CONNECTING YOUR BUSINESS TO THE WORLD

ITE Group plc
Interim Report 2016

CONNECTING YOUR BUSINESS TO THE WORLD

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

"ITE has delivered a good first half performance, showing the benefits of the Group's diversification strategy. The trading environment in Russia and Central Asia continued to be challenging over the first half but the acquired Breakbulk portfolio and Africa Oil Week, together with the increased stake in ABEC's Indian events portfolio, have supported a good performance from the Group's business in Asia and the Rest of the World.

Looking forward, prospects in Russia are improving and the economy is expected to show growth in 2017. ITE has a sound financial platform with good operating cash flows and the Group is entering the second half of the year with good visibility on current year bookings. Accordingly, the Board has confidence in the full year outcome."

Russell Taylor, Chief Executive Officer

CONTENTS

Highlights

- Acquisitions drive growth and further diversify the Group away from Russia
- Trading in Russia is still challenging but prospects are improving
- Results are in line with management expectation
- Interim dividend reduced to restore earnings cover to over two times
- Confidence in full year outcome with over 90% of revenues for FY 2016 contracted
- Appointment of new CEO announced

	Six months to 31 March 2016	Six months to 31 March 2015	Actual	Like-for-like
Volume sales	**340,100m²**	276,500m²	+23%	-4%
Revenue	**£63.6m**	£56.1m	+13%	-4%
Pre-tax profit	**£10.6m**	£7.8m	+36%	
Headline pre-tax profit*	**£19.0m**	£17.5m	+8%	
Diluted earnings per share	**2.8p**	3.0p		
Headline diluted earnings per share**	**5.2p**	6.0p		
Interim dividend per share	**1.5p**	2.5p		
Net debt	**£69.6m**	£56.1m		

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

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

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

ITE has delivered good interim results, with a strong performance from businesses acquired as part of the Group's successful diversification strategy, offsetting the impact of the current trading environments in Russia and Central Asia.

Headline profit before tax

£19.0m

+8%

EXECUTIVE SUMMARY

ITE has delivered a creditable set of interim results, against some challenging trading conditions in its core markets. Revenues of £64 million for the first six months are 13% higher than last year and headline profits before tax of £19 million are 8% better than over the same period last year. Higher minority interests caused headline fully diluted earnings per share for the first six months to be lower than last year at 5.2p (2015: 6.0p). These results reflect two compensating changes over the same period last year. The full benefit of acquisitions made in the last financial year, together with the effect of consolidating the results of our former Indian associate business, have helped to increase underlying operating profits by circa £6 million. As anticipated, these gains were partially offset by the ongoing effect of the current trading environments in the oil and gas dependent economies of Russia and Central Asia, and the effect of their weaker currencies on our results.

The newly acquired businesses making a first time contribution were Africa Oil Week and some of the Breakbulk portfolio that did not take place in the previous financial year. Together with the benefit of consolidating the results of ABEC, these additions have helped to move the Group's business towards a more balanced geographical portfolio. The integration and performance of these new events has been successful and broadly in line with expectations at the time of acquisition. Africa Oil Week was slightly shy of its targets, but Breakbulk was better than expected. We are now working more closely with ABEC's management and are in the process of combining our businesses in India under one management structure.

The Group has continued to develop its business where opportunities arise in line with strategy. In January 2016 the Group announced a small bolt-on acquisition of an industrial equipment show in China, Shanghai Ebseek, which has provided a platform for ITE to develop its business in the Shanghai exhibition market. The Group is also well advanced in its plans to acquire a further small and complementary business in Shanghai, which will complete its current pipeline of acquisitions. The Group is now anticipating a period of integration and development for its recent acquisitions.

Interim Management Report continued

The oil-dependent economies of Russia, Kazakhstan and Azerbaijan account for approximately 50% of our business, and all continue to reflect the difficult trading environment and weaker currencies we have experienced since the fall in oil prices. In Russia, like-for-like volumes over the first half were 5% lower than this time last year, in Kazakhstan 10% lower and in Azerbaijan 22% lower. The Group has, as usual, taken action to reduce costs in line with lower volumes, and to minimise the impact of poor trading in these countries on the Group's financial results. The impact from lower trading activity in these countries on first half profits was a £0.7 million reduction over the comparative period for last year, with an additional £0.6 million attributable to weaker currencies in these countries.

In other regions, the Group enjoyed a good trading environment in most of Asia, except the oil-dependent Malaysia, and benefited from a strong performance from our Chinacoat joint venture business in China. Turkey has had a more difficult trading environment latterly, mostly in international sales, reflecting its political differences with Russia and other neighbouring Middle Eastern countries. Russia and Turkey have been well established trading partners over the last ten years and the sudden disruption to their trade has impacted on our business in both countries.

OUTLOOK

For most of the first six months the Group has been reporting against comparative numbers for last year which included bookings made in a better economic environment. This timing delay will continue to have some impact on the third quarter results, but is expected to be insignificant by the beginning of the next financial year. The recent greater stability in oil prices has supported a more positive outlook for Russia, which is now expected to have some economic growth over the course of the calendar year 2017. This will suffer the same timing delay before it is fully reflected in our results, but the stronger currencies which parallel higher oil prices will have a more immediate effect.

The Group enters the second half of the year in a sound financial position with secured bank facilities and good cash flows. The Group will continue its successful strategy of developing market leading positions in higher growth markets and diversifying its geographic portfolio. The Group has a proven and resilient business model, with a flexible cost base which is well suited to weathering the adverse economic conditions in the oil-dependent economies of Russia, Kazakhstan and Azerbaijan.

Over the first six months, revenues from the newly acquired businesses have compensated for the like-for-like decline reported in the Group's core markets. As at 6 May 2016, the Group had booked revenues for the current financial year of £118 million (2015: £122 million). On a like-for-like basis this represents a decrease of 8% against the comparable figure for last year. With this good visibility on current year bookings the Board remains confident in the full year outcome and in the Group's future prospects.

FINANCIAL PERFORMANCE

Revenues for the first six months of the year were £63.6 million (2015: £56.1 million), which was in line with expectations. The uplift in revenue reflects the Breakbulk Americas and Africa Oil Week events running for the first time under ITE's ownership, together with the effect of ABEC becoming a subsidiary. These acquisitions and the positive biennial pattern in the first six months have more than offset a challenging trading environment in Russia and Central Asia.

Headline profit before tax for the first six months of the year was £19.0 million (2015: £17.5 million) reflecting the first time contribution from acquisitions (£5.5 million), the effects of difficult trading conditions in Russia, Central Asia and Turkey (£1.4 million), lower currency translation rates (£0.6 million) and a smaller one-off foreign exchange gain of £1.5 million (2015: £4.1 million).

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

	Six months ended 31 March 2016	Six months ended 31 March 2015	Movement
Ruble	**103.2**	85.2	-17%
Tenge	**478**	280	-42%
Turkish Lira	**4.3**	3.7	-14%
Azerbaijan Manat	**1.82**	1.29	-29%

Interim Management Report continued

Reported profits before tax were £10.6 million (2015: £7.8 million). This includes a £1.2 million impairment charge writing off the remaining intangible assets and goodwill of our Novosibirsk office due to the sustained downturn in this business.

Headline diluted earnings per share for the first six months were 5.2p (2015: 6.0p) and fully diluted earnings per share for the first six months were 2.8p (2015: 3.0p). The decrease in earnings per share is due to ABEC and Africa Oil Week not being fully owned by the Group. The Group's cash flow generated from operations over the first six months was £18.0 million (2015: £18.0 million), and during the period £16.3 million has been applied to fund acquisitions and £12.4 million to dividends, resulting in the Group's net debt standing at £69.6 million at 31 March 2016 (2015: £56.1 million).

MANAGEMENT

The Board has today announced the appointment of Mark Shashoua to be CEO of ITE Group plc with effect from 1 September 2016. The Board is delighted to have found such a high calibre individual with extensive experience of managing and developing exhibition companies on a worldwide platform. The current CEO, Russell Taylor, will be stepping down from his position in line with his and the Board's established succession plans. He will continue to fulfil his current role for ITE in the interim period and to make a full handover to Mark over the next twelve months.

We have previously reported that Neil Jones was due to leave the Board in January 2016 and would be succeeded by Des McEwan as an interim Finance Director until a final appointment was made. The Board has conducted an extensive search for a new CFO and a decision will be made in consultation with the new CEO and announced in due course.

DIVIDEND

The Board has maintained a progressive dividend policy over the last 15 years which has mirrored the sustained growth in its core markets. Throughout, the Board has sought to maintain a sensible level of dividend cover, while following its strategy of diversifying away from its dependence on its historic core markets. With the current lower levels of trading in Russia and Central Asia, the Board believes that rebuilding dividend cover to historic levels of more than two times earnings is in the best long-term interest of shareholders. Accordingly, the Board has announced a reduced interim dividend this year of 1.5p (2015: 2.5p). The Board expects to be able to resume a progressive dividend policy in the future and will seek to maintain over two times earnings cover going forward.

TRADING HIGHLIGHTS AND REVIEW OF OPERATIONS

Over the first half of the financial year, the Group experienced the benefit of the diversification undertaken in recent years. Newly acquired events more than offset the downturn in our established core markets. During the period the Group organised 134 events (2015: 127 events) which generated actual revenue growth of 13%. Like-for-like revenues were 4% lower than for the same period last year.

Actual volume sales for the period were 340,100m² (2015: 276,500m²), reflecting the acquired events running for the first time and the stronger biennial pattern partially offset by underlying trading conditions in Russia. Volume sales were 4% lower on a like-for-like basis in comparison to the same period last year.

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

	m² sold 000s	Revenue £m	Gross profit £m
First half 2015	**276**	**56.1**	**22.8**
Non-annual 2015	(1)	(0.2)	(0.1)
Annually recurring 2015	**275**	**55.9**	**22.7**
Acquisitions	66	14.6	7.1
FX translation	–	(5.6)	(1.7)
Like-for-like change	(10)	(2.2)	(0.6)
Annually recurring 2016	**331**	**62.7**	**27.5**
Timing differences	(10)	(2.0)	(0.9)
Non-annual 2016	19	2.9	1.0
First half 2016	**340**	**63.6**	**27.6**

Interim Management Report continued

RUSSIA

As expected, the effects of the economic slowdown in Russia continue to cycle through our calendar of events. As a result, like-for-like volume sales in Russia over the first six months of the year were 5% lower than the comparative period.

The Group's Russian offices continue to run market-leading events, across a number of industry sectors. In our biggest market, Moscow, like-for-like volume sales were down 5%. The country's farming and food sector has benefited from reduced international competition, and our agriculture shows in Moscow and Krasnodar have seen good growth, helped by the new larger venue in Krasnodar. However, the construction sector remains one of the worst affected in the current trading environment, and our office in Novosibirsk in Siberia was the hardest impacted of the Group's Russian offices, with a decrease in like-for-like volumes of 23%, reflecting the office's dependence on construction events. Moscow's largest event in the first half was the Moscow International Travel & Tourism event, which suffered a 30% decline in volume sales to 11,700m² (2015: 16,400m²) reflecting the withdrawal of Turkish exhibitors and a reduction in other international stands.

CENTRAL ASIA

Like-for-like volume sales for the first six months in Central Asia were 11% lower than for the comparative period.

The largest part of the Group's business in the region is Kazakhstan, which reported a 10% decrease in like-for-like volume sales. The largest event in the region is the Kazakhstan International Oil & Gas Exhibition (KIOGE), which was smaller than this time last year at 5,800m² (2015: 6,800m²), reflecting the impact of the oil price and local currency devaluation on the region.

EASTERN & SOUTHERN EUROPE

In Turkey, the Group has seen a reduction of 3% in like-for-like volumes due to regional unrest and the deterioration in the country's relationships with its local trading partners. The largest event taking place in the first half was the travel event EMITT, which realised volumes of 26,700m² against a challenging backdrop facing the Turkish tourist industry. Eurasia Rail took place for the second time in ITE's ownership and again sold nearly 10,000m², demonstrating its resilience to lower levels of international participation from Russia and Egypt.

Ukraine now represents less than 3% of Group profits, but in the first six months grew like-for-like volumes by 24%. The office continues to run good quality events and the recovery in exhibition participation was evident across the whole portfolio.

ASIA

As part of the Group's strategy of geographical diversification and expansion into Asia, the Group exercised its call option to take a majority stake in ABEC in October 2015. The significant events in the period since acquisition were the autumn Acetech construction events which overall grew volumes over their prior year comparatives by 1% and revenues by 5%, with growth being constrained by the current venue situation.

The Group has a 50% interest in Chinacoat, the leading chemicals and coating show in China. Chinacoat was held in Shanghai in November 2015 and reported both record attendance and record volume, having sold 40,000m², up 16% on the equivalent Shanghai event last held in November 2013.

REST OF THE WORLD

Breakbulk Americas ran for the first time in ITE's ownership in October 2015 and achieved sales of 5,200m² compared with 4,700m² for its previous event, which was slightly ahead of expectations. The first Africa Oil Week held under ITE's ownership in October 2015 saw revenues a little lower than had been anticipated at the time of making the acquisition, but this does not undermine the future potential of this event.

Volume sales from the Group's UK fashion portfolio were similar to last year. Trading remains challenging for the mid-market focused MODA event held at the NEC in Birmingham and volumes were slightly down on prior year, selling 15,000m² (2015: 16,700m²). This was mostly offset by growth in Scoop, our premium womenswear portfolio, based in London.

APRIL TRADING

April is the largest trading month for the Group. Mosbuild, in common with other construction events in Russia, has, as anticipated, been affected by the impact of local economic conditions and volume has fallen to 31,200m² from 39,100m² last year. In India, the Security Safety show has benefited from the addition of a new show profile which has contributed circa 2,000m².

Set out below are the results for the Group's principal events taking place in April 2016:

	2016 m²	2015 m²
Mosbuild	**31,200**	39,100
TransRussia	**7,100**	7,800
Security Safety (India)	**7,200**	4,400

Condensed Consolidated Income Statement

FOR THE SIX MONTHS ENDED 31 MARCH 2016

		Six months to 31 March 2016 (Unaudited)			Six months to 31 March 2015 (Unaudited)			Year ended 30 September 2015 (Audited)		
	Notes	Headline £000	Adjusting items £000	Statutory £000	Headline £000	Adjusting items £000	Statutory £000	Headline £000	Adjusting items £000	Statutory £000
Revenue		63,645	–	63,645	56,120	–	56,120	135,794	–	135,794
Cost of sales		(36,082)	–	(36,082)	(33,337)	–	(33,337)	(73,617)	–	(73,617)
Gross profit		27,563	–	27,563	22,783	–	22,783	62,177	–	62,177
Other operating income		230	–	230	168	–	168	372	–	372
Administrative expenses		(13,523)	(7,627)	(21,150)	(13,676)	(7,534)	(21,210)	(24,398)	(15,668)	(40,066)
Foreign exchange gain on operating activities		1,484	–	1,484	4,135	–	4,135	5,932	–	5,932
Share of results of associates and joint ventures	12	4,530	(1,029)	3,501	4,971	(1,338)	3,633	4,891	(1,208)	3,683
Operating profit		20,284	(8,656)	11,628	18,381	(8,872)	9,509	48,974	(16,876)	32,098
Investment revenue	3	402	1,495	1,897	268	–	268	691	2,192	2,883
Finance costs	4	(1,730)	(1,179)	(2,909)	(1,151)	(803)	(1,954)	(2,506)	(929)	(3,435)
Profit on ordinary activities before taxation		18,956	(8,340)	10,616	17,498	(9,675)	7,823	47,159	(15,613)	31,546
Tax on profit on ordinary activities	6	(3,364)	2,397	(967)	(2,720)	2,413	(307)	(8,430)	3,454	(4,976)
Profit for the period		15,592	(5,943)	9,649	14,778	(7,262)	7,516	38,729	(12,159)	26,570
Attributable to:										
Owners of the Company		13,095	(5,943)	7,152	14,781	(7,262)	7,519	38,338	(12,159)	26,179
Non-controlling interests		2,497	–	2,497	(3)	–	(3)	391	–	391
		15,592	(5,943)	9,649	14,778	(7,262)	7,516	38,729	(12,159)	26,570
Earnings per share (p)										
Basic	8	5.2		2.8	6.0		3.0	15.3		10.5
Diluted	8	5.2		2.8	6.0		3.0	15.3		10.4

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

Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 31 MARCH 2016

	Six months to 31 March 2016 Unaudited £000	Six months to 31 March 2015 Unaudited £000	Year ended 30 September 2015 Audited £000
Profit for the period attributable to shareholders	**9,649**	7,516	26,570
Cash flow hedges:			
Movement in fair value of cash flow hedges	**(3,474)**	2,538	79
Fair value of cash flow hedges released to the income statement	**(340)**	649	640
Currency translation movement on net investment in subsidiary undertakings	**3,788**	(16,501)	(26,434)
	9,623	(5,798)	855
Tax relating to components of comprehensive income	**693**	(632)	(149)
Total comprehensive (loss)/income for the period	**10,316**	(6,430)	706
Attributable to:			
Owners of the Company	**7,819**	(6,427)	315
Non-controlling interests	**2,497**	(3)	391
	10,316	(6,430)	706

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

The notes on pages 15 to 30 form an integral part of the consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

SIX MONTH PERIOD ENDED 31 MARCH 2016 (UNAUDITED)

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

Condensed Consolidated Statement of Changes in Equity continued

SIX MONTH PERIOD ENDED 31 MARCH 2015 (UNAUDITED)

	Share capital £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	**Total £000**	Non-controlling interests £000	**Total equity £000**
Balance as at 1 October 2014	2,497	2,947	2,746	457	(5,641)	133,126	(1,498)	(33,269)	3,104	**104,469**	942	**105,411**
Net profit for the period	–	–	–	–	–	7,519	–	–	–	**7,519**	(3)	**7,516**
Currency translation movement on net investment in subsidiary undertakings	–	–	–	–	–	–	–	(16,501)	–	**(16,501)**	–	**(16,501)**
Movement in fair value of cash flow hedges	–	–	–	–	–	–	–	–	2,538	**2,538**	–	**2,538**
Gain on effective portion of cash flow hedges recognised in/(released from) reserves	–	–	–	–	–	–	–	–	649	**649**	–	**649**
Tax relating to components of comprehensive income	–	–	–	–	–	–	–	–	(632)	**(632)**	–	**(632)**
Total comprehensive income for the six month period ending 31 March 2015	**–**	**–**	**–**	**–**	**–**	**7,519**	**–**	**(16,501)**	**2,555**	**(6,427)**	**(3)**	**(6,430)**
Dividends paid	–	–	–	–	–	(12,053)	–	–	–	**(12,053)**	(202)	**(12,255)**
Exercise of options	–	–	–	–	457	(454)	–	–	–	**3**	–	**3**
Share-based payments	–	–	–	–	–	309	–	–	–	**309**	–	**309**
Purchase of shares for ESOT	72	11,928	–	–	–	–	–	–	–	**12,000**	–	**12,000**
Tax credited to equity	–	–	–	–	–	34	–	–	–	**34**	–	**34**
Recognise put option on acquisition of subsidiary	–	–	–	–	–	–	(15,345)	–	–	**(15,345)**	16,000	**655**
Balance as at 31 March 2015	**2,569**	**14,875**	**2,746**	**457**	**(5,184)**	**128,481**	**(16,843)**	**(49,770)**	**5,659**	**82,990**	**16,737**	**99,727**

Condensed Consolidated Statement of Changes in Equity continued

YEAR ENDED 30 SEPTEMBER 2015 (AUDITED)

	Share capital £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	**Total £000**	Non-controlling interests £000	**Total equity £000**
Balance as at 1 October 2014	2,497	2,947	2,746	457	(5,641)	133,126	(1,498)	(33,269)	3,104	**104,469**	942	**105,411**
Net profit for the year	–	–	–	–	–	26,179	–	–	–	**26,179**	391	**26,570**
Currency translation movement on net investment in subsidiary undertakings	–	–	–	–	–	–	–	(26,434)	–	**(26,434)**	–	**(26,434)**
Movement in fair value of cash flow hedges	–	–	–	–	–	–	–	–	79	**79**	–	**79**
Fair value of cash flow hedges released to the income statement	–	–	–	–	–	–	–	–	640	**640**	–	**640**
Tax relating to components of comprehensive income	–	–	–	–	–	–	–	–	(149)	**(149)**	–	**(149)**
Total comprehensive income for the year ended 30 September 2015	**–**	**–**	**–**	**–**	**–**	**26,179**	**–**	**(26,434)**	**570**	**315**	**391**	**706**
Dividends paid	–	–	–	–	–	(18,398)	–	–	–	**(18,398)**	(317)	**(18,715)**
Exercise of options	1	–	–	–	816	(810)	–	–	–	**7**	–	**7**
Share-based payments	–	–	–	–	–	148	–	–	–	**148**	–	**148**
Issue of shares	72	11,928	–	–	–	–	–	–	–	**12,000**	–	**12,000**
Tax debited to equity	–	–	–	–	–	(214)	–	–	–	**(214)**	–	**(214)**
Acquisition of subsidiary	–	–	–	–	–	–	(15,345)	–	–	**(15,345)**	15,345	**–**
Balance as at 30 September 2015	**2,570**	**14,875**	**2,746**	**457**	**(4,825)**	**140,031**	**(16,843)**	**(59,703)**	**3,674**	**82,982**	**16,361**	**99,343**

Condensed Consolidated Statement of Financial Position

31 MARCH 2016

	Notes	31 March 2016 Unaudited £000	31 March 2015 Unaudited £000	30 September 2015 Unaudited £000
Non-current assets				
Goodwill	10	**110,722**	79,698	72,490
Other intangible assets	11	**74,684**	74,296	65,313
Property, plant and equipment		**2,432**	1,861	1,708
Interests in associates and joint ventures	12	**50,224**	59,615	56,782
Venue advances and other loans		**3,148**	2,390	2,131
Derivative financial instruments	16	**152**	2,606	1,528
Deferred tax asset		**3,624**	1,925	1,652
		244,986	222,391	201,604
Current assets				
Trade and other receivables	13	**44,661**	46,120	41,225
Tax prepayment		**249**	259	945
Derivative financial instruments	16	**882**	3,233	1,951
Cash and cash equivalents		**13,476**	12,731	17,269
		59,268	62,343	61,390
Total assets		**304,254**	284,734	262,994
Current liabilities				
Trade and other payables	14	**(16,859)**	(19,479)	(15,944)
Deferred income		**(57,766)**	(66,083)	(49,831)
Derivative financial instruments	16	**(14,506)**	(8,656)	(9,054)
Provisions		**(291)**	(178)	(137)
		(89,422)	(94,396)	(74,966)
Non-current liabilities				
Bank loan	15	**(83,092)**	(68,792)	(69,616)
Provisions		**(655)**	(198)	(190)
Deferred tax liabilities		**(15,295)**	(13,288)	(10,045)
Derivative financial instruments	16	**(16,378)**	(8,333)	(8,834)
		(115,420)	(90,611)	(88,685)
Total liabilities		**(204,842)**	(185,007)	(163,651)
Net assets		**99,412**	99,727	99,343

Condensed Consolidated Statement of Financial Position continued

31 MARCH 2016

	Notes	**31 March 2016 Unaudited £000**	31 March 2015 Unaudited £000	30 September 2015 Unaudited £000
Equity				
Share capital	17	**2,570**	2,569	2,570
Share premium account		**14,875**	14,875	14,875
Merger reserve		**2,746**	2,746	2,746
Capital redemption reserve		**457**	457	457
ESOT reserve		**(4,820)**	(5,184)	(4,825)
Retained earnings		**133,998**	128,481	140,031
Translation reserve		**(55,915)**	(49,770)	(59,703)
Hedge reserve		**553**	5,659	3,674
Put option reserve		**(28,787)**	(16,843)	(16,843)
Equity attributable to equity holders of the parent		**65,677**	82,990	82,982
Non-controlling interest		**33,735**	16,737	16,361
Total equity		**99,412**	99,727	99,343

Condensed Consolidated Cash Flow Statement

FOR THE SIX MONTHS ENDED 31 MARCH 2016

	Notes	**Six months to 31 March 2016 Unaudited £000**	Six months to 31 March 2015 Unaudited £000	Year ended 30 September 2015 Audited £000
Cash flows from operating activities				
Operating profit from continuing operations		**11,628**	9,509	32,098
Adjustments for non-cash items:				
Depreciation and amortisation		**8,429**	6,732	14,574
Impairment of goodwill	10	**1,236**	–	–
Share-based payments		**239**	309	148
Share of profit from associates and joint ventures		**(3,501)**	(3,633)	(3,683)
Decrease in provisions		**(41)**	(24)	(74)
Gain on disposal of property, plant and equipment		**–**	(5)	(6)
Foreign exchange gain on operating activities		**(1,484)**	(4,135)	(5,932)
Profit on disposal of investments		**(1,497)**	–	–
Fair value of cash flow hedges recognised in the income statement		**(171)**	792	1,073
Dividends received from associates and joint ventures	12	**1,295**	116	2,632
Operating cash flows before movements in working capital		**16,133**	9,661	40,830
Decrease in receivables		**1,668**	5,932	10,744
Venue advances and loans		**(1,101)**	(1,654)	(3,574)
Utilisation and repayment of venue loans		**1,349**	2,103	4,411
Increase in deferred income		**7,935**	3,344	(12,908)
Decrease in payables		**(7,994)**	(1,410)	(2,541)
Cash generated from operations		**17,990**	17,976	36,962
Tax paid		**(2,103)**	(1,566)	(6,635)
Net cash from operating activities		**15,887**	16,410	30,327
Investing activities				
Interest received		**233**	126	258
Investment in associates and joint ventures		**(1,684)**	(6,695)	(7,046)
Acquisition of businesses – cash paid		**(16,167)**	(47,967)	(48,787)
Cash acquired on acquisition of business		**3,403**	273	280
Purchase of property, plant and equipment and computer software		**(1,388)**	(882)	(1,740)
Disposal of property, plant and equipment and computer software		**23**	17	25
Cash paid to acquire non-controlling interests		**(1,874)**	–	–
Net cash flows from investing activities		**(17,454)**	(55,128)	(57,010)

Condensed Consolidated Cash Flow Statement continued

FOR THE SIX MONTHS ENDED 31 MARCH 2016

	Six months to 31 March 2016 Unaudited £000	Six months to 31 March 2015 Unaudited £000	Year ended 30 September 2015 Audited £000
Financing activities			
Dividends paid	**(12,427)**	(12,016)	(18,681)
Dividends paid to non-controlling interests	**(1,423)**	(202)	(317)
Interest paid	**(1,730)**	(1,151)	(2,506)
Proceeds from the issue of share capital and exercise of share options	**–**	12,003	12,007
Drawdown of borrowings	**13,476**	25,892	26,716
Net cash flows from financing activities	**(2,104)**	(24,526)	17,219
Net decrease in cash and cash equivalents	**(3,671)**	(14,192)	(9,464)
Net cash and cash equivalents at beginning of period	**17,269**	28,145	28,145
Effect of foreign exchange rates	**(122)**	(1,222)	(1,412)
Net cash and cash equivalents at end of period	**13,476**	12,731	17,269
Cash generated from the business			
Cash generated from operations	**17,990**	17,976	36,962
Interest received	**233**	126	258
Interest paid	**(1,730)**	(1,151)	(2,506)
	16,493	16,951	34,714
Free cash flow from the business			
Cash generated from the business	**16,493**	16,951	34,714
Tax paid	**(2,103)**	(1,566)	(6,635)
	14,390	15,385	28,079

Net Debt Reconciliation

FOR THE SIX MONTHS ENDED 31 MARCH 2016

	At 1 October 2015 £000	Cash flow £000	Foreign exchange £000	At 31 March 2016 £000
Cash	17,269	(3,671)	(122)	**13,476**
Debt due after one year	(69,616)	(13,476)	–	**(83,092)**
Net debt	**(52,347)**	**(17,147)**	**(122)**	**(69,616)**

Notes to the Interim Financial Statements

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The information for the year ended 30 September 2015 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

Accounting policies

The interim financial statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ending 30 September 2016. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 September 2015 except as described below.

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

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

- Annual Improvements to IFRSs: 2012-2014 Cycle (IFRS 5, IFRS 7, IAS 19 and IAS 34);
- Amendments to IFRS 10, IFRS 12 and IAS 28;
- Amendments to IAS 1;
- Amendments to IAS 27;
- Amendments to IAS 16 and IAS 38;
- Amendments to IFRS 11;
- IFRS 14 ‘Regulatory Deferral Accounts’;
- Amendments to IAS 12;
- IFRS 9 ‘Financial Instruments – Classification and Measurement’;
- IFRS 15 ‘Revenue from Contracts with Customers’;
- IFRS 16 ‘Leases’; and
- Amendments to IFRS 10 and IAS 28.

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

2. SEGMENTAL INFORMATION

IFRS 8 introduced the term Chief Operating Decision Maker (CODM). The Senior Management Board is considered to be the CODM and consists of Vincent Brain, Mandy Hossami, Suzanne King, Des McEwan (Interim Finance Director), Baris Onay, Alexander Shtalenkov, Russell Taylor (Chief Executive Officer), Colette Tebbutt and Mark Temple-Smith.

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

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

Notes to the Interim Financial Statements continued

2. SEGMENTAL INFORMATION CONTINUED

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

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

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

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

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

Notes to the Interim Financial Statements continued

2. SEGMENTAL INFORMATION CONTINUED

Six months ended 31 March 2015 Unaudited	Russia £000	Central Asia £000	Eastern & Southern Europe £000	Asia £000	Rest of the World £000	Total Group £000
By geographical location of events/activities						
Revenue	29,665	11,554	6,770	1,346	6,785	**56,120**
Headline pre-tax profit	14,150	3,495	1,385	4,529	(6,061)	**17,498**
Operating profit	12,425	3,206	(1,464)	2,436	(7,094)	**9,509**
By origin of sale						
Revenue	20,264	6,759	7,094	3,282	18,721	**56,120**
Headline pre-tax profit	9,832	1,171	1,808	5,917	(1,230)	**17,498**
Operating profit	8,108	883	(1,041)	3,824	(2,265)	**9,509**
Operating profit						**9,509**
Investment revenue						**268**
Finance costs						**(1,954)**
Profit before tax						**7,823**
Tax						**(307)**
Profit after tax						**7,516**
Capital expenditure	80	53	85	22	642	**882**
Depreciation and amortisation	1,674	441	2,493	700	1,424	**6,732**
Balance sheet						
Assets[1]	48,484	18,126	45,638	75,909	94,393	**282,550**
Liabilities[1]	(30,364)	(8,290)	(13,642)	(11,198)	(107,838)	**(171,332)**

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

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

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

Notes to the Interim Financial Statements continued

2. SEGMENTAL INFORMATION CONTINUED

Year ended 30 September 2015 Audited	Russia £000	Central Asia £000	Eastern & Southern Europe £000	Asia £000	Rest of the World £000	Total Group £000
By geographical location of events/activities						
Revenue	72,138	27,201	17,859	3,877	14,719	**135,794**
Headline pre-tax profit	37,260	8,606	6,758	4,288	(9,753)	**47,159**
Operating profit	33,621	8,090	1,347	1,383	(12,343)	**32,098**
By origin of sale						
Revenue	44,933	14,272	21,013	11,411	44,165	**135,794**
Headline pre-tax profit	23,180	2,313	10,352	10,703	611	**47,159**
Operating profit	19,540	1,797	4,942	7,798	(1,979)	**32,098**
Operating profit						**32,098**
Investment revenue						**2,883**
Finance costs						**(3,435)**
Profit before tax						**31,546**
Tax						**(4,976)**
Profit after tax						**26,570**
Capital expenditure	93	155	99	56	1,337	**1,740**
Depreciation and amortisation	3,054	780	5,024	1,382	4,313	**14,553**
Balance sheet						
Assets[1]	44,539	13,127	41,747	69,827	91,157	**260,397**
Liabilities[1]	19,037	5,049	10,086	7,094	110,803	**152,069**
Non-current assets[1]	27,693	6,437	30,322	65,099	70,401	**199,952**

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

The revenue in the year of £135.8 million includes £0.6 million (2014: £0.4 million) of barter sales.

Included within the headline pre-tax profit and operating profit of Rest of the World is £11.3 million and £8.9 million respectively of corporate costs.

3. INVESTMENT REVENUE

	Six months to 31 March 2016 Unaudited £000	Six months to 31 March 2015 Unaudited £000	Year ended 30 September 2015 Audited £000
Interest receivable from bank deposits	**233**	126	258
Gain on revaluation of put options	**1,495**	–	–
Gain on cash flow hedges	**169**	142	433
Gain on revaluation of contingent consideration	**–**	–	2,192
	1,897	268	2,883

4. FINANCE COSTS

	Six months to 31 March 2016 Unaudited £000	Six months to 31 March 2015 Unaudited £000	Year ended 30 September 2015 Audited £000
Interest on bank loans and overdrafts	**1,193**	734	1,624
Bank charges	**537**	417	882
Loss on revaluation of contingent consideration	**78**	674	–
Loss on revaluation of put options	**–**	129	929
Imputed interest charge on discounted put option liabilities	**1,101**	–	–
	2,909	1,954	3,435

5. ADJUSTING ITEMS

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

	Six months to 31 March 2016 Unaudited £000	Six months to 31 March 2015 Unaudited £000	Year ended 30 September 2015 Audited £000
Operating items			
Amortisation of acquired intangible assets	**(7,603)**	(5,971)	(13,134)
Impairment of goodwill	**(1,236)**	–	–
Profit on disposal of investments (note 9)	**1,497**	–	–
Transaction costs on completed and pending acquisitions	**(285)**	(1,563)	(2,534)
Administrative expenses	**(7,627)**	(7,534)	(15,668)
Tax on income from associates and joint ventures	**(1,029)**	(1,338)	(1,208)
Financing items			
Gain/(loss) on revaluation of put options	**1,495**	(129)	(929)
(Loss)/gain on contingent consideration	**(78)**	(674)	2,192
Imputed interest charge on discounted put option liabilities	**(1,101)**	–	–
	(8,340)	(9,675)	(15,613)
Taxation			
Tax related to adjusting items	**1,368**	1,075	2,246
Tax on income from associates and joint ventures	**1,029**	1,338	1,208
	(5,943)	(7,262)	(12,159)

Notes to the Interim Financial Statements continued

6. TAXATION

	Six months to 31 March 2016 Unaudited £000	Six months to 31 March 2015 Unaudited £000	Year ended 30 September 2015 Audited £000
Current tax			
UK corporation tax	**59**	(259)	(202)
Foreign tax	**1,981**	1,977	7,575
	2,040	1,718	7,373
Deferred tax	**(1,073)**	(1,411)	(2,397)
Tax on profit on ordinary activities	**967**	307	4,976

Tax at the interim is charged on pre-tax profits, including those of associates and joint ventures, at a rate of 18% (2015: 18%) representing the best estimate of the weighted average annual corporation tax expected for the financial year adjusted for discrete items in the interim period.

7. DIVIDENDS

	Six months to 31 March 2016 Unaudited £000	Six months to 31 March 2015 Unaudited £000	Year ended 30 September 2015 Audited £000
Final dividend for the year ended 30 September 2015 of 4.9p (2014: 4.9p) per ordinary share	**12,436**	12,053	12,053
Interim dividend for the year ended 30 September 2015 of 2.5p per ordinary share	**–**	–	5,625
Proposed interim dividend for the year ending 30 September 2016 of 1.5p (2014: 2.5p) per ordinary share	**3,807**	6,337	–

The proposed interim dividend was approved by the Board on 5 May 2016 and has not been included as a liability as at 31 March 2016.

8. EARNINGS PER SHARE

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

	Six months to 31 March 2016 Number of shares (000) Unaudited	Six months to 31 March 2015 Number of shares (000) Unaudited	Year ended 30 September 2015 Number of shares (000) Audited
Weighted average number of shares:			
For basic earnings per share	**253,806**	246,920	250,321
Dilutive effect of exercise of share options	**328**	704	333
For diluted earnings per share	**254,134**	247,624	250,654

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share are based on the profit for the financial year attributable to equity holders of the parent of £7.2 million (31 March 2015: £7.5 million; 30 September 2015: £26.2 million). Basic and diluted earnings per share were 2.8p and 2.8p respectively (31 March 2015: 3.0p and 3.0p respectively; 30 September 2015: 10.5p and 10.4p respectively).

Headline earnings per share

The calculations of headline basic and diluted earnings per share are based on the headline profit for the financial year attributable to equity holders of the parent of £13.1 million (31 March 2015: £14.8 million; 30 September 2015: £38.3 million). Headline basic and diluted earnings per share were 5.2p and 5.2p respectively (31 March 2015: 6.0p and 6.0p respectively; 30 September 2015: 15.3p and 15.3p respectively).

9. ACQUISITION OF BUSINESSES

ABEC

On 28 October 2015, ITE's wholly owned subsidiary, Airgate Holdings Ltd, acquired an additional 31.7% holding in Asian Business Exhibition & Conferences Limited ('ABEC'), a company incorporated in Mumbai, for consideration of £15.0 million, including deferred consideration of £1.1 million. This takes the Group's holding in ABEC to 60% and the Group has written put and call options over the remaining 40% stake.

ABEC is one of India's leading exhibitions businesses, running over 20 events across different industry sectors including Building & Interiors, Fashion, and Energy. As such, the acquisition of ABEC is consistent with ITE's strategy of expanding into existing sectors in new markets.

In order to recognise and fully consolidate the assets and liabilities of the ABEC subsidiary, first the Group derecognised its existing 28.3% investment in ABEC previously recorded within Interests in associates and joint ventures. This resulted in a gain of £1.4 million, which represents the difference between the fair value of £11.1 million and book value of £9.7 million of the existing holding. This gain is recognised within administrative expenses.

The Group incurred transaction costs of £0.1 million in relation to this acquisition, which are included in administrative expenses.

9. ACQUISITION OF BUSINESSES CONTINUED

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

	Fair value £000
Assets acquired	
Property, plant and equipment	274
Intangible fixed assets – Trademarks	6,514
Intangible fixed assets – Customer relationships	4,185
Trade and other receivables	5,609
Cash and cash equivalents	3,085
Current liabilities	(7,286)
Deferred tax liabilities	(3,527)
Provisions	(660)
	8,194
Non-controlling interest	(15,663)
Net assets acquired	**(7,469)**
Goodwill arising on acquisition	33,581
Total cost of acquisition	**26,112**
Satisfied by	
Net cash paid	13,919
Deferred consideration	1,111
Fair value of previously held interest	11,082
	26,112
Net cash outflow arising on acquisition	
Net cash paid	13,919
Cash and cash equivalents acquired	(3,085)
	10,834

The values used in accounting for the identifiable assets and liabilities of these acquisitions are provisional in nature at the balance sheet date. If necessary, adjustments will be made to these carrying values and the related goodwill, within twelve months of the acquisition date. The fair value of the trade and other assets acquired includes trade receivables with a fair value, after providing for expected uncollectable amounts, of £2.1 million. No further amounts are currently expected to be uncollectable.

Goodwill arising on acquisition of £33.6 million reflects the strategic value in increasing the Group's presence in India and the expected synergies with the Group's existing industry sectors and Indian operations. None of the acquired goodwill and intangibles are expected to qualify for tax deductions in the UK. The Group has written put options over the remaining 40% of ABEC and recognised a corresponding put option liability and put option reserve of £11.4 million at acquisition.

The acquired business has contributed £7.6 million to Group revenue and a profit of £2.1 million since acquisition. If the acquisition had occurred on 1 October 2015 it would have contributed £9.2 million to revenue and £2.6 million to profit.

9. ACQUISITION OF BUSINESSES CONTINUED

ITE Ebseek

On 11 January 2016, ITE's wholly owned subsidiary, ITE Asia Exhibitions Ltd, acquired 70% of the shares of Shanghai ITE Ebseek Exhibitions Co Ltd ('ITE Ebseek'), the organiser of industrial fasteners exhibitions in Shanghai and Guangzhou, for consideration of £2.9 million, of which £0.9 million is deferred and contingent on the performance of the 2016 and 2017 events. The acquisition of ITE Ebseek is consistent with ITE's strategy of expanding into existing sectors in new markets.

The Group incurred transaction costs of £40,000 in relation to this acquisition during the period, which are included in administrative expenses.

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

	Fair value £000
Assets acquired	
Intangible fixed assets – Trademarks	1,267
Intangible fixed assets – Customer relationships	1,850
Cash and cash equivalents	362
Current liabilities	(456)
Deferred tax liabilities	(779)
	2,244
Non-controlling interest	(1,254)
Net assets acquired	990
Goodwill arising on acquisition	1,937
Total cost of acquisition	**2,927**
Satisfied by	
Net cash paid	2,004
Contingent consideration	923
	2,927
Net cash outflow arising on acquisition	
Net cash paid	2,004
Cash and cash equivalents acquired	(362)
	1,642

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

Goodwill arising on acquisition of £1.9 million reflects the strategic value in increasing the Group's presence in China and the expected synergies with the Group's existing events. None of the acquired goodwill and intangibles are expected to qualify for tax deductions in the UK. The Group has written put and call options over the remaining 30% of ITE Ebseek and recognised a corresponding put option liability and put option reserve of £1.6 million at acquisition.

9. ACQUISITION OF BUSINESSES CONTINUED

The acquired business has contributed £nil to Group revenue and profit since acquisition. If the acquisition had occurred on 1 October 2015 it would have contributed £0.3 million to revenue and £0.1 million to profit.

Other business combinations

On 21 December 2015, ITE Moda Ltd, the Group's wholly owned UK subsidiary, acquired an additional 17% of The Hub (Hong Kong) Limited for consideration of £0.1 million, taking the Group's total shareholding to 50.1%. A gain of £0.1 million arose on the derecognition of the Group's existing investment in The Hub.

10. GOODWILL

	Total £000
At 1 October 2015	**72,490**
Additions in the period	35,808
Impairment	(1,236)
Exchange differences	3,660
At 31 March 2016	**110,722**

An impairment loss of £1.2 million has been recognised in the consolidated income statement in respect of goodwill in Siberia, within the Russia segment. The impairment loss in Siberia reflects reduced levels of exhibitor attendance and lower future growth projections for the Novosibirsk office.

11. OTHER INTANGIBLE ASSETS

	Total £000
At 1 October 2015	**65,313**
Additions through business combinations	14,134
Additions	562
Amortisation of acquired intangibles	(7,603)
Amortisation of computer software	(413)
Exchange differences	2,691
At 31 March 2016	**74,684**

12. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	Total £000
At 1 October 2015	**56,782**
Additions	454
Share of results of associates and joint ventures	3,501
Dividends received	(1,295)
Disposals	(9,695)
Foreign exchange	477
At 31 March 2016	**50,224**

During the period the Group increased its investment in ECMI, its joint venture in Malaysia, by £0.5 million. The disposals during the period are the deemed disposals on the acquisition of controlling interests in ABEC and The Hub, as detailed in note 9.

13. TRADE AND OTHER RECEIVABLES

	31 March 2016 Unaudited £000	31 March 2015 Unaudited £000	30 September 2015 Audited £000
Trade receivables	**25,022**	24,687	23,723
Other receivables	**5,391**	3,343	6,458
Venue advances and prepayments	**3,455**	5,649	4,220
Prepayments and accrued income	**10,793**	12,441	6,824
	44,661	46,120	41,225

14. TRADE AND OTHER PAYABLES

	31 March 2016 Unaudited £000	31 March 2015 Unaudited £000	30 September 2015 Audited £000
Trade payables	**2,176**	1,798	2,598
Taxation and social security	**1,294**	1,168	2,338
Other payables	**3,349**	3,052	2,879
Accruals	**7,658**	8,220	6,573
Deferred consideration	**1,161**	–	–
Contingent consideration	**1,221**	5,241	1,556
	16,859	19,479	15,944

15. BANK LOAN AND OVERDRAFT

The bank loan is a £93.0 million multi-currency committed bank facility that provides revolving credit facilities through to 31 March 2019. Total drawdowns under the facility of £83.1 million at 31 March 2016 were denominated in Sterling (£78.8 million), US Dollars (£2.3 million) and Euros (£2.0 million). At 31 March 2016 the Group had £9.9 million (March 2015: £11.2 million) of undrawn committed facilities.

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

16. DERIVATIVE FINANCIAL INSTRUMENTS

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

	31 March 2016 Unaudited		31 March 2015 Unaudited		30 September 2015 Audited	
	Notional £000	**Fair value £000**	Notional £000	Fair value £000	Notional £000	Fair value £000
Current assets						
Foreign currency forward contracts	**16,413**	**882**	23,877	3,233	18,167	1,951
Equity options	**–**	**–**	13,948	–	13,948	–
	16,413	**882**	37,825	3,233	32,115	1,951
Non-current assets						
Foreign currency forward contracts	**5,262**	**152**	21,874	2,606	12,457	1,528
Equity options	**2,675**	**–**	26,116	–	24,194	–
	7,937	**152**	47,990	2,606	36,651	1,528
Current liabilities						
Foreign currency forward contracts	**4,162**	**231**	–	–	–	–
Put options	**14,275**	**14,275**	22,604	8,656	23,002	9,054
	18,437	**14,506**	22,604	8,656	23,002	9,054
Non-current liabilities						
Foreign currency forward contracts	**14,057**	**896**	–	–	10,455	99
Put options	**18,156**	**15,482**	34,449	8,333	32,929	8,735
	32,213	**16,378**	34,449	8,333	43,384	8,834

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

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

Notes to the Interim Financial Statements continued

16. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

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

	Total £000
At 1 October 2015	**17,789**
Additions through business combinations	13,159
Unwind of discount (note 4)	1,101
Revaluation (note 3)	(1,495)
Exchange differences recognised in other comprehensive income	1,077
Settlement	(1,874)
At 31 March 2016	**29,757**

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

The foreign currency forward contracts as at 31 March 2016 cover exchange exposures over the next 36 months. These instruments have been designated in hedging relationships, with any changes in their fair value being recorded in equity.

17. SHARE CAPITAL

	31 March 2016 Unaudited £000	31 March 2015 Unaudited £000	30 September 2015 Audited £000
Authorised			
375,000,000 ordinary shares of 1 penny each (31 March 2015: 375,000,000)	**3,750**	3,750	3,750
Allotted and fully paid			
256,973,631 ordinary shares of 1 penny each (31 March 2015: 256,884,703)	**2,570**	2,569	2,570

During the period, no ordinary shares of 1 penny each (2015: nil) were allotted pursuant to the exercise of share options.

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

18. EVENTS AFTER THE BALANCE SHEET DATE

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

19. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with key management personnel will be disclosed in the Group's Annual Report for the year ended 30 September 2016. Transactions between the Group and its associates, where relevant, are disclosed below.

Trading transactions with associates

During the period ended 31 March 2016 the Group charged management fees of £nil (2015: £125,000) to Sinostar ITE, the Group's joint venture operation in Hong Kong and China.

20. PRINCIPAL RISKS AND UNCERTAINTIES

Risks	Potential impact	Mitigation	Update since year end
POLITICAL UNCERTAINTY AND REGULATORY RISK	The Group's business is principally carried out in Russia, the CIS, Turkey and Asia. Changes in law or the regulatory environment could have an effect on some or all of the exhibitions of the Group.	ITE has reduced the risk by establishing its business as independent Russian, CIS, Turkish and Asian companies fully contributing to the local economy, and the diversity of businesses across sectors and geography provides protection for the longer-term prospects of the Group.	→ Following recent acquisitions, the Group has approximately 40% of its business in Russia.
ECONOMIC INSTABILITY REDUCES DEMAND FOR EXHIBITION SPACE	Reduced demand for exhibition space would reduce the profits of the Group.	ITE operates across a wide range of sectors and countries to minimise the exposure to any single market. ITE, through its relationships with venues and staff, has a relatively flexible cost structure, allowing it to manage its event margins in the short and medium term.	→ Recession in Russia has reduced demand for exhibition space year-on-year, but the Group continues to diversify and manage costs in the short and medium term.
FINANCIAL RISK – FOREIGN CURRENCY RISK	The Group is exposed to movements in foreign exchange rates against UK Sterling for both trading transactions and for the translation of overseas operations. The principal exposure is to the Euro and the Ruble which form the basis of the Group's invoicing, and to the Ruble which forms the base books of the Group's Russian operations.	The Group seeks to minimise exposure by: – Protecting a certain amount of Euro-denominated sales with forward contracts. – Seeking to maximise the matching of costs and revenues in the same currency. – Employing a hybrid pricing strategy which ensures local customers are exposed to currency risk.	→ Exchange rate volatility has eased in recent weeks.
COMMERCIAL RELATIONSHIPS	The Group has key commercial relationships with venues which secure the Group's rights to run its exhibitions in the future.	These key relationships are regularly reviewed and the Group seeks to maintain its exhibition rights for up to at least three years forward for significant exhibitions, where possible. In the longer term the Group seeks to maintain good relationships with its principal venues to ensure the continuance of availability.	→
VENUE AVAILABILITY	Damage to or unavailability of a particular venue could impact the Group's short-term trading position.	The Group carries business interruption insurance policies which protect profits on its largest events against such an event in the short term.	→

20. PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risks	Potential impact	Mitigation	Update since year end
COMPETITOR RISK	Competition has existed in ITE's markets for some years. ITE faces competitive pressures on a market-by-market basis.	In all of its overseas markets, ITE has a strong position as an international organiser, achieved through effective use of its international sales network and its established brands for major events. A single exhibition or sector in a market could have its prospects curtailed by a strong competitor launch; however, the breadth of ITE's portfolio of events, with its geographic and sector diversity, reduces the risk of a competitive threat to the Group's overall business.	→
INTEGRATION AND MANAGEMENT OF ACQUISITIONS	With new acquisitions there can be no assurances that the Group will achieve the expected return on its investment, particularly as the success of any acquisition also depends on the Group's ability to integrate the acquired business or assets.	The Group has formal investment decision criteria to identify suitable, earnings enhancing acquisitions targets and employs experienced professionals to drive the acquisition process and performs, when appropriate, financial, tax, legal and commercial due diligence. Post-acquisition plans are prepared to ensure businesses are effectively integrated into the Group and that planned synergies are realised.	↑ The Group has made two significant acquisitions in the period and is currently integrating these into the Group. The size of these acquisitions increases the potential impact of failing to integrate these successfully.
PEOPLE	ITE's employees have long-standing relationships with customers and a unique knowledge of the exhibitions business. Loss of key staff could impact the short-term prospects of a specific event or sector.	ITE has sought to build loyalty in its staff by ensuring remuneration is competitive and through a wide distribution of the Group's long-term incentive plans. ITE has a good record of retaining its key staff through both growth and recessionary times.	→

GOING CONCERN

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

Responsibility Statement

We confirm that to the best of our knowledge:

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

(b) the Interim Management Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the Interim Management Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Russell Taylor
Chief Executive Officer

6 May 2016

Independent Review Report to ITE Group plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2016 which comprise the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of financial position, the condensed consolidated cash flow statement and related notes 1 to 20. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

DIRECTORS' RESPONSIBILITIES

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

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

OUR RESPONSIBILITY

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

6 May 2016

Directors and Professional Advisers

DIRECTORS	Marco Sodi, Non-executive Chairman Russell Taylor, Chief Executive Officer Neil England, Non-executive Director Linda Jensen, Non-executive Director Stephen Puckett, Non-executive Director Sharon Baylay, Non-executive Director
COMPANY SECRETARY	Anneka Milham
REGISTERED OFFICE	ITE Group Plc, 105 Salusbury Road, London, NW6 6RG
REGISTRATION NUMBER	1927339
AUDITOR	Deloitte LLP, London
SOLICITORS	Olswang, 90 High Holborn, London, WC1V 6XX
PRINCIPAL BANKERS	Barclays Bank plc, 1 Churchill Place, London, E14 5HP HSBC Bank plc, 60 Queen Victoria Street, London, EC4N 4TR
COMPANY BROKERS	Numis Securities Limited, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT
REGISTRARS	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
PUBLIC RELATIONS	FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
WEBSITE	www.ite-exhibitions.com

Financial Calendar

INTERIM DIVIDEND	
Ex dividend date	9 June 2016
Record date	10 June 2016
Payment date	5 August 2016
FINAL DIVIDEND	
Ex dividend date	5 January 2017
Record date	6 January 2017
Payment date	6 February 2017