/2010	£1 28	11/02/2013	10/02/2020	
Edward Strachan												
2004 Employees'	24 749		1p	–	–	–	24 749	11/01/2008	£1 495	11/01/2011	10/01/2018	
Performance	25 342	–	1p	–	–	–	25 342	20/01/2009	£0 70	20/01/2012	19/01/2019	
Share Plan		28 383	1p	–	–	–	28 383	11/02/2010	£1 28	11/02/2013	10/02/2020	
2004 Key	214 047	–	1p	–	–	–	214 047	11/01/2008	£1 495	11/01/2011	10/01/2018	
Contractors'	224 658	–	1p	–	–	–	224 658	20/01/2009	£0 70	20/01/2012	19/01/2019	
Performance	190,000(1)	–	1p	–	–	–	190 000	15/06/2009	£1 00	31/12/2013	30/12/2019	
Share Plan		251,617	1p	–	–	–	251,617	11/02/2010	£1 28	11/02/2013	10/02/2020	
Russell Taylor												
1998 Discretionary Scheme	500,000	–	35 5p	500 000	–	130p	–				–	473
2004 Employees'	158,027	–	1p	–	–	–	158,027	11/01/2008	£1 495	11/01/2011	10/01/2018	
Performance	77 096	–	1p	–	–	–	77 096	29/07/2008	£1 670	29/07/2011	28/07/2018	
Share Plan	250 000	–	1p	–	–	–	250 000	20/01/2009	£0 70	20/01/2012	19/01/2019	
	190 000(1)	–	1p	–	–	–	190 000	15/06/2009	£1 00	31/12/2013	30/12/2019	
		290 000	1p	–	–	–	290,000	11/02/2010	£1 28	11/02/2013	10/02/2020	

The market price of the ordinary shares at 30 September 2010 was 178 40p and the range during the year was 117p to 178 4p

Governance

Report on remuneration *continued*

For the 2004 Employees' and Key Contractors' Performance Share Plans, the performance conditions to be met for the awards are as follows

Date of grant of awards	Aggregated headline diluted earnings per share* for three financial years ending	Aggregated headline diluted earnings per share to be equal to or have exceeded	Targets	Percentage of awards that vest	Market price on date of grant
11 January 2008 Following completion of the financial year ended 30 September 2010, this condition has been met in full	30 September 2010	29 8p	Below 29 8p 29 8p Between 29 8p and 33 4p	Nil 30% Between 30% and 100% calculated on a straight line basis	148p
20 January 2009	30 September 2011	35p	Below 35p 35p Between 35p and 40p	Nil 30% Between 30% and 100% calculated on a straight line basis	70p
11 February 2010	30 September 2012	32p	Below 32p 32p Between 32p and 37p	Nil 30% Between 30% and 100% calculated on a straight line basis	128p

* Headline diluted earnings per share' is calculated using profit before amortisation of acquired intangibles impairment of goodwill profits or losses on disposal of Group undertakings, revaluation of financial liabilities in relation to minority put options and direct costs relating to completed acquisitions and disposals

(1) For the Long term PSP awards granted in June/August 2009 that are exercisable from 31 December 2013 to 30 December 2019, there are two performance targets applying Half of the Award is subject to a Performance Target based on the Group's absolute earnings per share during the 2012/13 Financial Year as follows

EPS for the 2012/2013 Financial Year	Percentage of one half of award that vests
Below 14p	Nil
14p	25%
Between 14p and 17p	Between 25% and 100% calculated on a straight line basis
17p or more	100%

The other half of the Award is subject to a Performance Target comparing the Company's Total Shareholder Return against the FTSE All Share Media Sector between 1 June 2009 and 31 December 2013 25% of this portion of the award vests if ITE is at the median, with full vesting for upper quartile performance Between median and upper quartile, an award vests on a straight line basis between 25% and 100% based on rankings plus interpolation between intermediate rankings

The cost of all share awards charged to the profit and loss account for the year ended 30 September 2010 was £1 4 million (2009 £1 1 million)

The ITE share incentive plans operate within a standard 10% in ten year dilution limit This provision takes account of all potentially dilutive awards made by the Company under any of its share incentive plans This is because (as with other London Stock Exchange companies) the Company does not operate any form of share incentive on an all employee basis and therefore does not have an internal dilution limit of 5% in ten years for discretionary schemes The Committee continues to be of the view that this approach, which has been previously agreed with shareholders, remains appropriate and that, therefore, it would be inappropriate to introduce a dilution limit that relates to awards under discretionary/executive schemes only However, the Committee will keep the dilutive impact of the share incentive schemes under regular view to ensure that the interests of shareholders are taken into account

The maximum number of additional (i e in addition to the existing 13,678,649 in issue) new share issues possible under the ten year dilution limits in the option trust deeds is 11,153,321 Additionally the Employee's Share Trust (ESOT) can hold up to 5% of the Company's issued share capital against share awards

Directors' pension
Contributions paid by the Company in respect of Directors' pension

	2010 £000	2009 £000
Russell Taylor	**38**	37

On behalf of the Board

Malcolm Wall
Chairman of the Remuneration Committee
29 November 2010

Independent Auditors' Report to the members of ITE Group plc

We have audited the group financial statements of ITE Group plc for the year ended 30 September 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 25 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and Auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the group financial statements
- give a true and fair view of the state of the group's affairs as at 30 September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the group financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review
- the directors' statement contained within the Corporate Governance Section in relation to going concern, and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Other matter
We have reported separately on the parent company financial statements of ITE Group Plc for the year ended 30 September 2010 and on the information in the Directors' Remuneration Report that is described as having been audited

Alex Butterworth

Alexander Butterworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
29 November 2010

Financial statements

Consolidated income statement

For the year ended 30 September 2010

	Notes	2010 £000	2009 £000
Continuing operations			
Revenue	1	**113,547**	116,730
Cost of sales		**(58,211)**	(56,432)
Gross profit		**55,336**	60,298
Other operating income		**288**	283
Administrative expenses before amortisation		**(19,858)**	(17,914)
Amortisation of acquired intangibles	4	**(5,820)**	(4,311)
Foreign exchange (loss)/gain on operating activities		**(141)**	3,922
Total administrative expenses		**(25,819)**	(18,303)
Share of results of associate	14	**126**	663
Operating profit		**29,931**	42,941
Gain on disposal of associate	10	**834**	-
Investment revenue	2	**1,098**	619
Finance costs	3	**(585)**	(2,108)
Profit on ordinary activities before taxation	4	**31,278**	41,452
Tax on profit on ordinary activities	6	**(7,313)**	(10,790)
Profit for the period		**23,965**	30,662
Attributable to			
Equity holders of the parent		**23,873**	30,435
Non controlling interests	22	**92**	227
		23,965	30,662
Earnings per share (p)			
Basic	8	**10.0**	12 8
Diluted	8	**9 8**	12 7

Statement of comprehensive income
For the year ended 30 September 2010

	Notes	2010 £000	2009 £000
Profit for the period attributable to shareholders		**23,965**	30,662
Cash flow hedges			
Gains/(losses) during the period		**3,180**	(1,745)
Exchange differences on translation of foreign operations		**2,150**	(1,254)
Put option at fair value		**(2,065)**	(1,351)
		27,230	26,312
Tax relating to components of comprehensive income	6	**(414)**	–
Total comprehensive income for the period		**26,816**	26,312
Attributable to			
Owners of the Company		**26,724**	26,085
Non controlling interests	22	**92**	227
		26,816	26,312

Financial statements

Consolidated statement of changes in equity

For the year ended 30 September 2010

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2009	2,481	2,678	2,746
Net profit for the year	–	–	–
Currency translation difference on net investment in subsidiary undertakings	–	–	–
Increase in fair value of hedging derivatives	–	–	–
Tax relating to components of comprehensive income	–	–	–
Put option on acquisition of subsidiary	–	–	–
Total comprehensive income for the period	–	–	–
Issue of share capital	2	–	–
Dividends paid	–	–	–
Exercise of share options	–	–	–
Share-based payments	–	20	–
Tax charged to equity	–	–	–
Exercise of put option on acquisition of subsidiary	–	–	–
30 September 2010	**2,483**	**2,698**	**2,746**

Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non controlling interests £000	Total equity £000
457	(10,241)	60,519	(4,620)	2,160	(1,745)	54,435	2,272	56,707
–	–	23,873	–	–	–	23,873	92	23,965
–	–	–	–	2,150	–	2,150	–	2,150
–	–	–	–	–	3,180	3,180	–	3,180
–	–	(414)	–	–	–	(414)	–	(414)
–	–	–	(2,065)	–	–	(2,065)	–	(2,065)
–	**–**	**23,459**	**(2,065)**	**2,150**	**3,180**	**26,724**	**92**	**26,816**
–	–	–	–	–	–	2	–	2
–	–	(13,335)	–	–	–	(13,335)	–	(13,335)
–	603	(273)	–	–	–	330	–	330
–	–	1,369	–	–	–	1,389	–	1,389
–	–	341	–	–	–	341	–	341
–	–	(3,762)	5,334	–	–	1,572	(1,241)	331
457	**(9,638)**	**68,318**	**(1,351)**	**4,310**	**1,435**	**71,458**	**1,123**	**72,581**

Financial statements

Consolidated statement of changes in equity
For the year ended 30 September 2009

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2008	2,479	2,669	2,746
Effect of change in accounting policy	–	–	–
As restated	**2,479**	**2,669**	**2,746**
Net profit for the year	–	–	–
Currency translation difference on net investment in subsidiary undertakings	–	–	–
Increase in fair value of hedging derivatives	–	–	–
Put option on acquisition of subsidiary	–	–	–
Tax charged to equity	–	–	–
Recognition and transfer of cash flow hedges	–	–	–
Total comprehensive income for the period	–	–	–
Issue of share capital	2	–	–
Dividends paid	–	–	–
Exercise of options	–	–	–
Share based payments	–	9	–
Shares issued for remuneration	–	–	–
Purchase of shares	–	–	–
Non-controlling interest on acquisition of subsidiary	–	–	–
30 September 2009	**2,481**	**2,678**	**2,746**

Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non controlling interests £000	Total equity £000
457	(8,390)	42,776	(3,269)	3,414	–	42,882	1,194	44,076
–	–	(90)	–	–	–	(90)	–	(90)
457	**(8,390)**	**42,686**	**(3,269)**	**3,414**	–	**42,792**	**1,194**	**43,986**
–	–	30,435	–	–	–	30,435	227	30,662
–	–	–	–	(1,254)	–	(1,254)	–	(1,254)
–	–	–	–	–	(563)	(563)	–	(563)
–	–	–	(1,351)	–	–	(1,351)	–	(1,351)
–	–	13	–	–	–	13	–	13
–	–	–	–	–	(1,182)	(1,182)	–	(1,182)
–	–	**30,448**	**(1,351)**	**(1,254)**	**(1,745)**	**26,098**	**227**	**26,325**
–	–	–	–	–	–	2	–	2
–	–	(12,600)	–	–	–	(12,600)	–	(12,600)
–	1,318	(1,115)	–	–	–	203	–	203
–	–	1,100	–	–	–	1,109	–	1,109
–	24	–	–	–	–	24	–	24
–	(3,193)	–	–	–	–	(3,193)	–	(3,193)
–	–	–	–	–	–	–	851	851
457	**(10,241)**	**60,519**	**(4,620)**	**2,160**	**(1,745)**	**54,435**	**2,272**	**56,707**

Financial statements

Consolidated balance sheet

30 September 2010

	Notes	2010 £000	2009 £000
Non current assets			
Goodwill	9	**50,584**	44,619
Other intangible assets	11	**28,829**	16,007
Property, plant and equipment	12	**1,741**	1,449
Investments in associates	14	**-**	1,840
Venue advances and other loans	15	**6,178**	1,994
Deferred tax asset	19	**1,652**	1,268
Derivative financial instruments	20	**178**	68
		89,162	67,245
Current assets			
Trade and other receivables	15	**38,488**	33,859
Tax prepayment	15	**608**	1,056
Cash and cash equivalents	15	**33,163**	32,587
Derivative financial instruments	20	**951**	226
		73,210	67,728
Total assets		**162,372**	134,973
Current liabilities			
Bank overdraft	16	**(10,183)**	(9,480)
Trade and other payables	17	**(15,163)**	(13,395)
Deferred income	17	**(55,211)**	(44,567)
Derivative financial instruments	20	**(161)**	(5,020)
Provisions	18	**(452)**	(203)
		(81,170)	(72,665)
Non current liabilities			
Provisions	18	**(807)**	(610)
Deferred tax liabilities	19	**(6,089)**	(4,134)
Derivative financial instruments	20	**(1,725)**	(857)
		(8,621)	(5,601)
Total liabilities		**(89,791)**	(78,266)
Net assets		**72,581**	56,707
Equity			
Share capital	21	**2,483**	2,481
Share premium account		**2,698**	2,678
Merger reserve		**2,746**	2,746
Capital redemption reserve		**457**	457
ESOT reserve		**(9,638)**	(10,241)
Retained earnings		**68,318**	60,519
Translation reserve		**4,310**	2,160
Hedge reserve		**1,435**	(1,745)
Put option reserve		**(1,351)**	(4,620)
Equity attributable to equity holders of the parent		**71,458**	54,435
Non controlling interests	22	**1,123**	2,272
Total equity		**72,581**	56,707

The financial statements of ITE Group plc, registered company number 1927339, were approved by the Board of Directors and authorised for issue on 29 November 2010 They were signed on their behalf by

Russell Taylor
Chief Executive Officer

Neil Jones
Finance Director

Consolidated cash flow statement

For the year ended 30 September 2010

	Notes	2010 £000	2009 £000
Cash flows from operating activities			
Operating profit from continuing operations	1	**29,931**	42,941
Adjustments for			
Depreciation and amortisation	4	**6,682**	5,062
Share based payments		**1,369**	1,100
Other non cash expenses		**-**	121
Share of associate profit		**(126)**	(663)
Increase/(decrease) in provisions		**446**	(105)
Operating cash flows before movements in working capital		**38,302**	48,456
(Increase)/decrease in receivables		**(2,171)**	7,956
Increase/(decrease) in deferred income		**10,644**	(19,835)
Increase in payables		**2,905**	775
Cash generated from operations		**49,680**	37,352
Tax paid		**(7,427)**	(11,887)
Venue advances and loans		**(9,248)**	(5,352)
Net cash from operating activities		**33,005**	20,113
Investing activities			
Interest received	2	**342**	619
Gain/(loss) on derivative financial instruments		**214**	(1,696)
Dividends received from associates		**637**	204
Acquisition of businesses – cash paid		**(20,498)**	(8,400)
Acquisition of businesses – cash acquired		**1,915**	388
Purchase of property, plant and equipment and computer software		**(1,106)**	(449)
Net cash (utilised) in investing activities		**(18, 496)**	(9,334)
Financing activities			
Dividends paid	7	**(13,335)**	(12,600)
Interest paid		**(576)**	(412)
Net cash flow in relation to ESOT shares		**-**	(3,193)
Proceeds from issue of share capital		**22**	11
Net cash flows (utilised) in financing activities		**(13,889)**	(16,194)
Net increase/(decrease) in cash and cash equivalents		**620**	(5,415)
Net cash and cash equivalents at beginning of period net of overdrafts		**23,107**	29,141
Effect of foreign exchange rate changes		**(747)**	(619)
Net cash and cash equivalents at end of period net of overdrafts		**22,980**	23,107
Comprising:			
Cash and cash equivalents	15	**33,163**	32,587
Bank overdrafts	16	**(10,183)**	(9,480)
		22,980	23,107
Cash generated from the business:			
Cash generated from operations		**49,680**	37,352
Interest received		**342**	619
Interest paid		**(576)**	(412)
Dividends earned from associates		**637**	204
		50,083	37,763
Free cash flow from the business			
Cash generated from the business		**50,083**	37,763
Tax paid		**(7,427)**	(11,887)
		42,656	25,876

Financial statements

Notes to the consolidated accounts

For the year ended 30 September 2010

General information

ITE Group plc is a company incorporated in the United Kingdom The address of the registered office is given on page 94 The nature of the Group's operations and its principal activities are set out in the Divisional summary on pages 18 to 25 and in note 1

These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Group operates Foreign operations are included in accordance with the accounting policies set out below

Impact of new accounting standards

IFRS 8, Operating Segments

IFRS 8 sets out disclosure requirements concerning an entity's reportable segments, products, services, geographical areas in which it operates and its major customers IFRS 8 replaces IAS 14, Segmental Reporting The Group has not been significantly impacted by the adoption of this standard, see note 1 for further details

Amendment to IFRS 3, Business Combinations (revised 2008) and IAS 27 Consolidated and Separate Financial Statements (revised 2008)

The most significant changes to the Group's previous accounting policies for business combinations are as follows

- Acquisition related costs which previously would have been included in the cost of a business combination are included in administrative expenses as they are incurred,
- Any pre-existing equity interest in the entity acquired is remeasured to the fair value at the date of obtaining control, with any resulting gain or loss recognised in income statement,
- Any changes in the Group's ownership interest subsequent to the date of obtaining control are recognised directly in equity, with no adjustment to goodwill, and
- Any changes to the cost of an acquisition, including contingent consideration, resulting from events after the date of acquisition are recognised in income statement Previously, such changes resulted in an adjustment to goodwill

The revised standards have been applied to the acquisitions set out in note 10

Any adjustments to contingent consideration for acquisitions made prior to 1 October 2009 which result in an adjustment to goodwill continue to be accounted for under IFRS 3(2004) and IAS 27(2005)

£860,000 of transaction costs relating to completed and pending acquisitions made in the period have been expensed that would previously have been capitalised on the balance sheet (see note 4)

Amendment to IAS 1, Presentation of Financial Statements

This amendment introduces changes to the way in which movements in equity must be disclosed and requires an entity to disclose each component of other comprehensive income not recognised in profit and loss The amendment also requires disclosure of the amount of income and deferred tax relating to each component of other comprehensive income as well as other minor disclosure amendments

The following new standards, amendments to standards and interpretations are mandatory for the year ended 30 September 2010, and these have been adopted but have had no impact on the 2010 Group financial statements

- IFRIC 17 'Distribution of Non Cash Assets to Owners'
- IFRIC 18 'Transfers of Assets to Customers'

The following interpretations have been issued which are not applicable to the Group since they are only effective for the Group's accounting periods beginning on or after 1 October 2010 These are also not expected to have a material impact on the Group financial statements

- IFRIC 14 'Prepayments of a minimum funding requirement'
- IFRIC 19 'Extinguishing liabilities with equity instruments'

Basis of accounting

ITE Group plc is a UK-listed company and, together with its subsidiary operations, is hereafter referred to as 'the Group' The Company is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation In addition, the Group has complied with IFRS as issued by the International Accounting Standards Board ('IASB')

The preparation of financial statements under IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and income and expenses These estimates and associated assumptions are based on past experience and other factors considered applicable at the time and are used to make judgements about the carrying value of assets and liabilities that cannot be readily determined from other sources Actual results may differ from these estimates

These estimates and underlying assumptions are reviewed on an ongoing basis Changes to estimates and assumptions are reflected in the financial statements in the period in which they are made

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future as disclosed in the Directors report on page 36

The statements are presented in pounds Sterling and have been prepared under IFRS using the historical cost convention, except for the revaluation of financial instruments The principal accounting policies adopted are set out below

Basis of consolidation
The Group accounts consolidate the accounts of ITE Group plc and its subsidiary undertakings controlled by the Company drawn up to 30 September each year Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition Any excess of the cost of acquisition over the fair values of the identifiable net assets is recognised as goodwill The interest of minority shareholders is stated at the non-controlling interest's proportion of the fair values of assets and liabilities recognised Subsequently, any losses applicable to the minority interest in excess of the non controlling interest are allocated against the interests of the parent

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group

All intra group transactions, balances, income and expenses are eliminated on consolidation

Non controlling interest's in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein Non controlling interest's consist of the amount of those interests as at the date of the original business combination and the non controlling interest's share of changes in equity since the date of the combination Losses applicable to the non-controlling interest in excess of their interest in the subsidiaries equity are allocated against the interest's of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree Acquisition-related costs are recognised in profit or loss as incurred

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below) All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance in accordance with relevant IFRSs Changes in the fair value of contingent consideration classified as equity are not recognised

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i e the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that
- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively,
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with IFRS 2 Share based Payment, and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year

Notes to the consolidated accounts *continued*

For the year ended 30 September 2010

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition Goodwill is recognised as an asset and reviewed for impairment at least annually Any impairment is recognised immediately in the income statement and is not subsequently reversed

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired If the recoverable amount of the cash generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal

Goodwill on acquisition of a foreign entity is treated as an asset of the foreign entity and translated at the closing rate The Group has elected to treat goodwill arising on acquisitions before the date of transition to IFRS as sterling denominated assets

Intangible assets

Computer software is initially measured at purchase cost, acquired trademarks, brands and customer lists are measured at fair value Computer software, trademarks, brands and customer lists have a definite useful life and are carried at cost or fair value less accumulated amortisation Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life The estimated useful lives are typically between three and seven years, with some trademarks having an estimated useful life of up to 20 years

Impairment of assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any) Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount An impairment is recognised immediately as an expense

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment loss

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method, on the following bases

Leasehold improvements	– term of lease
Fixture and fittings	– ten years
Plant and equipment	– four years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the term of the relevant lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value amount of the asset and is recognised in income

Associates
An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting Investments in associates are carried in the balance sheet at cost as adjusted by post acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments Losses of an associate in excess of Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment Any deficiency of the cost of acquisition below the Group's share of the fair value of the identifiable net assets of the associate at the date of acquisition (i e discount on acquisition) is credited in profit or loss in the period of acquisition

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate Losses may provide evidence of an impairment of the asset transferred in which case an appropriate provision is made for impairment

Venue advances
Where the Group has advanced funds to venue owners that can be repaid by either off-setting against future venue hire or by cash repayment, the fair value is recognised based on the discounted value of future cash receipts The loan balance is subsequently measured at amortised cost using the 'effective interest rate method' Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired

Advances that are prepayments of future venue hire and do not permit the repayment of the principal in cash are recognised at cost as prepayments in venue advances and prepayments

Provisions
Provisions are recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation Provisions are discounted to present value where the effect is material

Financial instruments
Classes of financial instruments
The Group aggregates its financial instruments into classes based on their nature and characteristics The details of financial instruments by class are disclosed in note 20 to the accounts

Financial assets
The Group classifies its financial assets into the following categories cash and cash equivalents, loans and receivables and derivative assets at fair value through profit or loss The classification is determined by management upon initial recognition, and is based on the purpose for which the financial assets were acquired

Financial assets are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument

At each balance sheet date, the Group assesses whether its financial assets are to be impaired Impairment losses are recognised in the income statement where there is objective evidence of impairment Financial assets are derecognised (in full or partly) when the Group's rights to cash flows from the respective assets have expired or have been transferred and the Group has neither exposure to the risks inherent in those assets nor entitlement to rewards from them

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value Cash and cash equivalents are measured at initial recognition at fair value Subsequent to initial recognition cash and cash equivalents are stated at fair value with all realised gains or losses recognised in the income statement

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Cash Flow Statement

Financial statements

Notes to the consolidated accounts *continued*
For the year ended 30 September 2010

Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market This category includes the following classes of financial assets trade and other receivables and venue advances

Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired The estimates are based on specific credit circumstances and the Group's historical bad receivables experience No interest is charged on the loans and receivables, due to either their short term nature or specific arrangements in place, and hence the effective interest rate method is not applied

Derivative assets
A derivative is a financial instrument that changes its value in response to changes in underlying variable, requires no or little net initial investment and is settled at a future date Derivative assets are classified as at fair value through profit or loss Derivative assets are measured at initial recognition at fair value and are subsequently remeasured to their fair value at each balance date with the resulting gains and losses recognised in the income statement These derivatives are acquired in full compliance with the Group's risk management policies

Financial liabilities
The Group classifies its financial liabilities into the following categories bank borrowings, trade and other payables held at amortised cost and derivative liabilities through profit or loss

Financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument

Written put options
Any contract with a single or multiple settlement option that contains an obligation for the Group to purchase equity in a subsidiary for cash gives rise to a financial liability for the present value of the repurchase price An amount equal to the liability is recorded in equity on initial recognition of a written put option The liability is subsequently remeasured through the income statement

Bank borrowings
Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges are accounted for on an accruals basis in the income statement and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise Where bank overdrafts are deemed to be integral to the Group's cash management activities, they are presented within net cash and cash equivalents in the cash flow statement Overdrafts that are considered to be financing in nature are presented as financing activities in the cash flow statement

Trade and other payables
Trade payables are measured at initial recognition at fair value and are subsequently measured at amortised cost Trade payables are derecognised in full when the Group is discharged from its obligation, it expires, is cancelled or replaced by a new liability with substantially modified terms Trade and other payables are short-term and there is no interest charged in connection with these, hence the effective interest method is not applied

Derivative liabilities
A derivative is a financial instrument that changes its value in response to changes in underlying variable, requires no or little net initial investment and is settled at a future date

Derivative liabilities are classified as at fair value through profit or loss Derivative liabilities are measured at initial recognition at fair value and are subsequently remeasured to their fair value at each balance date with the resulting gains and losses recognised in the income statement

These derivatives are acquired in full compliance with the Group's risk management policies

Hedge accounting
The Group's activities expose it to the financial risks of changes in foreign currency exchange rates The Group uses derivative financial instruments such as foreign exchange forward contracts to hedge these exposures

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship The Group designates its derivative financial instruments as cash flow hedges A derivative is presented as a non current asset or a non current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months Other derivatives are presented as current assets or current liabilities

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and strategy for undertaking various hedging transactions At the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in the fair values of cash flows of the hedged item

Derivative instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at each balance sheet date The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity The gain or loss relating to any ineffective portion is recognised immediately in the income statement, and is included in 'Finance income/cost' in the income statement Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement, in the same line of the income statement as the recognised hedged item

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement

The Group's use of financial derivatives is governed by the Group's financial policies Further details on these policies can be found in the Divisional summary on pages 18 to 25

Fair values
The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value

The Group determines the fair value of its financial instruments using market prices for quoted instruments and widely accepted valuation techniques for other instruments

Valuation techniques include discounted cash flows, standard valuation models based on market parameters, dealer quotes for similar instruments and use of comparable arm's length transactions

Revenue
Revenue represents the fair value of amounts receivable for goods and services provided in the ordinary course of business net of discounts, VAT and other sales related taxes

Revenue is recognised on completion of an event Billings and cash received in advance, and directly attributable costs relating to future events are deferred The amounts so deferred are included in the balance sheet as deferred event income and prepaid event costs respectively Losses anticipated at the balance sheet date are provided in full

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established

Barter transactions
Where barter transactions occur between advertising and exhibition space and the revenue can be measured reliably, revenues and costs are recognised in the income statement

Operating profit
Operating profit is stated after the share of results of associates and profit or loss on disposal of Group undertakings and before investment income and finance costs

Taxation
The tax expense represents the sum of tax currently payable and deferred tax

The current tax is based on the taxable profit for the year using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect the tax profit or the accounting profit

Financial statements

Notes to the consolidated accounts *continued*
For the year ended 30 September 2010

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or their contractual rate where applicable Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange prevailing at that date Non-monetary assets and liabilities are translated at the rate prevailing at the date the fair value was determined Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated Gains and losses arising on the settlement of monetary items, and on the retranslation of monetary items, are included in income for the period Exchange differences arising on the retranslation of non monetary items carried at fair value are included in income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised directly in equity For such non monetary items, any exchange component of that gain or loss is also recognised directly in equity

Details of the Group's accounting policies for forward contracts and options are included in the policy on derivative financial instruments

On consolidation, the results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transaction are used Exchange differences arising are classified as equity and transferred to the Group's translation reserve Such translation differences are recognised as income or as expense in the period in which the operation is disposed of

Under the exemption permitted from IAS 21 (the effects of changes in foreign exchange rates), cumulative translation differences for all foreign operations prior to 1 October 2004 have been treated as zero Consequently, any gain or loss on disposal will exclude translation differences that arose prior to 1 October 2004

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate

Employee Share Trust
The financial statements include the assets and liabilities of the Employee Share Trust ('ESOT') Shares in the Company held by the ESOT have been valued at cost and are held in equity The costs of administration of the ESOT are written off to profit or loss as incurred

Where such shares are subsequently sold, any net consideration received is included in equity attributable to the Company's equity holders

Share-based payments
The Group has applied IFRS 2 (share based payment) IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005

The Group issues equity settled share based payments to certain employees These are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions

Fair value is measured using a Black Scholes model The expected life used in the model has been adjusted, for the effects of non-transferability, exercise restrictions and behavioural considerations based on management's best estimate

Leases
Rentals payable under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term

Critical accounting judgements and key sources of estimation uncertainty
In the process of applying the Group's accounting policies, the following judgements and assumptions have been made by management and have the most significant effect on the amounts recognised in the financial statements or have the most risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

Impairment of goodwill and intangible assets
Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of cash generating units to which goodwill or intangible assets have been allocated The value in use calculation requires an estimation of future cash flows expected from the cash generating unit to perpetuity and a suitable discount rate in order to calculate present value The period used in the calculation is based on management's average expectation of the period over which the value will be derived from the cash generating units The carrying value of goodwill and intangible assets at 30 September 2010 is £50 6 million and £28 8 million respectively

Intangible assets
The valuation of intangible assets requires management to estimate the net present value of the additional future cash flows arising from customer relationships and trademarks to determine the value of those intangible assets This involves estimating the period over which the customer relationships and trademarks affect future cash flows

Share based payments
The Group makes share based payments to certain employees These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the estimate of the number of shares that will eventually vest The key assumptions used in calculating the fair value of the options are the discount rate, the Group's share price volatility, dividend yield, risk-free rate of return, and expected option lives Management regularly performs a true-up of the estimate of the number of shares that are expected to vest, this is dependent on the anticipated number of leavers

Taxation
Being a multinational Group with tax affairs in many geographic locations inherently leads to a tax structure which makes the degree of estimation and judgement more challenging The resolution of issues is not always within the control of the Group and is often dependent on the efficiency of legal processes Such issues can take several years to resolve The Group takes a considered view of unresolved issues, however the inherent uncertainty regarding these items means that the eventual resolution could differ significantly from the accounting estimates and therefore impact the Group's results and future cash flows

Notes to the consolidated accounts *continued*

For the year ended 30 September 2010

1 Segmental information

IFRS 8 introduces the term Chief Operating Decision Maker (CODM) The Executive Board comprising the Executive Directors (Russell Taylor (Chief Executive Officer), Neil Jones (Financial Director), Edward Strachan (Executive Director)), Stephen Keen, Alexander Shtalenkov, Colette Tebbutt and Suzanne King is considered to be the CODM

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

ITE Group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses

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

Year ended 30 September 2010	UK & Western Europe £000	Central Asia & Caucasus £000	Russia £000	Eastern & Southern Europe £000	Rest of World £000	Total Group £000
By geographical location of events/activities						
Revenue	8,188	19,622	66,130	15,271	4,336	113,547
Result (excluding share of results of associates)	(13,185)	8,074	30,046	3,978	892	29,805
By origin of sale						
Revenue	48,796	9,179	40,108	13,208	2,256	113,547
Result (excluding share of results of associates)	12,319	2,599	13,768	1,320	(201)	29,805
Share of results of associates						126
Operating profit						29,931
Gain on disposal of associate						834
Investment revenue						1,098
Finance costs						(585)
Profit before tax						31,278
Tax						(7,313)
Profit after tax						23,965
Capital expenditure	438	308	188	92	80	1,106
Depreciation and amortisation	1,251	187	3,172	1,797	275	6,682
Balance Sheet						
Assets*	55,611	10,700	57,043	33,314	3,444	160,112
Liabilities*	(41,635)	(4,483)	(25,731)	(6,967)	(901)	(79,717)

* Segment assets and segment liabilities exclude current and deferred tax assets and liabilities The revenue in the year of £113 5 million includes £0 3 million (2009 £0 5 million) of barter sales

1 Segmental information *continued*

Year ended 30 September 2009	UK & Western Europe £000	Central Asia & Caucasus £000	Russia £000	Eastern & Southern Europe £000	Rest of World £000	Total Group £000
By geographical location of events/activities						
Revenue	7,016	19,031	80,863	9,585	235	116,730
Result (excluding share of results of associates)	(6,188)	6,451	39,731	3,473	(1,189)	42,278
By origin of sale						
Revenue	57,002	9,092	44,833	5,803	–	116,730
Result (excluding share of results of associates)	16,752	2,570	22,445	669	(158)	42,278
Share of results of associates						663
Operating profit						42,941
Investment revenue						619
Finance costs						(2,108)
Profit before tax						41,452
Tax						(10,790)
Profit after tax						30,662
Capital expenditure	223	28	163	35	–	449
Depreciation and amortisation	1,868	6	2,432	756	–	5,062
Balance Sheet						
Assets*	74,081	7,941	46,912	1,875	–	130,809
Interest in associates						1,840
Consolidated total assets						132,649
Liabilities*	46,116	3,914	19,490	1,939	196	71,655

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

2 Investment revenue

	2010 £000	2009 £000
Interest receivable from bank deposits	**271**	619
Interest receivable from Inland Revenue repayments	**71**	-
Gain on derivative financial instruments	**223**	-
Gain on exercise of Primexpo North West LLC put option	**533**	-
	1,098	619

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Notes to the consolidated accounts *continued*

For the year ended 30 September 2010

3 Finance costs

	2010 £000	2009 £000
Interest on overdrafts	**208**	148
Bank charges	**336**	264
Interest payable to Inland Revenue	**32**	–
Loss on derivative financial instruments	**9**	1,696
	585	2,108

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2010 £000	2009 £000
Staff costs (note 5)	**22,971**	21,374
Depreciation of property, plant and equipment (note 12)	**661**	507
Amortisation of computer software (note 11)	**201**	244
Amortisation of purchased intangible assets (note 11)	**5,820**	4,311
Operating lease rentals – other (note 23)	**3,036**	3,224
Loss on derivative financial instruments (note 3)	**9**	1,696
Foreign exchange loss/(gain) on operating activities	**141**	(3,922)

Auditors' remuneration

	2010 £000	2009 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**178**	191
Fees payable to the Company's auditors and its associates for other services		
– The audit of the Company's subsidiaries pursuant to legislation	**64**	105
– Other services pursuant to legislation	**31**	34
– Other services	**79**	107
Tax services	**4**	35
	356	472

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

	2010 £000	2009 £000
Profit on ordinary activities before taxation	**31,278**	41,452
Amortisation of acquired intangibles	**5,820**	4,311
Gain on exercise of Primexpo North West LLC put option	**(533)**	–
Gain on disposal of associate	**(834)**	–
Transaction costs (completed and pending)	**860**	–
Headline pre-tax profit	**36,591**	45,763

5 Staff costs

	2010 Number	2009 Number
The average monthly number of employees (including Directors) was		
Administration	**250**	266
Technical and sales	**572**	602
	822	868

Their aggregate remuneration comprised	£000	£000
Wages and salaries	**18,950**	17,765
Social security costs	**2,613**	2,462
Other pension costs	**38**	47
Share based payments	**1,370**	1,100
	22,971	21,374

The 2009 staff costs include £2 0 million not previously classified as staff costs

Details of audited Directors' remuneration are shown in the Report on remuneration on pages 44 to 48

6 Tax on profit on ordinary activities

Analysis of tax charge for the year

	2010 £000	2009 £000
Group taxation on current year profit		
UK corporation tax on profit for the year	**4,021**	5,049
Adjustment to UK tax in respect of previous years	**(460)**	(131)
	3,561	4,918
Overseas taxation – current year	**5,830**	5,891
Overseas taxation – previous years	**76**	(70)
	5,906	5,821
Current tax	**9,467**	10,739
Deferred tax		
Origination and reversal of timing differences		
Current year	**(1,525)**	315
Prior year	**(629)**	(264)
	7,313	10,790

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

	2010 £000	2009 £000
Profit on ordinary activities before tax	**31,278**	41,452
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	**8,758**	11,607
Effects of		
Expenses not deductible for tax purposes	**152**	165
Deferred tax assets not recognised	**29**	290
Withholding tax and other irrecoverable taxes	**776**	194
Adjustments to tax charge in respect of previous years	**(1,013)**	(467)
Deferred tax provision in respect of proposed dividends from overseas subsidiaries	**103**	1,130
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,457)**	(1,943)
Associate tax	**(35)**	(186)
	7,313	10,790

Tax relating to components of comprehensive income

	2010 £000	2009 £000
Cash flow (losses)	**(414)**	–
Exchange differences on translation of foreign operations	–	–
Put option at fair value	–	–
	(414)	–

7 Dividends

	2010 £000	2009 £000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 30 September 2009 of 3 9p (2008 3 7p) per ordinary share	**9,283**	8,809
Interim dividend for the year ended 30 September 2010 of 1 7p (2009 1 6p) per ordinary share	**4,052**	3,791
	13,335	12,600
Proposed final dividend for the year ended 30 September 2010 of 4p (2009 3 9p) per ordinary share	**9,533**	9,262

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 9,978,386 (2009 10,602,886) ordinary shares representing 4% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year

Financial statements

Notes to the consolidated accounts *continued*

For the year ended 30 September 2010

8 Earnings per share

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

	2010 Number of shares (000)	2009 Number of shares (000)
Weighted average number of shares		
For basic earnings per share	**238,679**	238,030
Effect of dilutive potential ordinary shares	**4,213**	1,352
For diluted and headline diluted earnings per share	**242,892**	239,382

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 £23 9 million (2009 £30 4 million) Basic and diluted earnings per share were 10 0p and 9 8p respectively (2009 12 8p and 12 7p respectively)

Headline diluted earnings per share

Headline diluted earnings per share is intended to provide a consistent measure of Group earnings on a year on year basis and is 11 6p per share (2009 14 2p) Headline basic earnings per share is 11 8p per share (2009 14 2p)

	2010 £000	2009 £000
Profit for the financial year attributable to equity holders of the parent	**23,873**	30,435
Amortisation of acquired intangible assets	**5,820**	4,311
Tax effect of amortisation of acquired intangible assets	**(1,144)**	(848)
Transaction costs	**860**	-
Gain on exercise of Primexpo North West LLC put option	**(533)**	-
Gain on disposal of associate	**(834)**	-
Headline earnings for the financial year after taxation	**28,042**	33,898

9 Goodwill

	2010 £000	2009 £000
At 1 October	**44,619**	40,982
Acquired through business combinations	**5,249**	1,995
Exchange differences	**716**	1,642
At 30 September	**50,584**	44,619

10 Goodwill acquired through business combinations

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination The carrying amount of goodwill has been allocated as follows

	2010 £000	2009 £000
UK & Western Europe	**14,850**	10,873
Central Asia & Caucasus	**7,437**	7,400
Russia	**23,231**	23,298
Eastern & Southern Europe	**3,794**	3,048
Rest of the World	**1,272**	-
	50,584	44,619

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired

The recoverable amounts of the cash-generating units are determined from value in use calculations The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to cash flows during the period Management estimates discount rates using pre tax rates that reflect the current market assessments of the time value of money and risks specific to the cash generating units The growth rates are based on management forecasts The Group prepares cash flow forecasts based upon the most recent financial plans approved by the Board and extrapolates the planned cash flows Assumed growth rates based on GDP growth rates in the local markets and management judgements have been applied for the first three years beyond the detailed plans and a rate of 3% is applied thereafter These rates do not exceed the average long-term growth rate for our business in the relevant markets

10 Goodwill acquired through business combinations *continued*
The discount rates applied to the cash generating units are between 10% and 14%

The calculation of value in use is most sensitive to the discount rate and growth rates used Management believes that no reasonable potential change in any of the above key assumptions would cause the carrying value to exceed its recoverable amount

The principal share acquisitions made during the year to 30 September 2010, accounted for under acquisition method, were

Name of entity acquired	Nature of entity acquired	Date of acquisition	Percentage acquired
Airgate Holdings Limited	Exhibition organiser	27 November 2009	70%
Airgate Holdings Limited	Exhibition organiser	23 July 2010	30%
Fin mark S r l u	Exhibition organiser	29 April 2010	100%
Assets of ITF	Portfolio of six exhibitions	31 December 2009	100%
Assets of Global Expo	Portfolio of two exhibitions	9 April 2010	100%
Non controlling interest of Primexpo (organiser of Interstroyexpo)	Exhibition organiser	1 April 2010	25%

Details of the aggregate net assets acquired as adjusted from book to fair value, and the attributable goodwill are presented as follows

Acquisition of 70% of Airgate Holdings Limited

	Airgate Holdings Limited £000
Net assets acquired	
Fixed assets	6
Intangible fixed assets	2,242
Trade and other receivables	629
Cash and cash equivalents	387
Trade and other payables	(1,397)
Provisions	(76)
Deferred tax liability	(489)
Non-controlling interest	(49)
Net assets acquired	1,253
Goodwill arising on acquisition	1,184
Total cost of acquisition	**2,437**
Satisfied by	
Net cash paid	2,015
Deferred consideration	422
	2,437
Net cash outflow arising on acquisition	
Net cash paid	2,015
Cash and cash equivalents acquired	(387)
	1,628

On 23 July 2010, the Group acquired the remaining 30% interest in Airgate Holdings Limited for total consideration of £1 1 million satisfied by cash of £1 million and deferred consideration of £0 1 million

Notes to the consolidated accounts *continued*

For the year ended 30 September 2010

10 Goodwill acquired through business combinations *continued*
Acquisition of 100% of Fin-mark S r l.u

	Fin mark S r l u £000
Net assets acquired	
Intangible fixed assets	11,977
Trade and other receivables	633
Cash and cash equivalents	1,528
Deferred tax asset	3
Trade and other payables	(2,945)
Deferred tax liability	(2,754)
Net assets acquired	8,442
Goodwill arising on acquisition	4,020
Total cost of acquisition	**12,462**
Satisfied by	
Net cash paid	12,257
Contingent consideration	205
	12,462
Net cash outflow arising on acquisition	
Net cash paid	12,257
Cash and cash equivalents acquired	(1,528)
	10,729

The values used in accounting for the identifiable assets and liabilities of these acquisitions are provisional in nature at balance sheet date If necessary adjustments will be made to these carrying values and the related goodwill, within 12 months of the acquisition date The goodwill arising on acquisition of £4 0 million represents significant expected synergies with other operations of the Group and the complementarity achieved with the Group's existing emerging market strategy

a) Airgate Holdings Limited
Details of net assets acquired on 27 November 2009 and the related fair value adjustments are presented as follows

Assets acquired	Book value £000	Adjustments £000	Fair value £000
Fixed assets	6	–	6
Intangible fixed assets	613	1,629	2,242
Trade and other receivables	629	–	629
Cash	387	–	387
Trade and other payables	(1,397)	–	(1,397)
Provisions	(76)	–	(76)
Deferred tax liability	–	(489)	(489)
Non-controlling interest	–	(49)	(49)
Net assets acquired	**162**	**1,091**	**1,253**

The Group has acquired a further 30% of this business on 23 July 2010 for a total consideration of £1 1 million

The acquired business has contributed £1 4 million to Group revenue and £0 1 million to profit before tax

If the acquisition had occurred on 1 October 2009, there would have been no material difference to these results

10 Goodwill acquired through business combinations *continued*

b) Fin mark S.r l u

Details of net assets acquired on 29 April 2010 and the related fair value adjustments are presented as follows

Assets acquired	Book value £000	Adjustments £000	Fair value £000
Intangible fixed assets	–	11,977	11,977
Trade and other receivables	633	–	633
Cash	1,528	–	1,528
Deferred tax asset	3	–	3
Trade and other payables	(2,945)	–	(2,945)
Deferred tax liability	–	(2,754)	(2,754)
Net assets acquired	**(781)**	**9,223**	**8,442**

The acquired business has contributed £2 9 million to Group revenue and £2 0 million to profit before tax

If the acquisition had occurred on 1 October 2009, there would have been no difference to amount contributed to Group revenue Profit before tax would have remained at £2 0 million

Acquisition of Global Expo

On 9 April 2010, the Group completed the purchase of the exhibition assets of Global Expo, a Russian exhibition company based in Moscow, which organises the annual Moscow events Meat and Diary expo and CityBuild The Group paid an initial consideration of £1 1 million, with a further payment of circa £1 million due in March 2011 dependent on the performance of the next editions of these events

Acquisition of exhibitions in Turkey

On 31 December 2009, ITE has completed its exit from ITF, its 50% associate venture in Turkey by acquiring half of the associate's events for its own portfolio and selling its shareholding in the associate to its former joint shareholder

The following exhibitions were acquired,

- IMOB, an international furniture exhibition, held annually in Istanbul
- Promoturk, an exhibition for corporate gifts, stationery and the giftware market held annually in Istanbul
- Ipack, a specialised exhibition for packaging and food processing systems held annually in Istanbul
- Cida, an International food products and processing technologies exhibition held annually in Istanbul
- Time, a manufacturing technologies exhibition, held in Istanbul
- Tatef, an International metalworking technologies exhibition held every two years in Istanbul

The assets acquired are set out in the table below

	£000
Intangible fixed assets	2,583
Sundry debtors	158
Loans and advances	1,083
Current liabilities	(1,241)
Net assets acquired	**2,583**

The fair value of the assets acquired is £2 6 million and consideration for these was the 50% shareholding the Group held in ITF This shareholding was previously held on the Group's books at a value of £1 2 million and as such gives rise to a gain on disposal of £1 4 million After deducting the respective deferred tax liability, a gain on disposal of £0 8 million was recognised, this is shown on the face of the income statement

No cash was transferred as part of the transaction

Acquisition of 25% of Primexpo (the organiser of Interstroyexpo)

On 1 April 2010, the Group completed the purchase of the remaining 25% of Primexpo, the organiser of Interstroyexpo (the leading St Petersburg construction event) for €3 4 million paid in cash

Financial statements

Notes to the consolidated accounts *continued*
For the year ended 30 September 2010

11 Other intangible assets

	Customer relationships and trademarks £000	Computer software £000	Total £000
Cost			
At 1 October 2008	21,527	1,851	23,378
Additions	3,789	220	4,009
Foreign exchange	437	1	438
At 1 October 2009	25,753	2,072	27,825
Additions	19,150	190	19,340
Foreign exchange	(487)	–	(487)
Disposals	(10)	–	(10)
At 30 September 2010	**44,406**	**2,262**	**46,668**
Amortisation			
At 1 October 2008	5,935	1,329	7,264
Charge for the year	4,311	244	4,555
Foreign exchange	–	(1)	(1)
At 1 October 2009	10,246	1,572	11,818
Charge for the year	5,820	201	6,021
Foreign exchange	–	–	–
At 30 September 2010	**16,066**	**1,773**	**17,839**
Carrying amount			
At 30 September 2010	**28,340**	**489**	**28,829**
At 30 September 2009	15,507	500	16,007

The amortisation period for customer relationships and trademarks is between three and seven years for customer relationships, with a weighted average of five years, and up to 20 years for trademarks Computer software is amortised over four years

The additions to customer relationships and trademarks of £19 2 million relate to the purchase of Airgate Holdings Limited, Fin-mark S r l u, the assets of ITF and the assets of Global Expo The carrying amounts of these intangibles at 30 September 2010 were £2 0 million, £11 4 million, £1 9 million and £1 9 million respectively The intangibles acquired during the year are amortised in accordance with the Group amortisation policy for intangibles as detailed above

12 Property, plant and equipment
Group

	Leasehold land and buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 October 2008	1,058	2,643	3,701
Additions	25	204	229
Disposals	(1)	(6)	(7)
At 1 October 2009	1,082	2,841	3,923
Additions	65	851	916
Disposals	–	(284)	(284)
At 30 September 2010	**1,147**	**3,408**	**4,555**
Depreciation			
At 1 October 2008	508	1,466	1,974
Charge for the year	77	430	507
Foreign exchange	(4)	(3)	(7)
At 1 October 2009	581	1,893	2,474
Charge for the year	82	579	661
Disposals	–	(283)	(283)
Foreign exchange	(5)	(33)	(38)
At 30 September 2010	**658**	**2,156**	**2,814**
Net book value			
At 30 September 2010	**489**	**1,252**	**1,741**
At 30 September 2009	501	948	1,449

13 Subsidiaries
A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 5 to the Company's separate financial statements

14 Interests in associates

	2010 £000	2009 £000
Aggregated amounts relating to associates	–	3,833
Total assets	–	(1,993)
Total liabilities	–	1,840
Included within total assets is goodwill of £nil (2009 £764,000)		
Share of revenue	**1,010**	5,284
Share of profit after tax	**126**	663

On 31 December 2009, ITE completed its exit from ITF, its 50% associate venture in Turkey by acquiring half of the associate's events for its own portfolio and selling its shareholding in the associate to its former joint shareholder See note 10 for further details

15 Current assets and non-current assets

	2010 £000	2009 £000
Trade and other receivables		
Trade receivables	**29,635**	24,721
Other receivables	**1,611**	1,643
Venue advances and prepayments	**4,287**	2,904
Prepayments and accrued income	**2,955**	4,591
	38,488	33,859
Taxation prepayments		
Taxation prepayments	**608**	1,056
Taxation prepayments relate to overseas subsidiaries and are available for offset against future tax liabilities		
Cash and cash equivalents		
Cash at bank and in hand	**33,163**	32,574
Cash held on trust	–	13
	33,163	32,587
Venue advances and other loans – non current		
Venue advances and other loans – non current	**6,178**	1,994

The cash at bank and in hand comprises cash held by the Group and short term deposits with an original maturity of three months or less The carrying value of these assets approximates their fair value The cash balance is represented by £9 5 million of Sterling, £11 8 million of Euros, £1 2 million of US Dollars, £8 1 million of Rubles and £2 6 of other currencies Surplus funds are placed on short term deposit with floating interest rates

The venue advances and other loans of £6 2 million due after one year are all due within five years (2009 £2 0 million due after more than five years) The venue loans repayable by cash are measured at fair value using a discounted cash flow model The venue prepayments are held at cost All venue advances are stated net of allowance for doubtful receivables The venue advances are denominated primarily in either Euros or US Dollars and are analysed as follows

	2010 £000	2009 £000
Venue loans		
Denominated in US Dollars	**1,288**	1,385
Denominated in other currencies	–	342
	1,288	1,727
Venue prepayments		
Denominated in Euros	**7,678**	472
Denominated in US Dollars	**975**	1,419
Denominated in other currencies	**524**	1,280
	9,177	3,171
Total venue loans and prepayments	**10,465**	4,898

Financial statements

Notes to the consolidated accounts *continued*

For the year ended 30 September 2010

16 Bank overdraft

The bank overdrafts are all repayable on demand Of the total borrowing, £8 6 million (2009 £7 5 million) is denominated in Euros and £1 6 million (2009 £2 0 million) is denominated in US Dollars The borrowings are arranged at floating interest rates, thus exposing the Group to interest rate risk The Euro and US Dollar borrowings are taken out to act as a partial hedge against the UK monetary assets in those currencies

The overdraft has been secured by a guarantee between ITE Group plc, ITE Exhibitions & Conferences Limited, International Trade and Exhibitions (JV) Limited, ITE Overseas Limited, ITE Enterprises Limited, ITE Moda Limited, RAS Publishing Limited, ITE Moda Footwear Limited, ITE Expo UK Limited, ITE Russia LLC UK Limited and a charge over the assets of International Trade and Exhibitions (JV) Limited The average interest rate on the bank overdrafts approximates 2 5% per annum (2009 1 8%) and is determined by reference to base rate plus 1 75% The Directors estimate the carrying value of the overdrafts approximates their fair value At 30 September 2010 the Group had £10 2 million (2009 £10 5 million) of gross undrawn committed borrowing facilities

17 Trade and other payables

	2010 £000	2009 £000
Trade payables	**718**	457
Taxation and social security	**4,201**	2,922
Other payables	**2,660**	2,931
Accruals	**5,812**	5,945
Deferred consideration	**108**	-
Contingent consideration	**1,664**	1,140
	15,163	13,395
Deferred income	**55,211**	44,567

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The Directors consider that the carrying value of trade payables approximates their fair value

18 Provisions

	National Insurance on share options £000	Leases £000	Total £000
At 1 October 2009	301	512	813
Charged/(credited) to income statement	561	(53)	508
Utilised in the period	(62)	–	(62)
At 30 September 2010	**800**	**459**	**1,259**
Included in current liabilities			452
Included in non-current liabilities			807
			1,259

National Insurance on share options is calculated by reference to the employer's National Insurance cost on the potential gain based on the difference between the exercise price and share price for those share options where the share price exceeds the exercise price at 30 September 2010

The lease provision relates to the spreading of a reduced rent period over the full period of the lease

19 Deferred tax

	Accelerated tax depreciation £000	Intangibles £000	Tax losses £000	Provisions and accruals £000	Hedges £000	Share based payments £000	Repatriation of profit £000	Total £000
At 1 October 2008	(868)	(1,870)	105	1,088	1	400	(879)	(2,023)
Transfers	–	–	–	–	–	–	–	–
Charge to income	449	459	(105)	(418)	–	(6)	(430)	(51)
Charge to equity	–	–	–	–	–	(57)	–	(57)
Acquisition of subsidiary	–	(752)	–	–	–	–	–	(752)
Exchange	–	–	–	17	–	–	–	17
At 1 October 2009	(419)	(2,163)	–	687	1	337	(1,309)	(2,866)
Transfers	–	–	–	21	–	(1)	–	20
Charge to income	(25)	1,184	–	130	–	168	697	2,154
Charge to equity	–	–	–	–	(158)	222	–	64
Acquisition of subsidiary	–	(3,818)	–	3	–	–	–	(3,815)
Exchange	–	–	–	6	–	–	–	6
At 30 September 2010	**(444)**	**(4,797)**	**–**	**847**	**(157)**	**726**	**(612)**	**(4,437)**

Certain deferred tax assets and liabilities have been offset in the above table The following is the analysis of deferred tax balances for financial reporting purposes

	2010 £000	2009 £000
Deferred tax liabilities	**(6,089)**	(4,134)
Deferred tax assets	**1,652**	1,268
	(4,437)	2,866

At the balance sheet date, the Group has unused tax losses of £1 9 million (2009 £1 5 million) available for offset against future profits No deferred tax asset has been recognised in respect of these losses in either year due to the unpredictability of future profit streams These losses may be carried forward indefinitely

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £4 5 million (2009 £3 7 million) No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future

20 Financial instruments

Financial assets and liabilities

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in the accounting policies note on pages 58 to 65

Categories of financial assets and liabilities

Financial assets and liabilities are classified according to the following categories in the table below The amounts disclosed are the contractual undiscounted net cash flows

Financial assets

	2010 £000	2009 £000
Cash and cash equivalents	**33,163**	32,587
Loans and receivables		
Trade receivables	**29,635**	24,721
Other receivables	**1,611**	1,643
Venue loans	**1,288**	1,727
Derivative financial instruments – FVTPL – Foreign currency forwards	**1,129**	294
	66,826	60,972

Financial statements

Notes to the consolidated accounts *continued*
For the year ended 30 September 2010

20 Financial instruments *continued*
Financial liabilities

	2010 £000	2009 £000
Bank overdraft	**10,183**	9,480
Amortised cost		
Trade payables	**718**	457
Other payables	**2,660**	2,931
Deferred consideration	**108**	–
Contingent consideration	**1,664**	1,140
Derivative financial instruments – Put option liability	**1,223**	5,020
Derivative financial instruments – FVTPL – Foreign currency forwards	**663**	857
	17,219	19,885

Maturity of financial instruments
In 2010, all financial liabilities except the put option and part of the derivative financial instruments (£0 5 million) have a maturity of one year or less The put option is an open option with no fixed maturity date, it has been classified as a long term financial liability Out of the total of £1 1 million of derivative financial assets, £0 9 million had a maturity of one year or less and £0 2 million has a maturity of one to three years Out of the total of £0 6 million of derivative financial liabilities, £0 5 million had a maturity of one to three years

In 2009, all financial liabilities except derivative financial instruments have a maturity of one year or less The put option is an open option with no fixed maturity date Out of the total of £0 3 million of derivative financial assets, £0 2 million had a maturity of one year or less and £0 1 million had a maturity of one to two years Out of the total of £0 8 million of derivative financial liabilities, £0 8 million had a maturity of one to three years

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair value due to the short maturity of the instruments

Derivative assets

	2010 €000 Contractual amounts	2010 £000 Fair value	2009 €000 Contractual amounts	2009 £000 Fair value
Foreign currency forward contracts	**52,900**	**1,129**	45,900	294

Derivative liabilities

	2010 €000 Contractual amounts	2010 £000 Fair value	2009 €000 Contractual amounts	2009 £000 Fair value
Foreign currency forward contracts	**46,800**	**663**	18,600	857

The Group seeks to minimise the effects of foreign currency risks by using derivative financial instruments to hedge the risk exposures The use of financial derivatives is governed by the Group's policies approved by the Board Compliance with policies and exposure limits is reviewed by the Board on a continuous basis The Group does not enter into financial instruments, including derivative financial instruments, for speculative purposes

Fair value hierarchy
The following table categories the Group's financial instruments which are held at fair value into 1 of 3 levels to reflect the degree to which observable inputs are used in determining their fair values

	Fair Value £000	Level 1 £000	Level 2 £000	Level 3 £000
Assets measured at fair value				
Foreign currency forward contracts	1,129	–	1,129	–
Total	**1,129**	–	**1,129**	–
Liabilities measured at fair value				
Foreign currency forward contracts	663	–	663	–
Put option	1,223	–	–	1,223
Total	**1,886**	–	**663**	**1,223**

20 Financial instruments *continued*

Level 1, Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2, Fair value 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 measured using inputs for the asset or liability that are not based on observable market data

Financial risk management

In the course of its business, the Group is exposed to a number of financial risks market risk (including foreign currency and interest rate), credit risk, liquidity risk and capital risk This note presents Group's exposure to each of the above risks Group's objectives, policies and processes for measuring and managing risks can be found in the Divisional summary on pages 18 to 25

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework The Board has put in place policies that have been established to identify and analyse risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates The Group enters into derivative financial instruments to manage its exposure to foreign currency risk Market risk exposures are measured using sensitivity analysis

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arise Exchange rate exposures are managed within approved policy parameters utilising forward plus or forward foreign exchange contracts

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows

Financial assets

	2010 £000	2009 £000
EUR	**31,578**	29,020
GBP	**12,830**	21,319
USD	**6,044**	3,092
Other	**16,374**	7,541
	66,826	60,972

Financial liabilities

	2010 £000	2009 £000
EUR	**9,412**	11,347
GBP	**2,132**	5,055
USD	**3,258**	3,288
Other	**2,417**	194
	17,219	19,885

Foreign currency sensitivity analysis

The sensitivity analysis below is based on a 10% appreciation/depreciation of the Group's significant currencies against Sterling, applied to the net monetary assets or liabilities of the Group that are not denominated in the functional currency of the operating unit involved

2010 (£000)	USD	EUR	Other
Monetary assets	**4,833**	**31,578**	**17,585**
Monetary liabilities	**(3,258)**	**(9,412)**	**(2,417)**
Net monetary assets	**1,575**	**22,166**	**15,168**
Currency impact			
Profit before tax gain/(loss)			
10% appreciation	**158**	**2,217**	**1,517**
10% depreciation	**(158)**	**(2,217)**	**(1,517)**

Financial statements

Notes to the consolidated accounts *continued*

For the year ended 30 September 2010

20 Financial instruments *continued*

2009 (£000)	USD	EUR	Other
Monetary assets	3,092	29,020	7,541
Monetary liabilities	(3,288)	(11,347)	(194)
Net monetary (liabilities)/assets	(196)	17,673	7,347
Currency impact			
Profit before tax gain/(loss)			
10% appreciation	20	1,767	735
10% depreciation	(20)	(1,767)	(735)

The following significant exchange rates versus Sterling applied during the year and in the prior year

	Average		Reporting date	
	2010	2009	**2010**	2009
EUR	**1.15**	1 15	**1.16**	1 09
USD	**1 56**	1 55	**1.58**	1 59

Forward foreign exchange contracts

As at 30 September 2010 the notional amounts of outstanding foreign currency forward contracts that the Group has committed to amounted to €99 7 million (2009 €64 5 million) These arrangements are designed to address significant exchange exposures for the next 36 months and are renewed on a revolving basis as required, subject to not committing the Group to less than six months or more than 36 months in the future

At 30 September 2010, the fair value of these derivatives is estimated to be a net asset of approximately £0 5 million (2009 net liability of £0 6 million) These amounts are based on market valuations

The Group has taken out foreign currency overdrafts in Euros and US Dollars to act as a natural hedge against certain currency trade receivable balances These borrowings have not been designated as hedging instruments by management All foreign exchange movements on these borrowings and trade receivables are recognised directly in the income statement

Interest rate risk management

As the Group has no significant interest bearing assets, other than cash, the Group's income and operating cash flows are substantially independent of changes in market interest rates The Group is exposed to interest rate risk through its borrowings at floating interest rates This risk is managed by the Group by maintaining an appropriate level of floating interest rate borrowings The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note

Interest structure of financial liabilities

	2010 £000	2009 £000
Financial liabilities at variable rates		
Bank overdraft	**10,183**	9,480

The following average interest rates applied during the year and in the prior year

	Bank overdraft	
	2010 %	2009 %
EUR	**2.0**	2 7
USD	**2.6**	1 2

Average interest rate applicable to cash balances were 1 6% in 2010 and 2 7% in 2009

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets and financial liabilities at the balance sheet date With all other variables held constant the table below demonstrates the sensitivity to a 1% change in interest rates applied to the major currencies of net variable rate asset/liabilities 1% is the sensitivity rate that represents management's assessment of the reasonably possible change in interest rates

	USD denominated		EUR denominated		GBP denominated		Other	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Cash and cash equivalents	**1,236**	1,100	**11,794**	10,244	**9,491**	19,258	**10,642**	1,984
Bank overdraft	**(1,575)**	(2,149)	**(8,608)**	(7,331)	–	–	–	–
Net variable rate (liabilities)/assets	**(339)**	(1,049)	**3,186**	2,913	**9,491**	19,258	**10,642**	1,984

20 Financial instruments *continued*

	USD denominated		EUR denominated		GBP denominated		Other	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Profit before tax – (loss)/gain								
+1% change in interest rates	**(34)**	(10)	**32**	29	**95**	193	**106**	20
–1% change in interest rates	**34**	10	**(32)**	(29)	**(95)**	(193)	**(106)**	(20)

Credit risk management

Credit risk arises because a counterparty may fail to perform its contractual obligations The Group's principal financial assets are cash and cash equivalents, trade and other receivables, venue advances and derivative financial instruments These represent the Group's maximum exposure to credit risk

The Group's credit risk is primarily attributable to its trade and other receivables The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults The Group's objective is to ensure all customers have paid before any service is provided to them The concentration of credit risk is limited due to the customer base being large and unrelated

The ageing profile of the Group's trade receivables and the details of the Group's allowances for doubtful receivables can be seen below

The credit risk on liquid funds and derivative financial instruments arises due to where the liquid funds are held The territories in which ITE operates do not always have banks with high credit ratings assigned by international credit rating agencies such as Moody's and Fitch The Group aims to minimise the exposure to credit risk by minimising the level of cash held in such banks The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved financial institutions

Credit rating of financial assets (excluding loans and receivables and derivative assets)

	2010 £000	2009 £000
Investments grade A and above	**25,400**	25,461
Investments grade B and above	**5,343**	3,054
Investments grade C or below or not rated	**2,420**	4,072
	33,163	32,587

The source of the credit ratings is Moody's and Fitch

Ageing profile of trade receivables

	Show start date		Contract terms	
	2010 £000	2009 £000	**2010 £000**	2009 £000
Not past due	**28,863**	24,178	**18,578**	13,082
Past due 1–30 days	**451**	252	**5,982**	7,489
Past due 31–60 days	**57**	134	**2,000**	1,691
Past due 61–90 days	**28**	45	**1,835**	885
Past due 91–120 days	**76**	42	**1,240**	904
Past due more than 120 days	**160**	70	–	670
	29,635	24,721	**29,635**	24,721

Management review debtors ageing on a contractual basis and also based on when an event has been held The Group raise invoices on events using stage payments Any overdue amounts, after the stage payment due date, are reviewed and chased Management also review the debts due based on when an event has taken place, as this is typically when the service is provided Both measures are included in the table above as both are used by management to manage outstanding debts

The trade receivables amounts presented in the Balance Sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience, specific credit issues and their assessment of the current economic environment Trade receivables consist of a large number of customers spread across diverse industries and geographical areas and the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer The demographics of the Group's customer base, including default risk of the industry and country, in which the customers operate, has less of an influence on credit risk

The Group establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade receivables when there is objective evidence that the debt will not be collected in full The allowance is recognised and measured as the difference between the asset's carrying amount and the present value of future cash flows, where material discounted at the effective interest rate computed at initial recognition The main component of this allowance is a specific loss component that relates to individually significant exposure on shows which have taken place but the debt has not been collected in full This allowance is determined by reference to the specific circumstances of each show and past experience

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Notes to the consolidated accounts *continued*

For the year ended 30 September 2010

20 Financial instruments *continued*

The details of the movement in the allowance for doubtful receivables are shown below

Allowance for doubtful receivables

	2010 £000	2009 £000
At 1 October	**404**	295
Allowances made in the period	**441**	282
Amounts used and reversal of unused amounts	**(345)**	(173)
	500	404

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due Such risk may result from inadequate market depth or disruption or refinancing problems Ultimate responsibility for liquidity risk management rests with the Board of Directors They have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements

The Group manages liquidity risk by ensuring continuity of funding for operational needs through cash deposits and debt facilities as appropriate

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance The capital structure of the Group consists of cash and cash equivalents, bank overdraft, which is disclosed in note 15 and note 16 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 21 and in the consolidated statement of changes in equity

21 Share capital

	2010 £000	2009 £000
Authorised		
375,000,000 ordinary shares of 1p each (2009 375,000,000)	**3,750**	3,750
Allotted and fully paid		
248,312,202 ordinary shares of 1p each (2009 248,107,702)	**2,483**	2,481

During the year, the Company allotted 204,500 (2009 199,800) ordinary shares of 1p each pursuant to the exercise of share options No (2009 nil) ordinary shares were issued in respect of Directors remuneration The total consideration for the shares issued was £174,110 (2009 £11,500)

As detailed in the Statement of changes in equity, the Company purchased no shares (2009, 5,000,000 at a cost of £3 2 million) for the Employees Share Option Trust ('ESOT')

The Company has one class of ordinary shares which carry no right to fixed income At the Extraordinary General Meeting held on 17 November 1998, shareholders approved the establishment of the ITE Group Employee Share Ownership Trust (ESOT) The terms of the ESOT allow the trustees to transfer shares to employees who exercise options under the Company's Share Option Schemes, to grant options to employees and to accumulate shares by buying in the market or subscribing for shares at market value The ESOT is capable of holding a maximum of 5% of the Company's issued ordinary share capital The ESOT reserve arises in connection with the Employee Share Ownership Trust The amount of the reserve represents the deduction in arriving at shareholders funds for the consideration paid for the Company's shares purchased by the Trust which had not vested unconditionally in employees at the balance sheet date

The ESOT held 9,978,386 shares in ITE Group plc at 30 September 2010 (2009 10,602,886 shares) During the year 327,500 share options and 1,160,584 nominal share options under the Employees Performance Share Plan were granted against ESOT held shares The market value of the ordinary shares held by the ESOT at 30 September 2010 was £17 8 million (2009 £10 2 million)

The Company has agreed to make available to the ESOT an interest-free loan of up to £12 5 million for the purpose of buying shares At 30 September 2010, the amount of the loan drawn down was £9 2 million The ITE Group plc Company only profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2010

The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT 624,500 options were exercised by ESOT during the year Of the total shares held by the ESOT, 7,209,148 are under option as at 30 September 2010 Details of the options in issue and their exercise dates can be seen at note 24 to the accounts

22 Non-controlling interests

	2010 £000	2009 £000
1 October	**2,272**	1,194
Non controlling interest arising on acquisition during the year	**49**	851
Reduction in non controlling interest due to acquisition of non controlling during the year	**(1,290)**	–
Profit on ordinary activities after taxation	**92**	227
30 September	**1,123**	2,272

23 Operating lease arrangements

The Group is a lessee for these arrangements Annual commitments under non cancellable operating leases are as follows

	2010 £000	2009 £000
Lease payments under operating leases recognised as an expense in the year		
Land and buildings	**3,036**	3,224
Venues	**20,116**	20,244

At 30 September 2010 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	Land and buildings 2010 £000	Venues 2010 £000	Land and buildings 2009 £000	Venues 2009 £000
Within one year	**2,858**	**10,725**	2,340	7,390
Between two and five years	**5,045**	–	2,991	–
After five years	**1,648**	–	2,176	–
	9,551	**10,725**	7,507	7,390

Operating lease payments for land and buildings represent rentals payable by the Group for certain of its office properties Leases are negotiated for an average term of two years Payments for venues represent the non-cancellable amount of contracted venue agreements for future events

The Group also earned rental income of £0 3 million during the year (2009 £0 3 million)

24 Share based payments

The Company operate two share option schemes

Share option plans

The Company operates a share option plan for all employees of the Group Options are exercisable at a price equal to the average quoted market price of the Company's share on the date of grant The vesting period is either three or five years and are exercisable up to ten years from granting The options are forfeited if the employee leaves the Group before the options vest

Performance share plans

The Company operated a Performance Share Plan ('PSP') for executives and staff Awards under the PSP are at an exercise value of either 1p or nil Awards can be made to an employee over shares up to a maximum of 100% of base salary each year based on market value The vesting period is three years and awards are exercisable up to ten years from the date of grant For conditional awards the vesting is automatic on the satisfaction of performance targets The options are forfeited if the employee leaves the Group before the options vest The awards are also subject to a performance target Further details of the performance targets can be found in the Report on remuneration

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Notes to the consolidated accounts *continued*
For the year ended 30 September 2010

24 Share-based payments *continued*
Details of the share options outstanding as at 30 September 2010 are as follows

	Number of share options 2010	Weighted average exercise price (p) 2010	Number of share options 2009	Weighted average exercise price (p) 2009
Share option plans				
Outstanding at beginning of period	**4,325,550**	**79.0**	3,151,450	93 5
Granted during the period	**327,500**	**126 5**	1,933,500	46 5
Lapsed during the period	**(193,700)**	**(81 9)**	(191,400)	(121 0)
Exercised during the period	**(704,500)**	**(49.9)**	(568,000)	(34 6)
	3,754,850		4,325,550	
Performance share plans				
Outstanding at beginning of period	**3,581,419**	**1.0**	2,396,769	0 6
Granted during the period	**1,487,201**	**1.0**	2,327,000	1 0
Lapsed during the period	**(220,000)**	**(1 0)**	(165,000)	(0 6)
Exercised during the period	**(93,000)**	–	(977,350)	(0 2)
	4,755,620		3,581,419	

The weighted average share price at the date of exercise for share options exercised during the period was 129p The options outstanding at 30 September 2010 had a weighted average exercise price of 44p, and a weighted average remaining contractual life of 457 days In 2010, Performance Share Plan options were granted on 11 February 2010 The aggregate of the estimated fair value of these options is £1 6 million Performance Share Plan options were also granted to key management on 10 March 2010 and 9 June 2010 The aggregate of the estimated value of the options granted on those dates is £0 1 million

The inputs into the Black Scholes model for the instruments issued during the year are as follows

	Performance share plan 2010	Share options plan 2010	Performance share plan 2009	Share options plan 2009
Weighted average share price	**144p**	**128p**	72p–102p	45 3p
Weighted average exercise price	**1p**	**126.5p**	1p	46 5p
Expected volatility	**41.53%–41.61%**	**41.53%**	40–42%	36 19%
Expected life	**4 years**	**4 years**	3–4 54 years	3 years
Risk free rate	**1.76%–2.60%**	**2.55%**	2–2 9%	2 27%
Dividend yield	**3 40%**	**3 40%**	5 22–7 36%	11 71%

The Group recognised a total expense of £1 4 million (2009 £1 1 million) related to equity settled share based payment arrangements

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

Trading transactions
In Kazakhstan, ITECA, a Group subsidiary, has transacted with Datacom and Saban Holdings for the provision of web systems and office rental respectively Edward Strachan, a Group Director, is a significant shareholder of Datacom and Saban Holdings In total, the services charged to ITECA were £44,000 (2009 £44,000)

In St Petersburg, Primexpo, a Group subsidiary, has transacted with Cavalry House for the provision of office rental Edward Strachan, a Group Director, is a significant shareholder of Cavalry House In total, the services charged to Primexpo were £191,000 (2009 £196,000)

During the year consultancy fees of £336,000 (2009 £328,000) and a bonus payment of £380,000 (2009 £211,700) was paid to Kyzyl Tan Consultants Limited ('Kyzyl Tan'), of which Edward Strachan is a significant shareholder Kyzyl Tan was also paid a living away from home allowance of £43,000 (2009 £47,000) These payments were made under a contract for Kyzyl Tan to provide the services of Edward Strachan to the Group

Remuneration of key management personnel
The remuneration of Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related party disclosures Further information about the remuneration of individual Directors is provided in the audited part of the Report on remuneration on pages 44 to 48

	2010 £000	2009 £000
Emoluments	**2,157**	1,722
Share based payment	**473**	492
	2,630	2,214

Financial statements

Independent Auditors' Report to the members of ITE Group plc

We have audited the parent company financial statements of ITE Group plc for the year ended 30 September 2010 which comprise the Parent Company Balance Sheet, and the related notes 1 to 10 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and Auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the parent company financial statements
- give a true and fair view of the state of the parent company's affairs as at 30 September 2010,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion
- adequate accounting records have not been kept by the parent company or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter
We have reported separately on the group financial statements of ITE Group Plc for the year ended 30 September 2010

Alex Butterworth

Alexander Butterworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
29 November 2010

Company balance sheet
30 September 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Investments in subsidiaries	5	**3,807**	3,807
Intangible assets	5	**27**	29
		3,834	3,836
Current assets			
Debtors due within one year	6	**135,116**	155,835
Cash at bank and in hand		**2,325**	369
Deferred tax asset	7	**150**	79
		137,591	156,283
Creditors: amounts falling due within one year	8	**(23,555)**	(25,736)
Net current assets		**114,036**	130,547
Total assets less current liabilities		**117,870**	134,383
Net assets		**117,870**	134,383
Capital and reserves			
Called up share capital	9,10	**2,483**	2,481
Share premium account	10	**2,698**	2,678
Merger reserve	10	**2,746**	2,746
Capital redemption reserve	10	**457**	457
ESOT reserve	10	**(9,638)**	(10,241)
Profit and loss account	10	**119,124**	136,262
Shareholders' funds		**117,870**	134,383

The accounts of the Company, registered number 1927339, were approved by the Board of Directors and signed on their behalf, on 29 November 2010, by

Russell Taylor
Chief Executive Officer
29 November 2010

Neil Jones
Finance Director

Financial statements

Notes to the Company accounts
For the year ended 30 September 2010

1 Basis of accounting
The separate financial statements of the Company are presented as required by the Companies Act 2006 The financial statements have been prepared on a going concern basis as discussed in the Group going concern disclosure on page 59

These accounts have been prepared under the historical cost convention and in accordance with Companies Act 2006 and United Kingdom Accounting Standards and have been applied consistently

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

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

Intangible assets
Trademarks are measured initially at purchase cost and have a definite useful life and are carried at cost less accumulated amortisation Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life The estimated useful lives are up to 20 years

Provisions
Provisions are recognised when the Company has a present legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Financial instruments
Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument

Trade debtors and creditors
Trade debtors and creditors are stated at their nominal value Trade debtors are reduced by appropriate allowances for estimated irrecoverable amounts

Bank borrowings
Bank overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges are accounted for on an accrual basis to profit or loss

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange prevailing at that date Non monetary assets and liabilities are translated at the rate prevailing at the date the fair value was determined Gains and losses arising on retranslation of monetary assets are included in profit or loss for the period

1 Basis of accounting *continued*

Employee Share Trust

The financial statements include the assets and liabilities of the Employee Share Trust ('ESOT') Shares in the Company held by the ESOT have been valued at cost and are held in equity The costs of administration of the ESOT are written off to profit or loss as incurred

Where such shares are subsequently sold, any net consideration received is included in equity attributable to the Company's equity holders

Share based payments

The Company issues equity-settled share-based payments to certain employees These are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market based vesting conditions

Fair value is measured using a Black Scholes model The expected life used in the model has been adjusted, for the effects of non transferability, exercise restrictions and behavioural considerations based on management's best estimate

2 Profit for the year

The loss after tax for the year ended 30 September 2010 was £3 9 million (2009 £124 4 million) As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company

The auditors' remuneration for audit and other services is disclosed in note 4 to the consolidated financial statements

3 Staff costs

a) Number of employees

The average number of persons (including Directors) employed by the Company during the year was as follows

	2010 Number	2009 Number
Directors	**7**	7

b) Employee costs

Their aggregate remuneration comprised

	2010 £000	2009 £000
Wages and salaries	**2,157**	1,722
Social security costs	**276**	220
Share based payments	**473**	492
Gross total	**2,906**	2,434
Highest paid Director	**796**	624

4 Dividends

	2010 £000	2009 £000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 30 September 2009 of 3 9p (2008 3 7p) per ordinary share	**9,283**	8,809
Interim dividend for the year ended 30 September 2010 of 1 7p (2009 1 6p) per ordinary share	**4,052**	3,791
	13,335	12,600
Proposed final dividend for the year ended 30 September 2010 of 4p (2009 3 9p) per ordinary share	**9,533**	9,262

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 9,978,386 (2009 10,602,886) ordinary shares representing 4% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it

Financial statements

Notes to the Company accounts *continued*

For the year ended 30 September 2010

5 Fixed assets

Investments in subsidiaries

The Company has investments in the following subsidiary undertakings and associates which principally affected the results or net assets of the Group To avoid a statement of excessive length, details of investments which are not significant have been omitted The principal activity of all the companies listed is the organisation of exhibitions and conferences, except RAS Holdings Limited and RAS Publishing Limited which publish trade magazines

Subsidiary undertakings	Country of incorporation or principal business address	Effective holding	%
International Trade and Exhibitions (JV) Limited	England	Ordinary shares	100
ITE Exhibitions & Conferences Limited	England	Ordinary shares	100
IEG International Limited+	England	Ordinary shares	100
Intermedia Exhibitions and Conferences Limited	England	Ordinary shares	100
IEG Gima International Exhibition Group GmbH & Co KG	Germany	Ordinary shares	100
International Trade and Exhibitions (ITE) Worldwide B V	Netherlands	Ordinary shares	100
E Uluslararası Fuar Tantıtım Hizmetleri A S	Turkey	Ordinary shares	100
Premier Expo	Ukraine	Ordinary shares	100
ITE LLC	Russia	Ordinary shares	100
ITE Expo LLC	Russia	Ordinary shares	100
OOO Primexpo	Russia	Ordinary shares	100
ITECA	Kazakhstan	Ordinary shares	100
Iteca Caspian LLC	Azerbaijan	Ordinary shares	100
ITE Uzbekistan	Uzbekistan	Ordinary shares	100
ITE Moda Limited	England	Ordinary shares	100
ITE Enterprises Limited	England	Ordinary shares	100
RAS Holdings Limited	England	Ordinary shares	100
RAS Publishing Limited	England	Ordinary shares	100
ITE Moda Footwear Ltd	England	Ordinary shares	100
ITE Footwear Limited	England	Ordinary shares	75
ITE Exhibitions BV	Netherlands	Ordinary shares	100
ITE Exhibitions Iberica SL	Spain	Ordinary shares	100
ITE Asia Pacific SDN BHD	Malaysia	Ordinary shares	100
ITE Gulf FZ LLC	United Arab Emirates	Ordinary shares	100
Primexpo North West LLC	Russia	Ordinary shares	100
Siberian Fair LCC	Russia	Ordinary shares	100
ITE Holdings Ltd*	England	Ordinary shares	100
Newex Marketing Limited	Malta	Ordinary shares	75
Airgate Holdings Limited	Cyprus	Ordinary shares	100
Fin mark S r l u	Italy	Ordinary shares	100

* Held directly by ITE Group plc

Subsidiary undertakings

	Shares £000	Capital contribution £000	Loans £000	Total £000
Cost				
1 October 2009	1,429	2,807	23,574	27,810
Additions	–	–	–	–
Disposals	–	–	–	–
30 September 2010	**1,429**	**2,807**	**23,574**	**27,810**
Provision for impairment				
1 October 2009	429	–	23,574	24,003
Disposals	–	–	–	–
30 September 2010	**429**	**-**	**23,574**	**24,003**
Net Book Value				
30 September 2010	**1,000**	**2,807**	**-**	**3,807**
30 September 2009	1,000	2,807	–	3,807

5 Fixed assets *continued*
Intangible assets

	Trademarks £000
Cost	
1 October 2009	37
Additions	–
30 September 2010	**37**
Amortisation	
1 October 2009	8
Charge in the year	2
30 September 2010	**10**
Net book value	
30 September 2010	**27**
30 September 2009	29

6 Debtors due within one year

	2010 £000	2009 £000
Amounts owed by Group undertakings	**134,453**	154,382
Venue advances and other loans	**515**	549
Prepayments and accrued income	**148**	154
Corporation tax – Group relief	**–**	750
	135,116	155,835

The amounts owed by Group undertakings are payable on demand and bear no interest

7 Deferred tax

	Share based payments £000
1 October 2009	79
Charged to income	71
Charged to equity	–
30 September 2010	**150**

At the balance sheet date the Company has unused tax losses of £800,000 (2009 £800,000) available for offset against future profits No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams

8 Trade and other creditors

	2010 £000	2009 £000
Amounts owed to Group undertakings	**23,167**	25,655
Accruals	**148**	48
Other creditors	**40**	33
Corporation tax – Group relief	**200**	–
	23,555	25,736

The amounts owed to Group undertakings are payable on demand and bear no interest

Financial statements

Notes to the Company accounts *continued*

For the year ended 30 September 2010

9 Called up share capital

	2010 £000	2009 £000
Authorised		
375,000,000 ordinary shares of 1p each (2009 375,000,000)	**3,750**	3,750
Allotted, called up and fully paid		
248,312,202 ordinary shares of 1p each (2009 248,107,702)	**2,483**	2,481

During the year, the Company allotted 204,500 (2009 199,800) ordinary shares of 1p each pursuant to the exercise of share options No (2009 £nil) ordinary shares were issued in respect of Directors' remuneration The total consideration for the shares issued was £174,110 (2009 £11,500)

During the year, the Company purchased no shares for the Employee Share Option Trust ('ESOT')

10 Reserves and reconciliation of equity shareholders' funds

	Called up share capital £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Profit and loss account £000	Total £000
1 October 2008	2,479	2,669	2,746	457	(8,390)	24,521	24,482
Exercise of options	–	–	–	–	1,318	(1,115)	203
Net profit for the year*	–	–	–	–	–	124,356	124,356
Dividends paid	–	–	–	–	–	(12,600)	(12,600)
Share based payments	2	9	–	–	–	1,100	1,111
Shares issued for remuneration	–	–	–	–	24	–	24
Purchase of shares	–	–	–	–	(3,193)	–	(3,193)
30 September 2009	2,481	2,678	2,746	457	(10,241)	136,262	134,383
Exercise of options	–	–	–	–	603	(273)	330
Net loss for the year	–	–	–	–	–	(3,850)	(3,850)
Issue of share capital	2	–	–	–	–	–	2
Dividends paid	–	–	–	–	–	(13,335)	(13,335)
Share based payments	–	20	–	–	–	320	340
30 September 2010	**2,483**	**2,698**	**2,746**	**457**	**(9,638)**	**119,124**	**117,870**

* Included within Net profit for the year is profit on disposal of ITE Enterprises Limited of £100 million to ITE Holdings Limited as part of an internal reorganisation This amount is not distributable

Shareholder information

Shareholder profile as at 30 September 2010

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1–100	207	15 41%	6,237	0 00%
101–1,000	334	24 85%	179,089	0 07%
1,001–10,000	509	37 87%	1,537,048	0 62%
10,001–100,000	149	11 09%	5,482,871	2 21%
100,001–1,000,000	94	6 99%	38,422,618	15 47%
1,000,001–Highest	51	3 79%	202,684,339	81 63%
	1,344	100%	248,312,202	100%

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private Individuals	940	69 94%	7,572,586	3 05%
Nominee Companies	360	26 79%	236,896,310	95 40%
Limited and Public Limited Companies	27	2 00%	3,359,065	1 35%
Other Organisations and Banks	17	1 27%	484,241	0 20%
	1,344	100%	248,312,202	100%

Dividend mandates
Shareholders who wish dividends to be paid directly into a bank or building society account should contact the Registrar for a dividend mandate form

This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date

Share dealing services
The Company's Registrar, Equiniti Financial Services Limited, offer a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares For telephone dealings call 08456 037 037 between 8 00am and 4 30pm, Monday to Friday, and for internet dealings log onto www shareview co uk/dealing

Electronic communications
Shareholders can elect to receive shareholder documents electronically by registering with Shareview at www shareview co uk This will save on printing and distribution costs, creating environmental benefits When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information When registering, you will need your shareholder reference number which can be found on your share certificate or proxy form Please contact Equiniti if you require any assistance or further information

Financial statements

Shareholder information *continued*

Directors
Iain Paterson
Non-executive Chairman

Russell Taylor
Chief Executive Officer

Neil England
Non executive Director

Michael Hartley
Non-executive Director

Neil Jones
Finance Director

Edward Strachan
Executive Director

Malcolm Wall
Non executive Director

Company secretary
John Price

Registered office
ITE Group plc
105 Salusbury Road
London NW6 6RG

Registration number
1927339

Auditors
Deloitte LLP
London

Solicitors
Olswang
90 High Holborn
London WC1V 6XX

Principal bankers
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London W1D 3QR

Company brokers
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
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Registrars
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Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Public relations
Financial Dynamics
Holborn Gate
26 Southampton Buildings
London WC2A 1PB

Website
www ite exhibitions com

Financial calendar

Final dividend 2010	
Ex date	5 January 2011
Record date	7 January 2011
Annual General Meeting	27 January 2011
Payment date	14 February 2011

Interim dividend 2011	
Ex date	6 July 2011
Record date	8 July 2011
Payment date	11 August 2011

ITE would like to thank all those who participated in producing this report particularly the members of staff for their contributions

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ITE Group plc Annual Report & Accounts 2010

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