CONNECTING YOUR BUSINESS TO THE WORLD

ITE Group plc
Annual Report and Accounts 2016

CONNECTING
YOUR BUSINESS
TO THE WORLD

ITE is one of the world's leading organisers of international trade exhibitions and conferences.

CONTENTS

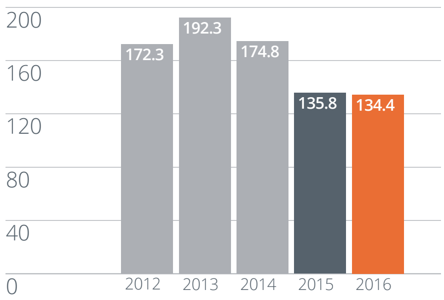
Strategic report
IFC Introduction
01 Highlights 2016
02 Business overview
04 Chairman's statement
06 Market overview
08 Business model during 2016
10 2016 business priorities and progress
12 Chief Executive's statement
14 Divisional review
24 Chief Financial Officer's statement
30 Environmental impact
31 Corporate social responsibility

Governance
32 Board of Directors
34 Corporate governance report
36 Directors' report
38 Directors' responsibilities statement
39 Audit Committee report
42 Risk Committee report
46 Nomination Committee report
47 Remuneration Committee report
49 Remuneration Policy report
57 Annual Report on Remuneration

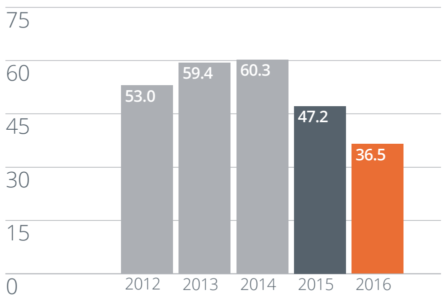
Financial statements
68 Independent auditor's report
74 Consolidated Income Statement
75 Consolidated Statement of Comprehensive Income
76 Consolidated Statement of Changes in Equity
78 Consolidated Statement of Financial Position
79 Consolidated Cash Flow Statement
80 Net Debt Reconciliation
81 Notes to the consolidated accounts
113 Company Statement of Financial Position
114 Statement of Changes in Equity
115 Notes to the Company accounts
122 Shareholder information
124 Directors, advisers and other information

Highlights 2016

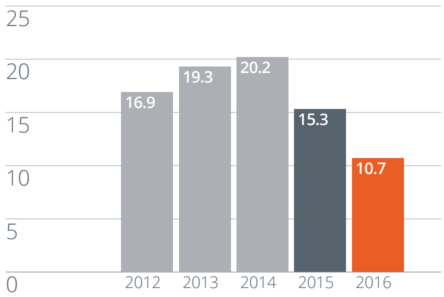
Revenue (£m)



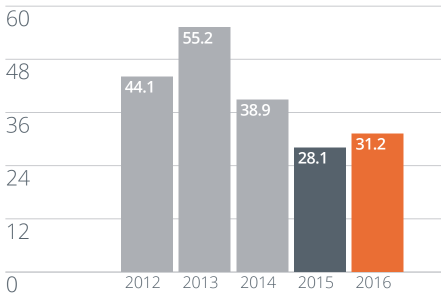
Headline pre-tax profit (£m)[1]



Headline diluted earnings per share (pence)[2]



Free cash flow (£m)[3]



Operating countries
20
(no change)

Visitor numbers (000s)
1,388
(no change)

m² sold (000s)
685
(+12%)

- Headline results in line with market expectations with challenging market conditions partially offset by acquisitions
- Continued diversification of the geographic spread of ITE's portfolio
- Loss before tax reflecting a non-cash impairment of goodwill on certain acquired assets
- Net debt of £59.1 million after investing £18.3 million on acquisitions and deferred consideration
- Full year dividend of 4.5p – headline earnings cover of more than two times
- 59% of consensus revenues booked for 2017 (2016: 57% of actual revenue)
- New Chief Executive Officer and Chief Financial Officer now in place
- Full review of business underway with findings to be presented at the interim results presentation in May 2017

Mark Shashoua, CEO of ITE Group plc, commented:
"ITE has continued to face challenging end markets in the last year due to the impact of the oil price, weakness in local economies and geo-political events. The Group's recent acquisitions which ran for the first time under ITE ownership have helped to partially mitigate the impact on our results. Trading conditions in Russia, Central Asia and Turkey remain challenging but prospects appear to be improving in Moscow which in time should spread through the rest of the region. The Group's other regions, which now account for over 40% of ITE's business, are trading satisfactorily."

1. Headline profit before tax is defined as profit before tax and adjusting items which include amortisation of acquired intangible assets, impairment of goodwill and intangible, profits or losses arising on disposal of Group undertakings, transaction and integration costs on completed and pending acquisitions and disposals, tax on income from associates and joint ventures, gains or losses on the revaluation of contingent consideration, gains or losses on the revaluation of put option liabilities over non-controlling interests, and imputed interest charges on discounted put option liabilities – see Chief Financial Officer's statement for details.
2. Headline diluted earnings per share is calculated using profit before adjusting items – see note 5 to the financial statements of the Group for details.
3. Free cash flow is defined as net cash from operating activities plus interest received less interest paid and bank charges.

Business overview

OUR REGIONS

Operating countries

20

(no change)

Visitor numbers (000s)

1,388

(no change)

m² Sold (000s)

685

(+12%)

RUSSIA

ITE OFFICES
Moscow, St. Petersburg, Novosibirsk, Krasnodar, Ekaterinburg

KEY SECTORS
Build & Interiors, Food & Packaging, Manufacturing Industrial Technology, Advanced Technologies

m² Sold (000s)

256

2015: 313

Revenue

£50.8m

2015: £72.1m

Visitor numbers (000s)

480

Divisional review
p14
→

CENTRAL ASIA

ITE OFFICES
Almaty, Astana, Baku, Tashkent, Bishkek, Ashgabat

KEY SECTORS
Build & Interiors, Energy, Food & Packaging

m² Sold (000s)

70

2015: 83

Revenue

£22.0m

2015: £27.2m

Visitor numbers (000s)

153

Divisional review
p16
→

EASTERN AND SOUTHERN EUROPE

ITE OFFICES
Istanbul, Kiev, Warsaw, Poznan

KEY SECTORS
Build & Interiors, Travel & Tourism, Beauty & Healthcare, Food & Packaging

m^2 Sold (000s)
172
2015: 147

Revenue
£19.3m
2015: £17.9m

Visitor numbers (000s)
329

Divisional review
p18

ASIA

ITE OFFICES
Beijing, Shanghai, Guangzhou, Hong Kong, Kuala Lumpur, Jakarta, Dubai, New Delhi, Mumbai

KEY SECTORS
Build & Interiors, Manufacturing Industrial Technology, Connect

m^2 Sold (000s)
147
2015: 22

Revenue
£18.1m
2015: £3.9m

Visitor numbers (000s)
380

Divisional review
p20

REST OF THE WORLD

ITE OFFICES
London, Huddersfield, Hamburg, Utrecht, Cape Town, Newark

KEY SECTORS
Fashion, Transport & Logistics, Energy

m^2 Sold (000s)
40
2015: 48

Revenue
£24.2m
2015: £14.7m

Visitor numbers (000s)
46

Divisional review
p22

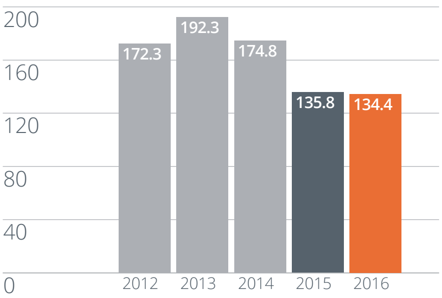
Chairman's statement

Solid leadership, combined with a sound balance sheet and good operating cash flow delivers confidence in the Group's future prospects.

Revenue (£m)

£134.4m

-1%



GROUP PERFORMANCE

ITE Group plc has reported revenues of £134.4 million and headline profits before tax of £36.5 million. As expected at the start of the year, there have been three factors affecting the results in 2016 – the impact of difficult trading conditions in the oil-dependent economies of Russia and Central Asia, the negative impact of exchange rates for much of the year and the beneficial impact of the recent acquisitions.

The impact of the fall in the oil price on the oil dependent economies where we operate was always going to take time to cycle through our results and this year has suffered the full effect as all bookings for this year's events were made in the period since the oil price fell in early 2015. In addition to this, there was an adverse impact from translating operating results at less favourable exchange rates. Furthermore, the Group benefited in the previous year from a significant one-off foreign exchange gain which was not repeated this year.

In mitigation of these factors, the Group's diversification of its business in 2015 meant that the results of Africa Oil Week and Breakbulk Americas feature in the 2016 results for the first time and the step up to a controlling stake in ABEC, the largest private exhibition organiser in India, means we have the benefit of consolidating the results of this business. These proactive changes have given the Group a better geographic balance between its historic Russian-CIS businesses and other leading emerging markets.

In this weaker biennial year, headline diluted earnings per share was 10.7p (2015: 15.3p). As a result of a number of items that are not related to the underlying trading of the business (primarily amortisation of intangible assets and impairment of goodwill), we are reporting a loss before tax of £4.1 million (2015: £31.5 million profit) and fully diluted earnings per share of (3.6)p (2015: 10.4p). The Group finished the year with net debt of £59.1 million (2015: £52.3 million), after investing £18.3 million on acquisitions during the year.

BOARD AND MANAGEMENT

We have seen a significant change in the leadership team of the business during 2016. As previously disclosed, Neil Jones resigned as CFO early in the financial year and Russell Taylor stood down as CEO on 1 September 2016. Russell joined ITE as Finance Director in 2003 and was appointed CEO in May 2008. During his tenure, the business enjoyed substantial revenue, profit and EPS growth. Russell was instrumental in developing ITE's diversification strategy, establishing cornerstone businesses in three of the largest emerging markets of the future – China, India and Africa. On behalf of the Board I express our gratitude to Russell for his tremendous contribution to ITE over the years both as CEO and Finance Director and we wish him well in the future.

Dividend per share

4.5p

Our search process to find a new CEO and CFO was driven by the desire to appoint a strong executive team with a mix of industry experience, knowledge of our operating model and geographies, together with the skills to develop and grow the Group and maximise its potential.

The Board believes it has achieved this aim with these two key appointments and believe that Mark Shashoua (appointed as CEO on 1 September 2016) and Andrew Beach (appointed as CFO on 17 October 2016) offer the necessary qualities and right combination of skills to actively develop the business moving forward.

Mark's experience and success as CEO at i2i Events Ltd, an international high-growth B2B events and trade exhibitions company, part of Ascential plc, and previously with Advent International, Expomedia Group, and as one of the original founders of ITE in the early 1990s, means he brings huge strategic and operational experience to this role.

Andrew was previously CFO of Ebiquity plc, the marketing analytics specialist, having taken up the position in 2008, where he oversaw the rapid expansion of the business, leading and integrating over 15 acquisitions across new verticals and global geographies and restructuring the global finance systems and team.

Mark is now leading a review of the business and strategy. The outcome of this review will be presented alongside the Group's interim results in May 2017.

We look forward to working closely with Mark and Andrew, and the senior leadership team, in the future.

ITE is a people business and its success is based upon the hard work and loyalty of its staff worldwide. The Group has over 1,400 employees conducting its business in 32 offices in 20 different countries. As Chairman, and on behalf of the Board, I would like to thank and recognise the involvement of all of ITE's employees to this year's result and especially those staff in Turkey who have worked extremely hard under difficult circumstances.

ITE's Board recognises that good corporate governance is in the long-term interests of the Group and we are conscious of our responsibilities for setting values that underpin the Group culture. As Chairman, I am mindful of my personal responsibility for leading the Board and ensuring it operates diligently and effectively.

DIVIDEND

In order to rebuild dividend cover to historical levels of more than two times earnings the Board took the decision to reduce the interim dividend to 1.5p. In line with this objective the final dividend has been reduced from 4.9p to 3.0p making a full year dividend of 4.5p. With the current lower levels of trading in Russia, Central Asia and Turkey, the Board believes this to be in the best long term interests of shareholders. The final dividend is proposed for payment on 6 February 2017 to shareholders on the register on 30 December 2016.

OUTLOOK

Trading conditions in a number of the regions in which we operate continue to be challenging. Whilst commentators expect a moderate economic recovery in Moscow to spread to the rest of the country and region, given the high visibility of our business model with events booked a year in advance there will be a lag before this feeds into our trading results. The benefit of exchange rate movements since June will, if maintained, also benefit the Group in the medium term. At 27 November 2016, Group revenues already booked for FY 2017 were £81 million (FY 2016: £77 million) representing circa 59% (FY 2016: 57%) of market expectations for the full year. On a like-for-like basis these revenues are circa 4% ahead of this time last year.

Although ITE's acquisition activity has reduced its dependency on Russia, the Group's results remain sensitive to its economic climate and to the oil price. Management will continue to monitor and review the Group's cost base to ensure that it has the most efficient structure and the operational capability to benefit from any recovery in its core markets.

Since its creation in 1991 ITE has successfully navigated emerging market challenges and evolved to meet the needs of the markets it serves. The Group has weathered the conditions of the past two years and has an established position in promising markets. We enter 2017 with a new management team who have the necessary qualities to take the business to the next phase of its development. A solid leadership team combined with the Group's sound balance sheet and good operating cash flow provides the Board with confidence in the Group's future prospects.

Marco Sodi
Chairman
29 November 2016

Market overview

The exhibitions market is a highly attractive sector for several reasons:

- High margins
- Excellent cash flow characteristics
- Resilient revenues
- Good growth prospects

The global exhibition market was estimated to be worth circa US$29 billion in 2015, a 2% increase on 2014.

The graph to the right (fig 1) sets out the distribution of the world's exhibition business and shows that developed markets continue to account for the majority of the global market, with the US alone comprising over 50%. Emerging markets have a 22% share of the global market (compared to circa 15% five years ago) and China is now the second largest exhibition market globally. After a year of falling volumes and revenues Russia, Turkey and the CIS countries – ITE's historic market areas – account for approximately 3% of the global market, whilst Asian markets (China, India and South East Asia) account for approximately 10%.

The graph to the right (fig 2) illustrates that on average emerging markets grew more quickly than developed markets during 2015, ranging from 8% growth In Indonesia and Mexico to 16% and 15% declines in Russia and Brazil respectively. Market commentators such as AMR believe that emerging markets continue to offer significant expansion opportunities for the major international organisers.

A metric commonly used to illustrate future growth prospects is the share that an exhibitions market has of GDP. As the graph to the right (fig 3) shows, based on this metric, India and China have the most substantial growth potential amongst large exhibition markets. Growth is expected to be led by both price increases, on the back of growing professionalism and increased international participation, and square metres increases, as new venue capacity comes on stream. Venue availability facilitates market growth and can also be expected to put downward pressure on venue hire costs.

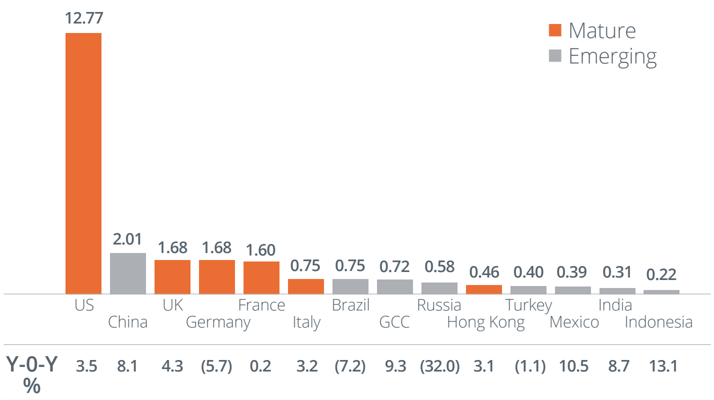
ITE was the eighth largest organiser in the world by revenue in 2015.

AMR expects the global exhibitions to grow at 4.6% CAGR through to 2020 with the emerging markets growth being slightly stronger.

Global exhibition market value

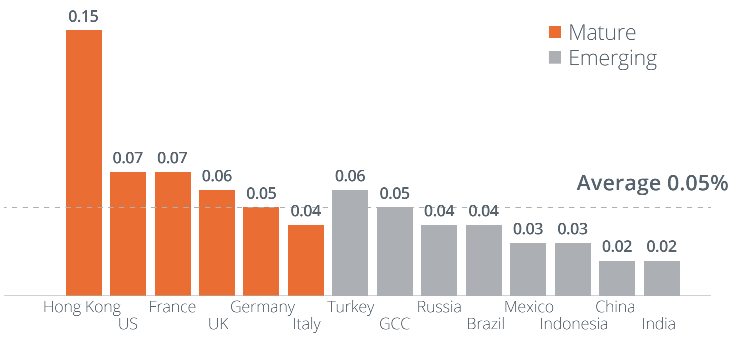
US$29bn

Market size and year-on-year growth by country, 2015 ($bn)



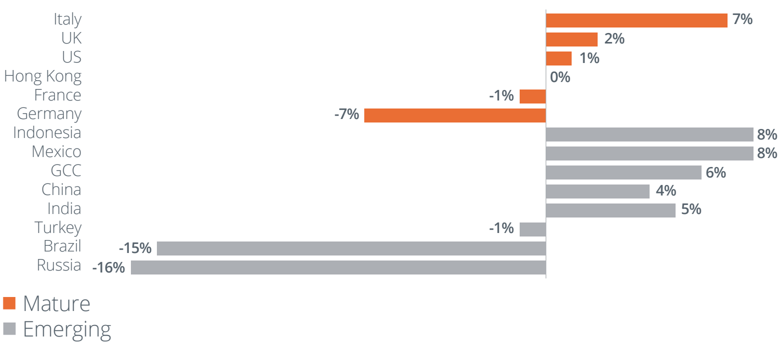
Source: AMR analysis

Exhibition market as a percentage of real GDP by country, 2015 (%)



Source: AMR analysis

Growth in net space sold by country, 2014–15 (%)



Source: AMR analysis

Business model during 2016

Our flexible model has enabled us to leverage our brands and expertise into new and emerging markets.

ASSETS

LEADING BRANDS

Our sector brands are a key asset. The brands have been established through a sustained record of presenting high-quality events. ITE events serve key industries including Build & Interiors, Energy, Food & Packaging, Travel & Leisure, Transport & Logistics, Security & Protection and Fashion.

REGIONAL EXPERTISE

We have an extensive office network in the territories where our events are held. Staffed by highly experienced teams, this network ensures that we remain close to local industry trends. The Group has 32 offices across the world, each of them employing almost exclusively local staff.

INTERNATIONAL SALES

We have an extensive network of international sales offices. Our international sales teams are in regular communication with key industry customers in our sectors, and work closely with the local offices who organise events. This network enables the Group to leverage its sales into new markets.

Offices

32

APPROACH

HOLISTIC APPROACH

Each office sells its own exhibitions, but in many cases participates in selling exhibitions organised by other offices.

HIGH QUALITY EVENTS

ITE organises high-quality business-to-business events throughout the 20 countries in which we operate. We hire venues where we stage our events and market 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.

NEW AND EMERGING MARKETS

We have been operating in emerging markets for over 20 years have extensive experience and local knowledge. As a Group we are focused on developing our business outside of our historic key markets in Russia, as demonstrated by acquisitions in the year in India and China.

Some emerging markets have grown more quickly than developed markets in recent years and this trend is expected to continue. With leading positions in important sectors for emerging markets, such as Food & Packaging, Energy and Transport & Logistics, we are well positioned to benefit from this growth in the future.

Countries

20

BENEFITS

CUSTOMERS

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 face-to-face meetings are the cultural norm and where alternative media, business-to-business publishing and online marketing opportunities are less developed.

EMPLOYEES

Our success is dependent upon our people, and as such we are fully committed to investing in staff development. Staff are encouraged to seize career development opportunities and a number of our employees have successfully switched functions and offices. As a result of this focus on employees, staff retention rates are high.

INVESTORS

ITE's objective has been to create sustainable growth in headline earnings per share by creating and maintaining positions of market leadership in developing markets. The new CEO is leading a full business review which will include setting company strategy and objectives for 2017 and beyond.

Visitor numbers (000s)

1,388

2016 business priorities and progress

01 IMPROVE

BUSINESS PRIORITIES IN 2016

Build and strengthen existing market leadership

ITE's existing positions of market leadership are founded on our ability to generate international sales, our recognised brands, local office infrastructure and our long-standing relationships with venues.

In an ever-changing world, we recognise the need to continually evolve, in order to provide the most relevant service for our customers and enhance our market-leading positions in the markets and industries in which we operate.

2016 PROGRESS AND ACHIEVEMENTS

The economic slowdown in Russia, regional instability in Turkey and the impact of the low oil price throughout the year have all contributed to the challenging trading conditions we have faced in our core markets in 2016. Delivering organic growth at many of our events has proved difficult and like-for-like revenues are 8% lower than in 2015.

Despite the tough trading conditions, there have been success stories this year. For example, our market-leading agricultural exhibition in Russia, YugAgro, hosted 680 exhibitors from 38 countries and generated profit of £1.4 million (2015: £1.0 million), delivering growth of over 40%.

RELATED STRATEGIC RISKS (PAGES 43–45)

- **Political uncertainty and regulatory risk**
- **Economic instability reduces demand for exhibition space**
- **Commercial relationships**

02 EXPAND

BUSINESS PRIORITIES IN 2016

Leverage our business model into new markets and geographies

We are constantly looking to expand our services into new geographies and industry sectors through acquisition, launches and introducing existing brands into regions with sufficient customer demand and growth potential.

In existing markets this strategy means targeting new sectors and regions in which to acquire or develop businesses where there is potential for the participation of international exhibitors. In new markets, we are targeting the development of exhibition businesses where there is clear opportunity for strong future growth.

2016 PROGRESS AND ACHIEVEMENTS

We have completed three significant acquisitions during the year for consideration of £29.1 million.

We took a controlling interest in Asian Business Exhibition & Conferences Limited ('ABEC'), increasing our shareholding to 60%. ABEC is one of India's leading exhibitions businesses, running over 20 events across different industry sectors including Build & Interiors, Fashion and Energy.

We acquired 70% of the shares in ITE Ebseek Exhibitions Co Ltd ('ITE Ebseek'), the organiser of industrial fasteners exhibitions in Shanghai and Guangzhou, and also completed the acquisition of a controlling interest in The Hub (Hong Kong) Limited ('The Hub'). The Hub caters to premium fashion brands and designers looking to expand into the Asia-Pacific market.

RELATED STRATEGIC RISKS (PAGES 43–45)

- **Integration and management of acquisitions**

Strategic risks
p43

03 BRAND

BUSINESS PRIORITIES IN 2016

Grow and develop our portfolio of international brands

ITE has established strong brand identity in a number of exhibition sectors. We aim to ensure that new launches and acquisitions are aligned with our existing brands in these sectors. We continually work towards enhancing and extending our existing brand identities, as well as developing brand identities in other sectors.

2016 PROGRESS AND ACHIEVEMENTS

We continue to grow our industry sector expertise and to strengthen our existing brands. This allows us to ensure that new launches are aligned to our strengths and to our established brands.

During the year our Build division launched AfricaBuild Lagos, our first move into Western Africa. The event hosted 91 exhibitors from 16 countries and delivered revenues of £0.2 million in its first year. Feedback from the first event has been overwhelmingly positive, with over 70% of exhibitors and over 90% of visitors saying that they would recommend the event.

RELATED STRATEGIC RISKS (PAGES 43–45)

- **Venue availability**
- **Competitor risk**

04 PEOPLE

BUSINESS PRIORITIES IN 2016

Invest in the development of our management

We are aware that our success is dependent on our people. As such, we are committed to investing in staff development throughout the Group and, in particular, the management team that supports growing events and the continued expansion of the business.

2016 PROGRESS AND ACHIEVEMENTS

We continue to strengthen our management team and refine our internal structures to maximise long-term growth prospects. We have appointed a new Chief Executive and Chief Financial Officer to lead the business into the next phase of its development.

During the year we launched our Management Development Programme (MDP), aimed at preparing our managers for future leadership roles. MDPs were held in Russia, London, Malaysia and India during the year. We also held the first module of our three-part Leadership Development Programme (LDP) in July. Both the MDP and LDP represent key parts of our talent management programme.

RELATED STRATEGIC RISKS (PAGES 43–45)

- **People**

Chief Executive's statement

Headline profit before tax

£36.5m

"I was delighted to take over as CEO of ITE on 1 September 2016. I am very excited by the opportunity at ITE to work again in a business whose heritage is familiar to me and apply my experience from a career in the global exhibitions industry to drive the business forward.

I have spent the time since my appointment travelling to meet the Group's operations and customers and so far have visited Russia, China, Indonesia, India, South Africa and as well as our UK offices outside of London. I have been very impressed by the people I have met, their knowledge of local markets and their enthusiasm for the events they run. It is clear that a number of our customers have strong connections to our events and recognise their essential market leading positions.

My first impressions are that ITE has some great people and events and I believe that there are significant opportunities through enhanced sales and marketing activities, greater use of technology and focused management reporting to drive operational efficiencies and improved performance in order to better service our customers.

With a new executive management team now in place, I am in the process of conducting a comprehensive review of the business and strategy. I look forward to presenting the results of this review at the time of the Group's interim results in May 2017."

Mark Shashoua
Chief Executive Officer
29 November 2016

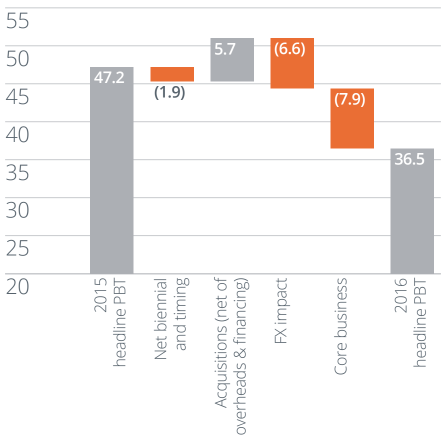
THE GROUP'S PERFORMANCE IN 2016

ITE's performance in 2016 largely reflects the challenging trading conditions in Russia and Central Asia, the decline in the value of the Russian ruble (against sterling) in which 20% of the Group's revenues are denominated, compensated by the Group's acquisition activity in line with its diversification strategy.

The Group's acquisitions this year were mainly aimed at consolidating our ownership position in existing investments. In October 2015 the Group acquired an additional 31.7% stake in ABEC taking the Group's ownership in this business to 60% and in May 2016 the Group acquired a further 24.9% of Africa Oil Week following the exercise of a put option by the non-controlling interest, which was settled by a small issue of equity, taking the Group's stake in this business to 75%.

The main factors affecting Group profitability this year are summarised in the profit bridge below.

Headline PBT bridge (£m)



The positive contribution of £5.7 million from newly acquired businesses is attributable to the consolidation of ABEC, the Africa Oil Week and Breakbulk Americas October 2015 events and the acquisition in January 2016 of ITE Ebseek's Fasteners event which ran for the first time under ITE's ownership in June.

The devaluation of the Russian ruble against sterling (by 10% on an annual average basis, but by 20% in key trading months) accounted for most of the £2.6 million adverse impact from translating our results at less favourable rates and this, combined with a £4.0 million reduction in foreign exchange gains from the retranslation of foreign currency denominated monetary assets and liabilities, results in £6.6m total adverse impact attributable to foreign exchange rates movements.

A reduction in core business through adverse economic and trading conditions accounted for a further £7.9 million of the shortfall against last year.

The currency impact and the core business decline have a common cause; the fall in the oil price in early 2015 had a negative effect on the oil dependent economies of Russia, Azerbaijan and Kazakhstan leading to a proportionate devaluation of currencies to protect their national finances. The effect on ITE's business in these countries was further aggravated by the high proportion of ITE's exhibitors who import and distribute overseas goods. For these customers the currency devaluation has made their business less competitive.

Headline diluted earnings per share

10.7p

Divisional trading summary 2016

In 2016 the Group ran 252 events (2015: 240). The increase in the number of events is primarily attributable to acquisitions. A detailed analysis of volumes, revenues and gross profits from the Group's exhibition and conference activities is detailed below:

		Square metres sold (000)	Revenue £m	Gross profit £m	Average yield £ per m²
2015	**All events**	**613**	**136**	**62**	
	Non-annual	(20)	(7)	(4)	
2015	Annually recurring	593	129	58	216
	Acquisitions	91	18	10	
	Timing	–	1	1	
	FX translation	–	(9)	(4)	
	Net growth	(44)	(10)	(7)	
2016	Annually recurring	640	129	58	200
	Non-annual	45	5	1	
2016	**All events**	**685**	**134**	**59**	

Overall, the Group saw volume sales grow by 12% to 684,700m² and revenues decrease by 1% to £134.4 million. On a like-for-like basis, volume sales fell by 7% and revenues fell by 8%.

REVENUE

	2016 £m	2015 £m	% change	% change like-for-like[1]
Russia	**50.8**	72.1	-30%	-16%
Central Asia	**22.0**	27.2	-19%	-8%
Eastern and Southern Europe	**19.3**	17.9	+8%	+7%
Asia	**18.1**	3.9	+364%	+33%
Rest of the World	**24.2**	14.7	+65%	+6%
Total	**134.4**	135.8	-1%	-8%

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

Divisional review

RUSSIA

Trading environment challenging in light of sanctions and oil price decline

During the year ITE held 110 events in Russia (2015: 116), with total volume sales of 256,000m² (2015: 312,600m²).

Revenue of £50.9 million was 30% lower than the previous year, reflecting the difficult trading environment and the weakening of the Russian ruble. On a like-for-like basis volume sales in Russia decreased by 14% and revenues decreased by 16% from the prior year.

Moscow is ITE's largest office in Russia, accounting for around 75% of the region's revenues. Moscow's volume sales for the year were 151,200m² (2015: 202,400m²); a fall of 18% on a like-for-like basis.

The leading events in Moscow performed as expected this year demonstrating resilience in tough conditions. The Moscow International Travel and Tourism exhibition which is held annually in March delivered sales of 11,700m² (2015: 16,300m²) as the impact on Russian international tourism from the devaluation of the ruble was exacerbated by the deterioration in relations between Turkey and Russia at that time. Mosbuild saw volumes fall by 21% to 31,800m² (2015: 40,300m²) in line with the Board's expectations due to the impact of the economic conditions on the construction industry and local competition. The logistics event TransRussia saw volumes decline to 7,200m² (2015: 7,900m²), whilst the security event, Moscow International Security & Protection performed a little better with volumes of 10,600 m² (2015: 11,100m²). WorldFood Moscow in September proved relatively resilient, increasing its visitor numbers over the prior year and suffering only a 10% fall in volumes to 20,200m² (2015: 22,600m²), as supplier substitution offset a decline in the traditional European supplier base.

The Group operated 16 events from the St Petersburg office during the year, with overall volume sales of 23,100m² (2015: 27,600m²). Performance was in line with Moscow with most shows showing declines in volumes from the prior year. Those events in industries reliant on capital expenditure, such as construction and mining were the most impacted. The exception was ExpoElectronica, the international radio-electronics event, which grew by 4% as it took further market share.

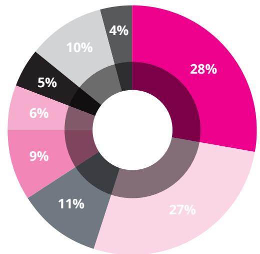
In Novosibirsk, Siberia, ITE is the anchor tenant in the city's main venue. During the year the region held 34 events (2015: 36), with overall volume sales declining to 23,500m² (2015: 30,200m²) with all sectors affected. An impairment charge of £1.2 million was taken in the interim results writing off the remaining goodwill and intangible assets associated with this business due to the sustained downturn in the region.

The Krasnodar region in southwest Russia is one of the most prosperous outside Moscow. The exhibition portfolio covers a broad range of sectors, the largest events being in agriculture and construction. The Group has now become the anchor tenant at a new 28,000m² venue in the city, which opened ahead of schedule in November 2015, and in time to house ITE's agricultural event, YugAgro, which grew by nearly 20% over the prior edition. In total this office contributed volume sales of over 57,800m² (2015: 52,500m²) an increase of 13% on a like-for-like basis.

ITE offices

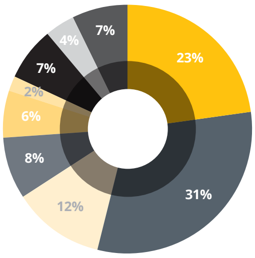
Moscow
St. Petersburg
Novosibirsk
Krasnodar
Ekaterinburg

Revenue by sector (%)



- Build & Interiors
- Food & Packaging
- Manufacturing Industrial Technology
- Travel & Tourism
- Transport & Logistics
- Beauty & Healthcare
- Advanced Technologies
- Connect

Revenue by sector (%)



- Build & Interiors
- Energy
- Food & Packaging
- Manufacturing Industrial Technology
- Travel & Tourism
- Transport & Logistics
- Beauty & Healthcare
- Advanced Technologies
- Connect

Divisional review

CENTRAL ASIA

Trading conditions impacted by falling oil price

ITE's principal offices in Central Asia are in Kazakhstan, Azerbaijan and Uzbekistan.

All of the economies in this region are heavily dependent on oil and gas for their overseas earnings and economic wealth and in the case of Kazakhstan a significant level of trade with Russia as well. The fall in the oil price and the Russian economic recession have had a significant impact on trading conditions within the region.

This year ITE organised a total of 74 events (2015: 79) across these territories delivering total volume sales of 70,400m² (2015: 83,000m²) and revenues of £22.0 million (2015: £27.2 million). Overall, on a like-for-like basis volumes decreased by 17% over the previous year with revenues falling by 8% on the same basis. This region was later to suffer a decline in trading compared with Russia and so is currently lagging Russian performance.

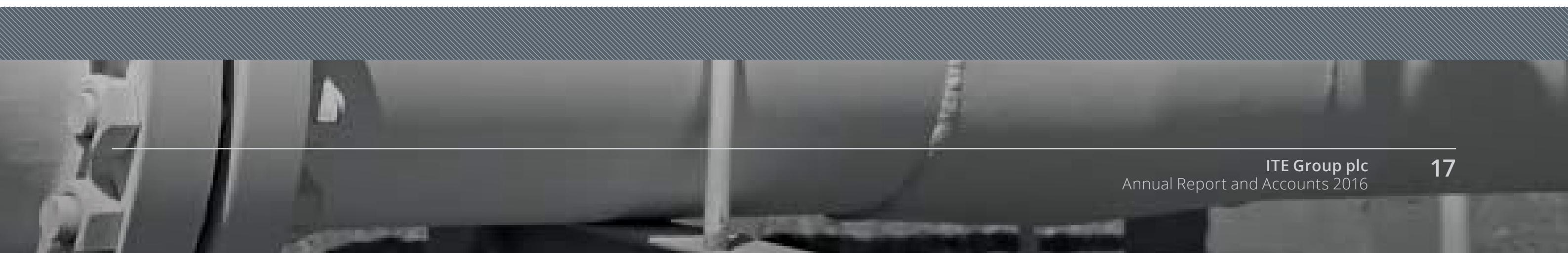
Kazakhstan is the Group's largest office in the region selling 34,400m² (2015: 45,200m²). The largest event in the region, Kazakhstan Oil & Gas Exhibition (KIOGE), which took place in Almaty in October 2015, was smaller than the prior edition at 5,800m² (2015: 6,800m²).

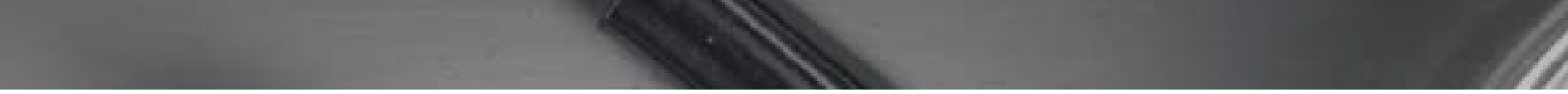
Azerbaijan achieved volume sales of 19,300m² (2015: 25,600m²) a decrease of 24% on the prior year on a like-for-like basis with all sectors suffering reduced volumes and like for like revenues down 12% on the prior year.

ITE's Uzbekistan business is slightly more insulated from the oil price due to the nature of the local economy and it performed well in 2016 selling 16,100m² (2015:11,500m²) due to the benefit of some timing changes and the biennial pattern. On a like-for-like basis volumes have increased by 5% and revenues by 16%.

ITE offices

Almaty	Tashkent
Astana	Bishkek
Baku	Ashgabat





Divisional review

EASTERN AND SOUTHERN EUROPE

Strong recovery in Ukraine but Turkey impacted by regional instability

The Eastern and Southern Europe region is represented by the Group's offices in Turkey and Ukraine.

Overall the region sold 172,200m² in 2016 (2015: 147,000m²), reflecting the stronger biennial pattern in Turkey and growth in Ukraine. On a like-for-like basis this represents an increase of 4% in volumes.

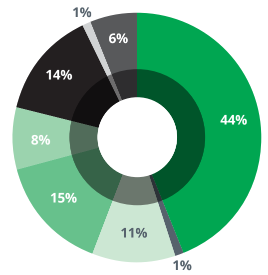
Trading in Ukraine has recovered strongly. Overall volume sales for the year were 37,000m² (2015: 26,500m²) a 40% increase on a like-for-like basis in comparison to the prior year and revenues increased by 35% on the same basis. With a population of over 45 million people and the potential for further economic recovery, Ukraine now offers attractive returns in the longer-term.

Overall total volumes in Turkey were 135,200m² (2015: 120,400m²) reflecting the biennial Ankomak event which mitigated the challenging local environment. On a like-for-like basis volume sales were 3% lower than last year. The travel event EMITT was challenged due to the deterioration in relations between Turkey and its local trading partners and the backdrop facing the tourist industry and fell by 7% to 26,700m². Turkeybuild, the pre-eminent construction event in Turkey, took place in late April and delivered 38,400m² (2015: 40,000m²). In September, following the attempted coup in July, the Group's WorldFood Istanbul exhibition fell from 13,900m² to 12,000m². All of these events were protected to some extent due to the existing bookings for the event but it looks likely that this region will face a challenging 2017.

ITE offices

Istanbul	Warsaw
Kiev	Poznan

Revenue by sector (%)



Divisional review

ASIA

Growth in Asia reflects the first time consolidation of ABEC's results

The Group's operations in this region are based in India, China and South East Asia.

These regions represent relatively new markets for ITE in which to grow our existing products and potentially develop new sectors. Although these markets have experienced flat or slowing economic growth they are still attractive markets as they are underpinned by a rapidly expanding aspirational middle class population which is expected to drive consumer demand. In addition, they have relatively immature exhibition industries for the size of their economies and these two factors combine to offer good potential growth opportunities over the medium-term. In October 2015, the Group exercised its call option to take a majority stake in ABEC. This increased revenues in the region to £18.1 million (2015: £3.9 million). The Group's other operations in this region are largely through a series of joint venture arrangements and the Group's income statement reflects only those revenues over which it has majority ownership.

The Indian exhibition industry offers significant potential but is currently restricted by the lack of international quality venue space in the country. The Group operates two business in India: one through a small wholly-owned subsidiary, ITE India, and the other through ABEC, India's largest private exhibition organiser in which ITE increased its stake from 28.3% to 60% in October 2015. ABEC's portfolio of over 20 exhibitions across different industry sectors includes Acetech – India's leading construction event. Both businesses performed in line with management expectations this year. ITE India had its biennially stronger year, whilst ABEC's Acetech events once again performed strongly.

Although the underlying businesses remain strong, the growth of the Indian business has been slower than management's initial expectations and the delay in the construction of a new venue means that the value in use, as calculated under accounting standard IAS 36, falls short of the current carrying value and therefore an impairment has been recognised to write down the goodwill and intangible assets attributable to the business to £32.1 million.

In China the Group has offices in Beijing, Shanghai, Guangzhou and operates (through its Hong Kong headquartered 50% joint venture partner Sinostar) the Chinacoat/Surface Finishing China event. The November 2015 Chinacoat/Surface Finishing China event saw record sales of over 39,800m², with another strong performance expected at the November 2016 event. A 70% stake in the complementary ITE Ebseek's Fastener Expo was acquired in January 2016 and had a successful debut under ITE's ownership. It is currently being integrated in to ITE's Chinese operation.

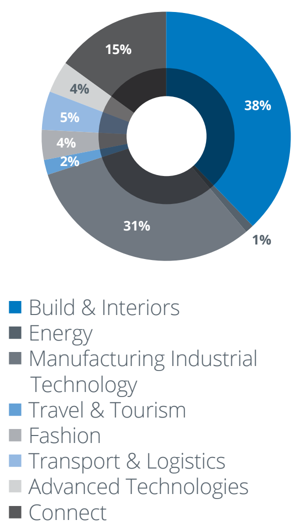
In South East Asia the Group operates through three organisations based in Malaysia and Indonesia. In Kuala Lumpur, Malaysia the Group now owns 100% of Tradelink (having acquired the minority's 25% stake in November 2015) which runs the Metaltech event, serving the machine tool technology and metal fabrication industries. The event, which sells over 12,000m², takes place each May in Kuala Lumpur and performed marginally ahead of the previous edition, although it is likely to remain at its present size until construction of a new venue is completed, which is expected in two years' time. Also based in Kuala Lumpur is the Group's 50% joint venture, ECMI, a pan-ASEAN organiser operating in Malaysia, Indonesia, Vietnam and Myanmar, and traditionally operating in the professional beauty, life-sciences, and oil & gas sectors. Similarly to India,

ITE offices

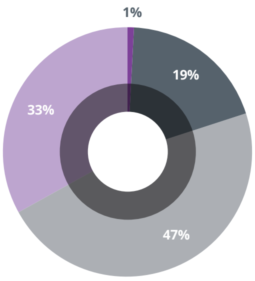
Beijing
Shanghai
Guangzhou
Hong Kong
Kuala Lumpur
Jakarta
Dubai
New Delhi
Mumbai

these businesses remain strong but the delay in construction of a new venue in Malaysia has reduced their growth below expectations at the time of these acquisitions resulting in impairments under IAS 36 of £4.1 million for goodwill associated with South East Asia and of £1.9 million relating to the carrying value of our joint ventures in the region. In Jakarta, Indonesia, the Group owns 50% of PT Debindo which runs the Indobuildtech series of construction exhibitions, the largest of which takes place annually in Jakarta. This year the event moved to the new International Convention and Exhibition Centre and has grown to over 22,000m² (2015: 14,000m²).

Revenue by sector (%)



Revenue by sector (%)



- Build & Interiors
- Energy
- Fashion
- Transport & Logistics

Divisional review

REST OF THE WORLD

Results include the first time impact of Africa Oil Week and Breakbulk Americas

The Group's RoW business contains the results of our UK fashion events and the Africa Oil Week, Breakbulk Americas and Europe events.

In Moda the Group owns the leading midmarket fashion event for womenswear, menswear, footwear, lingerie and accessories, which runs twice a year in Birmingham. In London the Group operates Bubble, a niche high-end childrenswear event; Jacket Required, a designer-led menswear event; and Scoop, a designer-led womenswear event. Overall the portfolio achieved volume sales of 39,600m², a 5% like-for-like decline on the prior year with Moda continuing to see the effects of a changing market place for midmarket independent fashion retailers.

A 50.1% stake in Africa Oil Week was acquired in March 2015 and the event ran for the first time in ITE's ownership in November 2015. Revenues were 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. A further 24.9% stake was acquired in May 2016 following the exercise of the put option granted to the previous owners. The remaining 25% non-controlling interest is also subject to a put option, exercisable after 1 February 2017.

Breakbulk Americas ran for the first time in ITE ownership in October 2015 and achieved sales of 5,200m² compared with 4,700m² for its previous event. Due to a timing change associated with venue availability, the event ran again in September 2016 and sold 4,900m² as the global transportation sector slowed slightly.

ITE offices

London
Huddersfield
Hamburg
Utrecht
Cape Town
Newark

Chief Financial Officer's statement

Strong working capital cycle driven by forward bookings and cash conversion.

"Despite only joining the Group on 17 October 2016 I am pleased to report the Chief Financial Officer's report for the year ended 30 September 2016."

REVENUE AND GROSS PROFIT

Revenue for the year was £134.4 million (2015: £135.8 million) and gross profit for the year was £58.6 million (2015: £62.2 million), with a gross margin of 44%, slightly lower than the previous year (2015: 46%).

Administrative expenses across the Group increased to £65.1 million from £34.1 million in the previous year when taking into account the non-cash items, including impairments of £26.5 million (2015: £nil), an amortisation charge of £15.5 million on acquired intangibles (2015: £13.1 million), a charge for share-based payments of £0.4 million (2015: £0.1 million) and a lower foreign exchange gain of £2.0 million arising on the revaluation of foreign currency monetary assets (2015: £5.9 million gain).

Excluding these non-cash items, administrative expenses decreased by £2.1 million to £24.7 million (2015: £26.8 million) as a result of cost-saving initiatives within the Group, together with the impact of weaker emerging market currencies, notably the ruble, in which a significant portion of overhead costs are incurred. Overall, Group administrative expenses excluding non-cash items and transaction related costs represented 18% of revenue (2015: 17%).

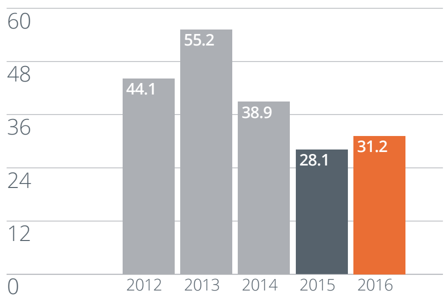
The Group's operating loss was £2.3 million against a prior year profit of £32.1 million, reflecting the largely non-cash items referred to above.

Headline profit before tax is a non-statutory measure of performance used by the Group as it better reflects underlying trading performance. Headline pre-tax profit for the year was £36.5 million (2015: £47.2 million).

Free cash flow (£m)

£31.2m

+11%



Gross margin

44%

RECONCILIATION OF (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX TO HEADLINE PROFIT BEFORE TAX

	2016 £000	2015 £000
(Loss)/profit on ordinary activities before tax	**(4,095)**	31,546
Operating items		
Amortisation of acquired intangible assets	**15,468**	13,134
Impairment of goodwill	**24,650**	–
Impairment of investments in associates and joint ventures	**1,859**	–
Transaction costs on completed and pending acquisitions	**330**	2,534
Profit on disposal of investments	**(1,498)**	–
Tax on income from associates and joint ventures	**1,078**	1,208
Financing items		
Revaluation of equity option liabilities	**(6,940)**	929
Revaluation of deferred and contingent consideration	**3,094**	(2,192)
Imputed interest charge on discounted equity option liabilities	**2,558**	–
Headline profit before tax	**36,504**	47,159

Amortisation of acquired intangible assets relates to the amortisation charge in respect of intangible assets acquired through business combinations. Impairment of goodwill relates to the Indian, South East Asian and Siberian cash generating units. Impairment of investments in associates and joint ventures relates to our Malaysian joint venture. Transaction costs on completed and pending acquisitions relates principally to costs incurred on the acquisition of the controlling interests in ABEC and ITE Ebseek, with the prior year costs relating to the acquisitions of Breakbulk and Africa Oil Week. Profit on disposal of investments results from the deemed disposals on minority positions as we move to controlling interests in ABEC and The Hub. Tax on income from associates and joint ventures is an adjustment to ensure consistency with pre-tax operating profits.

Revaluations of equity option liabilities reflects the gains/losses from the revaluation of our equity options over non-controlling interests in our subsidiaries, principally in relation to ABEC, ITE Ebseek and Africa Oil Week. Revaluations of deferred and contingent consideration reflects outstanding consideration payments on ITE Ebseek, Debindo and ABEC. Imputed interest charge on discounted equity option liabilities is the charge due to the unwinding of the discounting on the equity option liabilities.

OTHER OPERATING INCOME

£0.6 million (2015: £0.4 million)

Other operating income represents rental income earned from subletting surplus office space, principally at ITE's London office.

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

£3.6 million (2015: £3.7 million)

Profits after taxation for the financial year arising from investments in joint ventures and associates decreased by £0.1 million to £3.6 million (2015: £3.7 million). The growth of Sinostar and our other associates and joint ventures offset the reduction caused by ABEC moving from associate status to a fully consolidated subsidiary.

INVESTMENT REVENUE

£7.5 million (2015: £2.9 million)

Investment revenue consists of interest on bank deposits of £0.4 million (2015: £0.3 million), a gain on cash flow hedges of £0.2 million (2015: £0.4 million) and a gain on the revaluation of put options of £6.9 million arising from the reduction in estimated future liability (2015: £nil). In the prior year, there was a gain on the revaluation of contingent consideration of £2.2 million.

FINANCE COSTS

£9.3 million (2015: £3.4 million)

Finance costs represent the interest cost of the Group's borrowings of £2.4 million (2015: £1.6 million), bank charges of £1.2 million (2015: £0.9 million), a loss on the revaluation of contingent consideration of £3.1 million (2015: £nil) and an imputed interest charge arising on the discounting of the Group's put option liabilities of £2.6 million (2015: £nil). In the prior year, there was also a loss on the revaluation of put options of £0.9 million.

Chief Financial Officer's statement continued

TAX CHARGE

A tax charge of £3.1 million has been recognised in the period. Tax on associate profits, which is presented within the share of profit from associates, was £1.1 million (2015: £1.2 million). The total tax charge was £4.2 million (2015: £6.2 million).

EARNINGS PER SHARE

The Group achieved headline diluted earnings per share of 10.7p (2015: 15.3p). Headline diluted earnings per share is based upon profit for the financial year attributable to equity holders of the parent, before adjusting items.

Basic earnings per share decreased to (3.6)p (2015: 10.5p). Diluted earnings per share decreased to (3.6)p (2015: 10.4p).

RETURN TO SHAREHOLDERS

The Group has recommended a final dividend of 3.0p per share for 2016, to bring the total dividend for the year to 4.5p per share (2015: 7.4p), which is covered 2.3 times by headline earnings.

CASH FLOW

Cash generated from operations in the year was £41.0 million (2015: £37.0 million), which after adjusting for the non-cash foreign exchange gain of £2.0 million (2015: £5.9 million) and venue utilisation of £1.0 million (2015: £0.8 million) represents 112% of headline profits (2015: 88%). The increase in operating cash conversion reflects a working capital improvement of £2.3 million largely attributable to the full consolidation of the ABEC business during the financial year. The principal applications of cash were £18.3 million applied to acquisitions (2015: £55.6 million); £6.7 million paid in tax (2015: £6.6 million); and £15.6 million was distributed as dividends to the Group's shareholders (2015: £18.7 million). The increase in net debt balances over the year was £6.8 million, with the Group being £59.1 million in net debt at 30 September 2016 (2015: £52.3 million).

ACQUISITIONS

On 28 October 2015, the Group acquired an additional 31.7% holding in 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. The acquired business has contributed £9.6 million to Group revenue and a headline profit of £2.9 million since acquisition.

On 11 January 2016, the Group acquired 70% of the shares of 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 results of the 2016 and 2017 events. The business has contributed £1.6 million to Group revenue and a profit of £0.5 million since acquisition.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group's Consolidated Statement of Financial Position at 30 September 2016 is summarised in the table below:

	30 September 2016			30 September 2015
	Assets £m	**Liabilities £m**	**Net assets £m**	Net assets £m
Goodwill and other intangible assets	**168.7**	**–**	**168.7**	137.8
Interests in associates and joint ventures	**45.7**	**–**	**45.7**	56.8
Property, plant and equipment	**2.5**	**–**	**2.5**	1.7
Venue advances	**6.3**	**–**	**6.3**	6.4
Cash	**15.5**	**–**	**15.5**	17.3
Bank loan	**–**	**(74.6)**	**(74.6)**	(69.6)
Other current assets and liabilities	**49.3**	**(88.9)**	**(39.6)**	(35.0)
Provisions – non-current	**–**	**(0.2)**	**(0.2)**	(0.2)
Deferred tax	**3.1**	**(12.7)**	**(9.6)**	(8.6)
Other non-current assets and liabilities	**–**	**(18.3)**	**(18.3)**	(7.3)
Total	**291.1**	**(194.7)**	**96.4**	99.3

GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets have increased during the year due to acquisitions made in the period and from the retranslation of overseas balances to sterling at year end exchange rates. This has more than offset the decrease resulting from the amortisation charge in the year and impairments. The intangible assets balance represents acquired customer relationships, trademarks and licences, visitor databases and computer software.

INVESTMENT AND CAPITAL EXPENDITURE

The Group's capital expenditure on plant and equipment increased during the year to £1.3 million (2015: £0.5 million) and included exhibition equipment, office fixtures and fittings. Capital expenditure on computer software in the year was £1.2 million (2015: £1.3 million). This reflects continued investment in computer software to enhance our exhibition visitor experiences, develop our office network and support our sales, marketing and accounting functions.

VENUE ARRANGEMENTS

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

The 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 be 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 advances and prepayments are included in the Consolidated Statement of Financial Position under non-current and current assets.

At 30 September 2016, the Group's sterling value of the outstanding balances of advance payments and venue loans was £6.3 million (2015: £6.4 million) as follows:

	30 September 2015 £m	New £m	Repayments £m	Forex £m	**30 September 2016 £m**
Russia	4.3	2.5	(3.0)	0.8	**4.6**
Central Asia	0.3	1.6	(1.2)	0.1	**0.8**
Eastern and Southern Europe	1.8	–	(1.1)	0.2	**0.9**
Total	6.4	4.1	(5.3)	1.1	**6.3**

OTHER NON-CURRENT ASSETS AND LIABILITIES

This net liability balance has increased in the year primarily due to the recognition of the put option liability relating to the 40% non-controlling interest of our ABEC Indian business.

SHARE CAPITAL

During the year the Company issued 5,166,043 (2015: 7,253,107) ordinary shares of 1p. 512,527 of the total new issues were to shareholders who elected to receive their dividend in the form of new ordinary shares as part of the scrip dividend alternative that was made available at the interim. The remaining shares issued were consideration for the exercise of options to acquire an additional stake in Africa Oil Week. As at 30 September 2016 the Employees Share Option Trust (ESOT) held 2,869,603 (1.1%) of the Company's issued share capital (2015: 3,168,153 (1.2%)).

RESERVES

The movement in the translation reserve from a debit balance of £59.7 million to £42.3 million represents the gain on the year end retranslation of the Group's overseas assets denominated in foreign currencies. This is driven primarily by movements in sterling/ruble exchange rates. The increase in the put option reserve and non-controlling interest is primarily the result of the acquisitions of the ABEC and ITE Ebseek businesses. The increases in the put option reserve more than offset the decreases due to the exercises of the Africa Oil Week and Trade Link put options. The Group's ability to pay dividends is secure, with distributable reserves in the parent Company accounts of £46.6 million, comfortably in excess of the proposed final dividend.

Chief Financial Officer's statement continued

TREASURY

During the year, the Group recognised a net foreign exchange gain of £2.0 million (2015: £5.9 million). The exchange rate for the euro at 30 September 2016 was €1.16:£1 (30 September 2015: €1.35:£1); the exchange rate for the ruble at 30 September 2016 was R82.1:£1 (30 September 2015: R99.3:£1); the exchange rate for the US dollar at 30 September 2016 was $1.30:£1 (30 September 2015: $1.52:£1).

During the year, 33% of the Group's sales were priced in euros, 22% in rubles, 13% in sterling, 12% in US dollars, with the balance being in various local currencies.

The average exchange rates used to translate sales into sterling were: R96.5:£1 (2015: R85.0:£1), €1.28:£1 (2015: €1.30:£1).

The Group uses derivative instruments and currency borrowings to protect itself against the effect of currency fluctuations on a proportion of its net cash inflows. The Group's policy on derivative instruments is that it will seek to hedge 75% of the value of anticipated euro denominated sales derived from outside Russia and the CIS; and it will only enter into derivative transactions up to 36 months ahead.

At 30 September 2016, the Group had entered into forward contracts to sell euros for sterling between October 2016 and September 2019. The value of the contracts is €52.9 million at an average rate of €1.23:£1. These instruments are designated as hedging instruments. The Group finances its operations through cash holdings and banking facilities. The objective of the Group is to maximise investment income and minimise interest costs, bearing in mind its liquidity requirements.

GROUP BORROWING FACILITIES

The Group has long-term borrowing facilities provided by Barclays Bank and HSBC. The arrangements extend until 31 March 2019 and consist of a revolving credit facility totaling £93.0 million. The facility amortises by £7.0 million in each of June 2017 and June 2018.

At 30 September 2016, the Group had borrowings under this facility of £74.6 million (2015: £69.6 million) of which £73.0 million (2015: £65.0 million) was denominated in sterling and £1.6 million (2015: £4.6 million) was denominated in US dollars.

For short-term debt, such as overdraft facilities or debt with a term of less than 12 months, fixed or floating rates of interest are used. For debt with a term of greater than 12 months, when the borrowing is not covered by existing cash holdings, management will review the Group's exposure to interest rate movements and fix interest rates to the extent deemed appropriate.

With effect from 30 April 2016, the Group entered into two interest rate swap agreements to exchange the floating rate of interest paid on its bank borrowings for fixed rates on the first £40.0 million of the Group's GBP debt, calculated on agreed notional principal amounts of £20.0 million each. Under the agreements, one month GBP LIBOR is exchanged for fixed rates of 0.66% with a maturity date of 31 March 2018 and 0.71% with a maturity date of 31 March 2019.

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, annual and three-year 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.

The Group is conscious of 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 £15.5 million as at 30 September 2016, 56% was held in institutions with a rating of grade A or above and 28% in B.

GOING CONCERN AND VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2014 revision of the Corporate Governance Code, the Directors have assessed the prospect of the Group over both a one and a three-year period. The one-year period has a greater level of certainty and is, therefore, used to set detailed budgetary targets at all levels across the Group. The three-year period offers less certainty but is aligned with the Board's periodic strategic review, as well as the long-term incentives offered to management.

The Directors' assessment considered a range of factors, including the Group's expected trading performance based on approved budgets, risk adjusted where appropriate, and the resulting cash flows, covenant compliance and other key ratios over the period. These metrics are subject to sensitivity analysis which evaluates the potential impact of the Group's principal risks, as disclosed in the Risk Committee Report. The Group operates in territories that can be unpredictable and unexpected geopolitical and economic events such as attempted coups, acts of terrorism, sanctions, currency controls and exchange rate movements can have an impact on the Group's reported trading performance. A significant deterioration in trading from the major markets (notably Russia and Turkey) could impact on certain banking covenants. However, the Directors have a range of mitigating actions available and within their control. Furthermore, as part of the review of the business and strategy, the appropriate funding arrangements for the Group will be considered. On the basis of this and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that the Company will be able to continue in operation and meet its liabilities as they fall due over the periods used for the assessment. For this reason, they continue to adopt the going concern basis in preparing the financial statements. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

Andrew Beach
Chief Financial Officer
29 November 2016

Environmental impact

As a media services company, the Group acknowledges that its business has an impact on the environment, albeit relatively minor, and ITE follows current best practice in each of its markets by observing country legislation and leading industry practice. The Group is aware that this is an area of increasing concern to employees, shareholders and customers alike. 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.

BOARD LEVEL RESPONSIBILITY

The CFO has direct responsibility for environmental matters and chairs the Environmental Matters Committee which monitors the Group's emissions, considers and makes recommendations for improvements and mitigations of the Group's environmental impact, and commissions and reviews external reporting of the Group's environmental impact for regulatory or voluntary disclosure.

THE GROUP'S REPORTING PROTOCOL

The Group recognises that its operations have an impact on the environment primarily through Greenhouse Gas ('GHG') emissions. As a result the Group continues to measure and report its material GHG emissions with the aim of minimising energy usage, improving environmental management across its offices and driving efficiencies, which in turn is expected to reduce costs and create long-term value for shareholders.

The scope of the Group's reporting continues to cover GHG emissions at the global level covering all of the Group's subsidiary offices. This is consistent with previous years.

The Group's GHG Reporting Protocol, which was developed with the assistance of Carbon Smart, is based on Defra and World Resource Institute ('WRI') guidelines. The Group measures GHG emissions based on financial control boundaries – so operations which are consolidated as subsidiaries in the Group's financial statements have been included in the measurement exercise. Associates and joint ventures of the Group have not been included as the Group does not exercise sole control over these operations. As the Group does not exercise financial control over the properties in which exhibitions are held, emissions arising from these properties have not been measured.

The Group does not manufacture or sell any tangible products and has identified the following key activities as being within the GHG reporting requirements:

- Scope 1: Natural gas; company cars; on-site fuel consumption and fugitive emissions (i.e. refrigerants).
- Scope 2: Purchased electricity and heat and steam.

At present, Scope 3 activities (e.g. business travel; waste; freight shipping) are excluded from the reporting scope. It is believed that at present the quality of the data would not be sufficiently robust for accurate reporting in these areas.

MEASUREMENT OF ENVIRONMENTAL IMPACT IN 2016

The Group has identified GHG emissions per employee as the most appropriate KPI. To measure this the Group collected data on a Group wide basis from most of its offices on the activities identified above for the year ended 30 April 2016. Results from similar offices have been extrapolated based on the number of employees to estimate total emissions. In some offices, where electricity and heat charges are included in office rental cost and the information is not provided by office landlords, an estimate has been calculated based on similar offices' usage and office floor space data.

During the reporting period the Group acquired majority ownership in ABEC, a Mumbai based event organiser, which had a significant effect on the Group's overall emissions. Consequently emissions from the previous years were recalculated to account for the impact of the new office. This is in line with the WRI GHG protocol which states that recalculations should be triggered by any structural changes with a significant impact on company's emissions. The global GHG emissions data comparisons below includes the recalculated comparisons as well as previously reported data.

When compared to prior year the Group is pleased that it was able to reduce its total GHG emissions from 1,451 tonnes of CO_2e to 1,394 tonnes of CO_2e largely as a result of a reduction in district heat emissions and electricity consumption. However, the Group's emissions per staff member have increased from 1.06CO_2e to 1.12CO_2e.

Over the next three years the Group will target to reduce its GHG emissions by 10% (excluding the impact of new UK conversion factors which are outside Group management's direct control and acquisitions).

Global GHG emissions data comparisons for the period from 1 May 2015 to 30 April 2016:

Tonnes of CO_2e	**2016**	2015 (restated)[1]	2014 (restated)[1]	2013 (restated)[1]
Scope 1	**531**	529	556	854
Scope 2	**833**	898	936	854
Estimated emissions for offices that have not reported data	**30**	24	20	42
Total GHG emissions (CO_2e)	**1,394**	1,451	1,512	1,750
Average staff number for period of measurement	**1,241**	1,369	1,362	1,361
Company's chosen intensity measurement:				
Emissions per staff member	**1.12**	1.06	1.11	1.29

1 The comparatives have been restated in light of the Group acquiring majority ownership in ABEC, which had a significant effect on the Group's overall emissions. This is in line with the WRI GHG protocol which states that recalculations should be triggered by any structural changes with a significant impact on company's emissions.

Corporate social responsibility

OVERVIEW

The Board of ITE believes that corporate 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, ethical and environmental issues as part of an ongoing risk review process.

EMPLOYEES

The Board recognises the importance of diversity amongst its employees and is committed to ensuring that employees are selected and promoted on the basis of merit and ability, regardless of age, gender, race, religion, sexual orientation or disability. The gender split across the Group as at 30 September 2016 is illustrated in the table below:

	Male	Female
Board	4	2
Senior management	34	20
All employees*	545	864

* Includes the Board & senior management

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 Group. All staff are eligible to receive 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 Group 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, 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 relevant local health and safety legislation. Employees receive Health and Safety training appropriate to their role. Staff from all regions with lead responsibility for the operation of the Group's exhibitions on-site also attend regular training courses.

SOCIAL INTERACTION

The Board 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 Group 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 Group.

The Group actively supports its employees in their support of local community projects. Charitable donations across the Group totalled £27,240 in 2016 (2015: £49,500).

The Group has a strong record of supporting local charities in the countries in which it operates, particularly those which work to benefit children. During 2016 this has included providing direct financial funding as well as providing volunteers to assist on specific projects and workshops.

In the UK, a fundraising campaign was launched in London to support a little boy who suffered severe brain damage at birth and as a result faces enormous challenges ahead. Over £5,000 was raised in aid of the charity Tree of Hope and will be used to finance the boy's treatment programme. In Huddersfield, ITE Moda took part in the World's Biggest Coffee Morning for a UK charity Macmillan Cancer Support raising approximately £200.

In Russia, 30 staff at the Moscow office gave blood in aid of the charity Gift of Life. This is the second time the Moscow office has undertaken this initiative. The blood donations have been given to two Moscow hospitals which treat children with blood and immune system diseases.

In Azerbaijan, the local office continues to sponsor the 'Build Your Future' project, which aims to help talented children from low-income families attend university. In its first year 66 children were able to enrol at top universities as a result of the support and training provided by the project.

In Kazakhstan, the local office participated in the organisation of a festival to help those in need. The festival was the foundation for the Ayaly Atakent charity, which was launched this year. The local office also continues to raise funds for the local Solnyshko orphanage which hosts 86 children. The donations will be used to buy food, personal hygiene products and other necessary items for the children.

The Group continues to look to expand the number of charitable efforts its offices are involved in.

ETHICS AND HUMAN RIGHTS ISSUES

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. The Group recognises that reputation is a valuable and fragile asset gained over a substantial period of time and is committed to good practice in respect of human rights. 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.

All ITE staff are required to comply with the laws and regulations of the country in which the Group operates and with the Group's Human Rights Policy. 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. These, together with the Human Rights Policy, are available to all staff on the Group intranet.

The UK Bribery Act places obligations on the Group and senior management. Key management are required to complete an e-learning course, tailored to the requirements of the business and designed to train and test the individuals on the UK Bribery Act. The course covers the requirements of the Bribery Act along with example scenarios and implications of Act breaches.

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 bodies. 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 appropriate 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.

Board of Directors

1

2

3

4

5

6

7


1 Marco Sodi
Non-executive Chairman
Marco Sodi was appointed as a Non-executive Director on 1 February 2012 and took over as Chairman of ITE Group plc on 23 March 2012. Previously, Marco was a Non-executive Director of ITE Group plc from 2003 to 2006 and has extensive experience of the media and technology sectors, and the exhibitions sector in particular. He left the Private Equity firm Veronis Suhler Stevenson in March 2010 after 23 successful years as both a General Partner and Investment Committee member. He is currently Non-executive Chairman of Metro International, a Non-executive Director of EuroTaxGlass's Int'l A.G and EDSA. Previously Marco has served on the Boards of Hemscott plc, Centaur Communications plc and numerous other European and US companies.

2 Mark Shashoua
Chief Executive Officer
Mark Shashoua was appointed as ITE's Chief Executive Officer in September 2016. He was previously the Chief Executive Officer of i2i Events Group, the event arm of Ascential plc, where he spent five years and led the internationalisation and diversification of the business to what it is today. Mark is a prominent figure in the international events industry and was one of the founding members of the ITE Group in 1991, where he served in senior director roles and as a Board Director until August 1999. From 2001, he was a co-founder and Chief Executive Officer of Expomedia Group plc and from 2009 to 2011, Mark was the operating partner of Advent International, a leading private equity fund.

3 Andrew Beach
Chief Financial Officer
Andrew Beach was appointed as ITE's Chief Financial Officer in October 2016. He was previously the Chief Financial and Operating Officer of Ebiquity plc, the AIM listed marketing analytics specialists, where he spent nine years overseeing the rapid expansion of the business, which now spans 20 offices in 14 markets and employs over 900 staff. Prior to joining Ebiquity, Andrew spent nine years at PricewaterhouseCoopers as part of the Entertainment and Media assurance practice where he qualified as a Chartered Accountant (ICAEW) in 2000. Andrew headed up the UK Publishing sector knowledge network and managed a portfolio of large media clients.

4 Sharon Baylay
Non-executive Director
Sharon Baylay was appointed a Non-executive Director of the Company on 1 April 2014. She is Non-executive Director at Market-Tech Limited and of Restore plc, and previously was the Chairman of Dot Net Solutions, prior to its sale in 2016. From 2009 to 2011 Sharon was Marketing Director and a Main Board Director of the BBC, responsible for all aspects of Marketing, Communications and Audiences. She was also on the Board of BBC Worldwide, Freesat and Digital UK. Prior to the BBC, Sharon held a number of senior roles at Microsoft Corporation over a period of 15 years from 1993 to 2008, including General Manager of the UK Online and Advertising business. Sharon is an Advanced Coach and Mentor, accredited by the Chartered Institute of Personnel and Development (CIPD) and a Member of Women in Advertising and Communications, London (WACL).

5 Neil England
Non-executive Director
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. Neil was formerly Vice President for Mars Incorporated with responsibility for all the CIS countries and he built a market-leading business there. More recently, Neil was Group Commercial Director on the Main Board of Gallaher Group plc. Neil is currently Non-executive Chairman of four companies, including BlackRock Emerging Europe plc, an emerging market investment company focused on Eastern Europe. Neil is a Fellow of the Chartered Institute of Marketing.

6 Linda Jensen
Non-executive Director
Linda Jensen was appointed a Non-executive Director of the Company on 7 July 2011, as the Company's Senior Independent Director on 30 January 2014 and as the Company's Remuneration Committee Chair in November 2015. Linda was Chief Executive Officer of HBO Europe until 31 December 2015, a position she held from February 2005, and is responsible for all business operations of the HBO channels in the European region. From 2000 until early 2005, she was the President of MTV Russia, based in Moscow. Prior to MTV Russia, Linda gained valuable experience in the central European region as the Director of Development at Central European Media Enterprises (CME). Fluent in Russian, Linda holds a Masters degree in Political Science from Columbia University.

7 Stephen Puckett
Non-executive Director
Stephen Puckett was appointed a Non-executive Director of the Company on 1 July 2013 and Chairman of the Audit Committee on 30 January 2014. He is a Chartered Accountant with over 20 years' experience as Finance Director of quoted companies. In 2012 Stephen retired from the Board of Page Group plc (formerly Michael Page International plc) after more than eleven years as Group Finance Director, during which time he oversaw a period of significant overseas expansion and growth. Stephen is also currently Chairman of Hydrogen Group plc and a Non-executive Director of Redcentric plc and chairs its Audit Committee.

Board Changes that occurred during the year:

Russell Taylor
Chief Executive Officer
(Resigned 1 September 2016)
Russell Taylor was appointed Chief Executive of ITE Group plc in May 2008 having joined the Group in 2003 as Finance Director. He has extensive experience in the exhibition industry, having earlier spent seven years at Earls Court Olympia Group, initially as Group Finance Director and subsequently Managing Director. Russell is a Chartered Accountant, having trained at Deloitte Touche, where he became a Manager in their Corporate Finance Department. Subsequently he worked in corporate development roles at P&O Group, Earls Court Olympia Group and Air Miles Group, before joining ITE Group plc. Russell holds a BA in Economics.

Neil Jones
Chief Financial Officer
(Resigned 31 January 2016)
Neil Jones was appointed as Chief Financial Officer in November 2008. He has held senior financial positions within the exhibitions industry for over 15 years. Neil 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 & Wales, qualifying with PricewaterhouseCoopers in 1990. On 28 May 2014, Neil was appointed as Non-executive Director of Taptica International Limited.

Corporate governance report

UK Corporate Governance Code compliance

The Company is committed to high standards of corporate governance and supports the principles laid down in the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012 (the Code). This statement describes how the principles of the Code are applied and reports on the Company's compliance with the Code's provisions.

The Board considers that the Company has been in compliance with all the principles and provisions of the Code throughout the year ended 30 September 2016 and to the date of this report.

The Board

The Board of Directors (the Board) currently has seven members, comprising of the Non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer and four independent Non-executive Directors. There were several changes to the Board during the financial year. Neil Jones resigned with effect from 31 January 2016 and Russell Taylor resigned with effect from 1 September 2016. Mark Shashoua was appointed as Chief Executive Officer with effect from 1 September 2016 and Andrew Beach was appointed as Chief Financial Officer, on 17 October 2016.

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, including the Chairman, are all independent of management and free from any business or other relationship, including those relationships and circumstances referred to in provision B.1.1 of the Code that could materially interfere with the exercise of independent and objective judgement. The Company considers that the Chairman was independent on his appointment.

Role of the Board

The Board has overall responsibility to shareholders for the proper management of the Company. It met six times during the financial year. It 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 discussions are held in an open and collaborative atmosphere with sufficient time allowed for debate and challenge.

Board members receive appropriate documentation in advance of each Board or Committee meeting which normally includes a formal agenda, a detailed report on current trading and full papers on matters where the Board will be required to make a decision or give approval. Updates from the Board Committees are also received at Board meetings. Board papers are delivered through an electronic platform, improving the efficiency of its communications and reducing paper usage.

There is an established procedure for the preparation and review, at least annually, by the Board of medium-term plans and the annual budget. Management accounts are circulated to the Board on a monthly basis and business performance and any significant variances to budget are formally reviewed at scheduled Board meetings. 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. The Non-executive Directors also met without the Chairman or Executive Directors present.

The Directors

The biographical details of the Board members are set out on pages 32 to 33.

All of the Directors have occupied, or occupy, senior positions in UK and/or international listed companies and have substantial experience in business. At all times at least half the Board, excluding the Chairman, has comprised independent Non-executive Directors.

The Non-executive Directors were all appointed for an initial three-year term and (in common with the Executive Directors) are subject to re-election each year by shareholders at the Company's Annual General Meeting ('AGM'), and, as set out in the Code, the Board continuing to be satisfied that they remain independent. At the AGM on 26 January 2017, all of the Directors will once again offer themselves for re-election in compliance with Code provision B.7.1. The Board believes that all of the Directors continue to be appropriate and effective in their role, and believe that the Company and its shareholders should support their re-election at the AGM. Following the Board effectiveness review (as described below) it was recommended to the Board that Neil England, who is reaching nine years of service as a Non-executive Director, remains with the Board for at least a year beyond the nine-year term.

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.

The Chairman and Chief Executive Officer

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

Senior Independent Non-executive Director

Linda Jensen was appointed as the Company's Senior Independent Non-executive Director ('SID') in 2014. Her responsibilities include being available to liaise with shareholders who have concerns which are not able to be resolved through the normal channels, being a sounding board for the Chairman and leading the annual performance evaluation of the Chairman.

Board effectiveness review

The formal annual review of the performance of the Board, its Committees and the Directors was carried out before the year end. This year the process consisted of an externally run evaluation by Genius Methods Limited.

Each Board Director, the Company Secretary, the incoming Executive Directors and the Interim Finance Director was interviewed. In addition, each Director's performance was reviewed by the Chairman who, in turn, was appraised by the SID after consultation with the other Directors.

The appraisal confirmed that the Board and its Committees were operating effectively. The feedback delivered a clear action plan for the year ahead for additional Board Committee focus, additional Non-executive Director skills and addressing the governance structures being fit for the future changes to the business under the new Executive team.

The report recommended that due to the changes to the Executive Directors that Neil England, who is reaching nine years of service as a Non-executive Director, remains with the Board for at least a year beyond the nine-year term to provide plc experience and legacy knowledge to support the Executive Directors in their first year.

Support and advice

The Board has access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures have been complied with. The Board has approved a procedure for all Directors to take independent legal and financial professional advice at the Company's expense, if required to support the performance of their duties as Directors of the Company. No such advice was sought by any Director during the year.

Training and development

An induction programme is arranged for newly-appointed Directors which includes presentations on the business, current strategy and shareholder expectations. Guidance is also given on the duties, responsibilities and liabilities of a Director of a listed company and key Board policies and procedures. 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 or her own professional development through attendance at seminars and briefings.

Conflicts of interest

The Company's Articles of Association, in line with the Companies Act 2006, allow the Board to authorise potential conflicts of interest that may arise and 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 Director(s) voting or without their votes being counted. 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.

Attendance by Directors at Board and Committee meetings in the financial year ended 30 September 2016

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Marco Sodi	6/6	–	7/8	6/6
Mark Shashoua	1/1	–	–	–
Linda Jensen	5/6	1/1	8/8	5/6
Sharon Baylay	6/6	5/5	8/8	–
Neil England	6/6	5/5	3/3	6/6
Stephen Puckett	6/6	5/5	–	5/6
Russell Taylor	5/5	–	–	–
Neil Jones	1/2	–	–	–
Total number of meetings	**6**	**5**	**8**	**6**

Board Committees

There are a number of standing Committees of the Board to which various matters are delegated. They all have formal Terms of Reference approved by the Board which are available on the Group's website (www.ite-exhibitions.com). The Committee reports are set out on pages 39 to 48.

Shareholder relations

The Company is committed to ongoing engagement with shareholders and has an established cycle of communication based on the Group's financial reporting calendar. The Chairman, Chief Executive Officer and Chief Financial Officer have dialogue with institutional shareholders and general presentations are given to analysts and investors covering the annual and interim results. The Board also received institutional and analysts' feedback following both the interim and annual results roadshows. All shareholders will have the opportunity to ask questions at the Company's AGM on 26 January 2017. At the AGM, the Chairman will give a statement on current trading conditions. The Chairmen of the Nomination, Remuneration, Audit and Risk 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.

The Strategic report set out on pages 1 to 31 details the financial performance of the Company. The key risks and uncertainties the Company identifies and monitors are laid out in the Risk Committee Report on pages 42 to 45.

Whistleblowing arrangements

The Company has a policy which enables and encourages employees to report in confidence any possible improprieties in either financial reporting or other 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 (ASB) in January 2008.

Anti-corruption policy and Modern Slavery Act 2015

As part of ITE's commitment to preventing bribery and establishing a culture that does not tolerate corruption wherever and in whatever form it may be encountered, a formal anti-corruption policy was approved by the Board in 2011 and appropriate procedures put in place, in line with guidance provided by the Ministry of Justice to ensure compliance with current legislation and the Company's policy and related procedures. The Group has considered the Modern Slavery Act 2015 and confirms to the best of its knowledge that there is no slavery or human trafficking within its supply chain.

By order of the Board

Anneka Milham
Company Secretary
29 November 2016

Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 30 September 2016.

Principal activities and review of the 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 and note 17 to the financial statements of the Group.

Details of the Group's performance during the year and expected future developments are contained in the Chief Executive's Statement on pages 12 to 13 and in the Divisional Trading Summary on pages 13 to 23. Details of the Group's financial risk management policies are contained on pages 42 to 45.

Results and dividends

The audited accounts for the year ended 30 September 2016 are set out on pages 74 to 80. The Group loss for the year, after taxation, was £7.2 million (2015: profit of £26.6 million).

The Directors recommend a final dividend of 3.0p (2015: 4.9p). The total dividend for the year, including the proposed final dividend, is 4.5p (2015: 7.9p).

During the financial year, the Company introduced a SCRIP Dividend Programme, which is available to the holders of ordinary shares in the capital of the Company from time to time. The Programme was approved at the Annual General Meeting (AGM) held in 2016, and allows participants to receive ordinary shares in the capital of the Company for every cash dividend entitlement where the SCRIP is offered. The Directors retain the discretion to decide whether to offer a SCRIP dividend alternative in respect of each future dividend. The Board believes that, for those shareholders who would like to choose to take their dividend in shares rather than cash, the SCRIP Dividend Programme is an attractive alternative as UK shareholders who elect to take new shares in the Company under the Programme are able to increase their holdings without incurring stamp duty. It is the Directors' current intention to offer the SCRIP alternative for each dividend paid. The full Terms and Conditions of the Programme are available on our website at www.ite-exhibitions.com or from our Registrars, Equiniti.

Capital structure

Details of the Company's issued share capital and movements during the year are shown in note 9 to the financial statements of the Company. 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 or 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. No person has any special rights of control over the Company's share capital and all shares are fully paid.

Details of employee share schemes are set out in note 27 to the financial statements of the Group. 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.

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 employee 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.

Articles of Association

The Company's Articles of Association may be amended by a special resolution at a general meeting of the shareholders.

The Company Directors

The Directors who served throughout the year are as follows:

Executive Directors

Mark Shashoua – appointed 1 September 2016
Russell Taylor – resigned 31 August 2016
Neil Jones – resigned 31 January 2016

Non-executive Directors

Marco Sodi
Linda Jensen
Sharon Baylay
Neil England
Stephen Puckett

Their biographical details are set out on pages 32 and 33.

Andrew Beach was appointed Chief Financial Officer with effect from 17 October 2016.

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.

Company Directors' shareholdings

The Directors who held office at 30 September 2016 had the following interests (including family interests) in the ordinary shares of the Company:

Name of Director	**30 September 2016**	30 September 2015
Executive Directors		
Mark Shashoua	**535**	n/a
Russell Taylor	**n/a**	1,500,000
Non-executive Directors		
Marco Sodi	**200,000**	200,000
Linda Jensen	**5,000**	5,000
Sharon Baylay	**10,300**	10,300
Neil England	**50,000**	50,000
Stephen Puckett	**10,000**	10,000

The Directors, as employees and potential beneficiaries, currently do not have an interest in shares held by the ITE Group Employees'

Share Trust at 30 September 2016. The ITE Group Employees' Share Trust held 2,865,053 ordinary shares at 28 November 2016.

There were no changes in the interests of Directors between 30 September 2016 and 28 November 2016.

Company's shareholders

At 28 November 2016, the Company had been notified under Rule 5 of the Financial Conduct Authority's Disclosure and Transparency Rules of the following interests in its ordinary shares:

Name of holder	Number of shares	Percentage held
Ameriprise Financial Inc	12,740,969	5.17
Amiral Gestion SAS	7,963,240	3.04
Brandes Investment Partners		13.30
Ordinary Shares	34,711,247	
ADRs	144,088	
FMR LLC	12,856,858	5.00
Invesco Ltd	14,492,715	5.54
Mason Hill	12,675,441	4.84
Mawer Investment Management Ltd	7,755,365	3.02
MN Services Vermogensbeheer B.V.	7,937,074	3.03
Neptune Investment Management	13,318,612	5.08
Old Mutual Asset Managers	12,086,188	4.86
Schroders plc	25,687,435	9.99
Standard Life Investments Ltd	12,297,080	3.88

Authority to purchase the Company's shares

At the AGM on 28 January 2016, shareholders authorised the Company to make one or more market purchases of up to 25,697,363 of the Company's ordinary shares to be held in treasury at a price between 1p (exclusive of expenses) and 105% of the average closing 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 2017 AGM.

Charitable and political donations

The Group made £27,240 of charitable donations (2015: £55,000) during the year. No political donations were made (2015: £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 on 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 the intranet, a mobile app and 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 2016, approximately 64% 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 from anyone qualified to apply, regardless of their status, disability, age, gender, sexual orientation or belief. Subsequently, opportunities for advancement and development will be offered on merit and regardless of the factors noted above. The Group has family-friendly policies for those with children and 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.

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 abide by the terms of payment. The Company has no trade creditors. Trade creditors of the Group at 30 September 2016 were equivalent to 9.9 days (2015: 9.5 days) purchases, based on the average daily amount invoiced by suppliers during the year.

Greenhouse gas emissions

Information on the Company's greenhouse gas emissions is set out in the environmental impact section of the Annual Report on page 30.

Annual General Meeting

The Notice convening the AGM to be held at 12 noon on 26 January 2017 is contained in a circular sent to shareholders at the same time as this report.

Auditor

Deloitte LLP have expressed their willingness to continue in office. A resolution to reappoint them as the Company's auditor and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Fair, balanced and understandable statement

Each of the Directors considers that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Directors' statement as to disclosure of information to auditor

Each Director of the Company at the date when this report was approved confirms:

- so far as he/she is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given in accordance with section 396 of the Companies Act 2006.

By order of the Board

Anneka Milham
Company Secretary
29 November 2016

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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 acounting 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 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;
- the Strategic 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; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 28 November and is signed on its behalf by:

Mark Shashoua
Chief Executive Officer
29 November 2016

Andrew Beach
Chief Financial Officer
29 November 2016

Audit Committee report

Membership

Committee members	Chairman of the Committee	Meeting attendance
Stephen Puckett	X	5/5
Sharon Baylay		5/5
Neil England		5/5
Former Committee members:		
Linda Jensen		1/1

The Audit Committee (the Committee) was in place throughout the financial year and is chaired by Stephen Puckett. The Board considers that Stephen has the appropriate financial expertise, as required by Principle C3.1 of the UK Corporate Governance Code (the Code), as Stephen is a Chartered Accountant, has held executive roles in financial positions in other companies, and chairs other listed companies' audit committees. All members of the Committee are independent Non-executive Directors and they are considered to provide a wide range of international, financial and commercial expertise necessary to fulfil the Committee's duties. Members of the Committee are appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee, for an initial period of three years, which can then be followed by an additional two further three-year periods. During the financial year all Committee members played an active role in all Committee meetings held throughout the year. During the year Linda Jensen left the Committee as she was appointed Remuneration Committee Chairman and was replaced by Neil England. There were no other changes during the year to membership of the Committee.

The Chief Financial Officer is invited to attend meetings, unless he has a conflict of interest. The External Audit Partner, the Finance Director, the Financial Controller, the Head of Internal Controls & Business Integration, and the Company Secretary are also invited to attend the Committee's meetings, providing there is no conflict of interest. Other relevant people from the business were also invited to attend certain meetings or parts of meetings to provide a deeper level of insight into certain key issues and developments. To maximise effectiveness, meetings of the Committee generally take place prior to a Company Board meeting. The Chairman of the Committee reports to the Board, as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work.

Separately, the Chairman of the Committee has also held meetings with:

- the Chief Financial Officer;
- the Finance Director;
- the Financial Controller;
- the External Audit Partner; and
- the Head of Internal Controls & Business Integration.

Terms of Reference

The Audit Committee's Terms of Reference are available on the Group's website www.ite-exhibitions.com or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

The role and responsibilities of the Committee

The Audit Committee meets at least three times a year and as and when required. The Committee is responsible for monitoring the integrity of the financial statements of the Company, and for providing effective corporate governance over the appropriateness of the Group's financial reporting. The Committee works closely with the Risk Committee, of which the Committee Chairman is also a member. This ensures effective and sufficient coverage of financial reporting risks within the Group's risk management processes.

Previously, individual members of the Committee have visited a range of the Group's offices and shows, including Kazakhstan, Ukraine, Turkey, Moscow and China, and the Group's main UK shows, Moda and Scoop, holding meetings with local staff and, where appropriate, following up on matters previously identified by external and internal audits. During the year, Committee members visited Russia and the Breakbulk Americas event in Houston.

Specific Committee responsibilities include:

- reviewing the financial results announcements and financial statements and monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the appropriateness of the accounting policies and practices including critical accounting policies and practices;
- advising the Board on whether the Committee believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- overseeing the relationship with the external auditor, advising the Board on the appointment of the external auditor, agreeing their audit scope and audit fees and assessing the effectiveness of the external audit process;
- considering and making recommendations to the Board on the nature and extent of the significant risks to which the Group is exposed and monitoring management's mitigation plans;
- reviewing the effectiveness of the Group's internal controls and assessing the effectiveness of the Group's internal audit process; and
- monitoring the Group's whistleblowing, bribery prevention and fraud detection processes.

Activities during the financial year

Each of the Committee meetings held during the year has a particular specific focus. This year's meetings focused on the following: the management letter from the external auditor following the prior year's audit; the review of the external auditor's interim review work and the interim financial statements; the external audit plan; an update on the progress of the external audit, the results of the external audit and review of the annual financial statements and associated investor presentations. In addition, every meeting reviews summaries of the latest internal audit reports, the update of the risk assessment, and any correspondence received by the Board which falls within the Committee's remit.

Audit Committee report continued

In assessing the appropriateness of the financial statements the Committee concentrated on the following significant audit risks, which were agreed with Deloitte in advance of the audit and were the focus of their audit and on which the Committee received written reports from management and Deloitte as part of the audit process:

- **Acquisition accounting** as there is exercise of judgement involved in identifying and valuing the consideration and the assets acquired in a business combination. The Committee assesses the processes used in the identification and valuation of acquired assets and liabilities including the reasonableness of any assumptions used. The Committee also assesses the final split of consideration between goodwill and identified intangible assets. This year the Committee considered both management's papers and reports from the external auditors covering the principal acquisitions: ABEC and ITE Ebseek.

- **Impairment of goodwill, intangible assets and investments** which involves measuring the carrying value of goodwill against the discounted cash flows of each of the cash-generating units (CGUs) and investments. Each regional office is considered to be a CGU. There are a number of judgements to consider including the forecast cash flows of the office or investment, discount rates used, the growth rates applied and the expected life of the shows. Forecast cash flows are based on Board-approved budgets and plans. Discount rates are selected to reflect the risk adjusted cost of capital for the respective territory. Growth rates and the respective life of the shows reflect management's view of the long-term forecast rates of growth (using third-party sources such as the International Monetary Fund) and longevity for the shows in the respective territory. This year the Committee considered closely the performance of the various CGUs of the Group, including the Russian, Indian, South East Asian and Turkish offices, in light of the geo-political and economic situation in these economies and evidence of growth rates achieved in comparison with growth rates predicted at the time of acquisition. The Committee agreed on the impairment of goodwill relating to the Siberian and Malaysian CGUs and the partial impairment relating to the Indian business. The Committee also agreed to disclose that a reasonably possible change in assumptions may lead to an impairment of the Turkish CGU.

- **Foreign exchange on transactions and consolidation** as a significant proportion of the Group's sales are made in foreign currencies, notably the ruble and euro. Foreign exchange significantly impacts revenue, gross profit and operating activities. This year the Committee reviewed, in particular, the exchange gain recognised in the income statement and the impact of translating the Group's overseas operations on consolidation.

- **The appropriate recognition of revenue** is critical to the financial statements. The Committee believes that the risk is focused on the validity and cut-off of revenue. All revenue is recognised when the service has been delivered. With respect to exhibitions and conferences, the Group usually invoices its customers in advance of the show and so defers the revenue until the date the event has completed. Floor plan audits[1] are seen as central to the controls process for the accurate recognition of revenue and confirming that floor plan audits are being performed on a timely and robust basis forms a critical part of internal audit testing of procedures during the year on a rolling basis to each operating unit.

Internal control and risk management

The Group has a formal process of internal audit which involves the Head of Internal Controls & Business Integration scoping audits of minimum acceptable control practices. These audits are performed on a rolling basis amongst the Group's operating units by the Head of Internal Controls & Business Integration. The reports are made available in summary form to the Committee and in detailed form to the Chief Financial Officer, relevant operating management and the Chairman of the Audit Committee. The Head of Internal Controls & Business Integration assists with training and monitors correction to any identified issues.

The Committee reviews the reports and considers progress against the recommendations. The Group operates across a number of territories and the role of internal audit and the follow-up process on the findings in internal reports are important parts of the Group's overall control environment.

The effectiveness of the internal control process is assessed throughout the year through discussions with local management teams and others involved in the process. The Committee continues to believe that the current internal audit process is operating effectively.

The Group's risk management process is covered in detail in the report of the Risk Committee on pages 42 to 45.

External audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. A detailed audit plan is received from Deloitte, which sets out the key risks identified. For the financial year ended 30 September 2016, the primary risks were in relation to acquisition accounting, impairment of intangible assets and goodwill, foreign exchange on transactions and consolidation tax and revenue recognition.

Deloitte provided the Committee with their views on these issues at the Committee meeting held to consider the financial statements. In addition they provided the Committee with details of any identified matters greater than £57,000 and any other adjustments that were qualitatively significant which management had not corrected on the basis that the matters were not, individually or in aggregate, material.

Private meetings were held with Deloitte at both of the Audit Committee meetings which considered the financial statements (in November and May) to provide additional opportunity for open dialogue and feedback from the Committee and the auditor without management being present. Matters discussed were the preparedness and efficiency of management with respect to the audit, the strengths and any perceived weaknesses of the financial management team, confirmation that no restriction on scope had been placed on them by management and how they had exercised professional judgement. The Chairman of the Committee also meets with the External Audit Partner outside the formal Committee process throughout the year.

1. Floor plan audits are a process by which the floor plan map of the exhibition is matched and reconciled to the invoices issued to the exhibitors for their attendance at the exhibition to ensure completeness of revenue recognition.

The effectiveness of the 2015 external audit process was formally assessed by the Committee at the beginning of 2016. Feedback was sought from various participants in the process (Committee members, Executive Directors, members of the Finance Team and management of subsidiary units). The effectiveness of the Audit Partner, the audit team, their approach to audits, including planning and execution, communication, support and value were assessed and discussed.

Overall, the effectiveness of the external audit process was assessed as performing as expected.

Appointment and independence of the external auditor

The Committee considers the reappointment of the external auditor, including the rotation of the audit partner, each year and also assesses their independence on an ongoing basis. The external auditor is required to rotate the Audit Partner responsible for the Group audit every five years. The current Audit Partner was appointed in 2013. He was selected from a shortlist of three suitable and available partner candidates provided by Deloitte and based on interviews conducted separately by the Chief Financial Officer and the Chairman of the Committee. The Committee reviewed and endorsed their recommendation.

Deloitte LLP were first appointed by the Company in 2002. Whilst the Group has not formally tendered for the audit since then, the Committee has undertaken a review of the objectivity and effectiveness of the audit process each year. When considering the suitability of the external auditor, the Committee takes account of the ability of the auditor to deliver an audit across the geographies in which the Group operates. In addition, considerable importance is placed on the findings set out in the Public Report on the most recent inspections of Deloitte carried out by the Financial Reporting Council's Audit Quality Review Team and their reports on all other auditors in its sample. The Committee notes the consistently good assessment of Deloitte against its peers. When considering suitable external auditors, the Committee also takes account of the ability of the auditor to add value through observations from the audit process and their interactions with management.

The Committee is cognisant of its responsibility under the revised Code to tender the audit every ten years and notes that this period can be extended to coincide with the period ending the current engagement partner's rotation, if longer. Under transition rules set out in the Competition & Markets Authority (CMA) final order in response to recent EU regulations, the Group has to mandatorily tender the audit by the Annual General Meeting held after 17 June 2023. Taking account of this, the Committee nevertheless plans to tender the audit in 2017 to take effect for the year ending 30 September 2018, after the five-year rotation period of the current External Audit Partner, although this decision shall be reviewed annually. For the year ending 30 September 2017, the Committee has provided to the Board its recommendation to the shareholders on the reappointment of Deloitte LLP as the Group's auditor.

During the year, Deloitte LLP and member firms of Deloitte LLP charged the Group £370,000 (2015: £357,000) for audit and audit-related services.

Non-audit services

To safeguard the objectivity and independence of the external auditor from becoming compromised, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No material changes have been made to this policy during the year. In addition, non-audit fees on any specific project cannot exceed £50,000 without the express approval of the Committee Chairman, who must report to the Committee on the use of this delegated authority at the next Committee meeting.

Our policy ensures that the Committee challenges the decision to use Deloitte LLP where suitable, practical and reasonably priced alternatives exist. In addition, the Committee considers the overall level of non-audit fees and would not expect these fees to be in aggregate greater than the audit fee. Full details of the split between audit and non-audit fees can be found in note 4 to the financial statements of the Group.

On behalf of the Audit Committee

Stephen Puckett
Chairman of the Audit Committee
29 November 2016

Risk Committee report

Membership

Committee members	Chairman of the Committee	Meeting attendance
Des McEwan (Finance Director)	X	3/3
Vincent Brain		3/3
Suzanne King		1/2
Stephen Puckett		3/3
Alexander Shtalenkov		2/3
Edward Strachan		2/3
Mark Temple-Smith		3/3

The Risk Committee (the Committee) is comprised of the Chief Financial Officer, who chairs the Committee, the Finance Director (who chaired the Committee for an interim period), Stephen Puckett – the Chairman of the Audit Committee, and four operational Regional Business Directors – Nik Rudge, Alexander Shtalenkov, Edward Strachan and Mark Temple-Smith. The Financial Controller, Head of Internal Controls & Business Integration, and Company Secretary are also invited to attend the Committee's meetings. During the year, Nik Rudge left the Committee and was replaced by Vincent Brain. The Group's Corporate Development Director, Suzanne King, also joined the Committee, but has subsequently left the Group.

Terms of Reference

The Committee's Terms of Reference are available on the Group's website www.ite-exhibitions.com or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

The role and responsibilities of the Committee

The Company Board is ultimately responsible for the Group's risk management framework. The Board regularly reviews the Group's key risks and to support the discharge of this responsibility, in addition to the Audit Committee, the Board established the Risk Committee in 2014.

The purpose of the Committee is to identify, assess, monitor and recommend actions to management and the Board to identify, mitigate and manage risks the Group faces. The Committee works closely with the Audit Committee (the Chairman of which is a member of the Committee) which remains responsible for risks arising in financial reporting. The Group's key risk matrix, containing an estimated financial impact, is regularly shared with the Board and discussed.

The Committee's work is primarily driven by the assessment of its principal risks and uncertainties. These risks and uncertainties are the output of a full review, performed annually, involving a 'top down' review by the Executive Directors and a 'bottom up' risk assessment performed by each operating unit management team considering the risks facing their business unit. As part of this annual process, the plans to mitigate the identified risks are reviewed. The Committee reviews these assessments and makes adjustments to the overall risk plan as appropriate.

Activities during the financial year

The Committee met three times during the year. During these meetings the Committee reviewed and discussed:

- health and safety across the Group;
- office risk assessments;
- use of risk monitoring tools; and
- viability reporting and scenario planning.

During the year the Committee reviewed the existing risk management activities undertaken within the Group. The Group's Risk Matrix contains non-financial impacts of risks using additional risk factors such as reputational, regulatory and personnel risks.

Assessment of the Group's risk profile

The key risks identified and monitored by the Group are set out in the following section, with an assessment of how the potential impact of the individual risk has changed compared to the previous financial year. The Committee aims to identify the risks that the Group faces, knowing that the identification and appropriate management of those risks is vital for the Group to achieve its strategic objectives and to support its long-term growth.

The year has seen significant events impact the Group – the diplomatic dispute between Turkey and Russia in December, Brexit in June and the attempted coup in Turkey in July. The occurrence of these events is a reminder that the Group operates in emerging markets with relatively high risk levels. The probability and potential impact of these risks has increased in the year and the Group's ability to manage and, when possible, mitigate these risks ensures that the Group is well placed to continue operating in these challenging markets.

On behalf of the Risk Committee

Des McEwan
Chairman of the Risk Committee
29 November 2016

Principal risks and uncertainties

The Group has established risk management processes for identifying and monitoring risks and uncertainties affecting the Group. The principal risks facing ITE are reviewed regularly by both the Committee and the Board. The risks described below represent those that we consider have the potential to have the greatest impact on our ability to meet our strategic objectives.

RISK	POTENTIAL IMPACT	MITIGATION	CHANGE IN PROBABILITY AND/OR IMPACT OF RISK VERSUS PRIOR YEAR
POLITICAL UNCERTAINTY AND REGULATORY RISK	Changes in law or the regulatory environment could have an effect on some or all of the exhibitions of the Group. As an international organisation, political and regulatory changes in the regions in which we organise our exhibitions could impact our ability to operate in these territories.	We have established local companies that fully contribute to the local economy in the countries where we operate. We have diversified our business geographically, through acquisitions and expansion into new regions and markets, reducing the proportion of our business that is exposed to a single country or region's political and regulatory environment. We now have circa 40% of our business In Russia (2015: circa 55%).	The Group remains exposed to geo-political risks which can have a significant effect on the Group's results. →
ECONOMIC INSTABILITY REDUCES DEMAND FOR EXHIBITION SPACE	An economic downturn or period of uncertainty could reduce demand for exhibition space, which would in turn reduce the profitability of our exhibitions.	We operate across a wide range of sectors and countries to minimise our exposure to any single market. The nature of our business cycle is such that, with revenues largely generated in advance of the costs we incur, we can react to periods of economic instability to protect the profitability of our exhibitions. Through strong relationships with venues and staff, we have a relatively flexible cost structure, allowing us to manage our event margins in the short and medium term.	The economic weakness in key territories (Russia, Central Asia and Turkey) has continued during 2016, reducing demand for exhibition space year-on-year, but the Group continues to diversify and manage costs in the short and medium term. →
FINANCIAL RISK – FOREIGN CURRENCY RISK	The Group is exposed to movements in foreign exchange rates against sterling for both trading transactions and for the translation of overseas operations. The principal exposure is to the euro and the ruble which form the basis of the Group's invoicing and to the ruble which forms the base books of the Group's Russian operations.	The Group seeks to minimise exposure by: • Protecting a certain amount of euro denominated sales with forward contracts; • Seeking to maximise the matching of costs and revenues in the same currency; and • Employing a hybrid pricing strategy which ensures local customers are exposed to currency risk.	Exchange rate volatility remains an ongoing risk. The weakening of sterling following the UK's Brexit vote will, if continued, benefit the Group. →

Risk Committee report continued

Principal risks and uncertainties continued

RISK	POTENTIAL IMPACT	MITIGATION	CHANGE IN PROBABILITY AND/OR IMPACT OF RISK VERSUS PRIOR YEAR
FINANCIAL RISK – LIQUIDITY RISK	The Group operates in a number of countries with complex local requirements surrounding overseas payments. There is a risk that excess cash is 'trapped' in subsidiaries resulting in liquidity shortages within the Group.	The Group has well-established payment mechanisms to repatriate cash from its subsidiaries. Overseas cash balances are monitored on a weekly basis by Group management.	The reduced profitability of the Group means that effective management of trapped cash is necessary to maximise liquidity. ↑
FINANCIAL RISK – COVENANT RISK	The Group has a debt facility with a number of covenants. There is a risk that the impact of the other risks noted could challenge key covenant metrics.	The Group reports covenant compliance to its banks on a quarterly basis and all covenants have been complied with and are expected to be complied with based on current forecasts.	The reduced profitability of the Group and higher year-on-year debt levels means that cash flow management and forecasting is a priority for the Group. ↑
COMMERCIAL RELATIONSHIPS	The Group has key commercial relationships with venues which secure our rights to run our exhibitions in the future. The breakdown of a relationship with a key venue provider could reduce the profitability of any exhibitions that have to be relocated to an alternative venue and could increase competitor risk if a rival exhibition is launched at the previous venue.	The key commercial relationships are regularly reviewed. We seek to maintain our exhibition rights for at least the next three-year period for significant exhibitions. Expansion of events in Krasnodar and Indonesia as a result of new venues shows the importance of these relationships. 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.	We carry business interruption insurance policies which protect profits on our largest events against such an event in the short-term.	→

RISK	POTENTIAL IMPACT	MITIGATION	CHANGE IN PROBABILITY AND/OR IMPACT OF RISK VERSUS PRIOR YEAR
COMPETITOR RISK	Competition has existed in ITE's markets for some years and we face competitive pressures on a market-by-market basis. A single exhibition or sector in a market could have its prospects curtailed by a strong competitor launch.	In all of our markets, we have a strong position as an international organiser, achieved through the effective use of our international sales network and the established brands of our major events. The breadth of our portfolio of events, with its geographic and sector diversity, reduces the risk of a competitive threat to our 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. Integration issues and a failure to realise planned operational and synergistic benefits are a risk to delivering the expected returns on our investments.	The Group has formal investment decision criteria to identify suitable, earnings enhancing, acquisition targets and we employ experienced professionals to drive the acquisition process and perform, 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.	We have made three significant investments in the period to increase ownership stakes in ABEC and Africa Oil Week and take a 70% stake in ITE Ebseek. The size and nature of these acquisitions (being non-wholly owned) increases the possibility and potential impact of failing to integrate these successfully. ↑
PEOPLE	A failure to attract and retain high calibre people could adversely affect our ability to meet our strategic objectives. Given the long-standing relationships our employees have with our customers, a loss of key staff could negatively impact the short-term prospects of a specific event or sector.	We have sought to build loyalty in our staff by ensuring remuneration is competitive and through a wide distribution of the Group's long-term incentive plans. We have well-established management development programmes in place and are committed to the development of all of our people. We monitor staff satisfaction levels through the use of employment engagement surveys and act on the results to ensure we have motivated as well as talented employees.	There have been a number of key managerial changes during 2016, both at an Executive Director level and on the Senior Management Board. These changes leave the Group well placed to move into the next phase of our development. →

Changes in our risk profile

We review our risk profile regularly, meaning that the list of key risks and uncertainties will evolve over time. The list of risks above is consistent with the list of risks presented last year, with no risks being added or removed during the year.

Nomination Committee report

Membership

Committee members	Chairman of the Committee	Meeting attendance
Marco Sodi	X	6/6
Neil England		6/6
Linda Jensen		5/6
Stephen Puckett		5/6

The Nomination Committee (the Committee) was in place throughout the financial year and is chaired by the Chairman of the Company, who was deemed to be independent on appointment to the Board. All of the members of the Committee who served during the year were independent Non-executive Directors, as required under section B2.1 of the UK Corporate Governance Code.

The Chief Executive Officer is also invited to attend meetings, unless he has a conflict of interest. The Company Secretary and Human Resources Director may be invited, but only as appropriate and only if they do not have a conflict of interest. The Committee is also assisted by executive search consultants as and when required.

Terms of Reference

The Committee's Terms of Reference are available on the Group's website www.ite-exhibitions.com or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

The role and responsibilities of the Committee

The Committee meets a minimum of twice a year and as required. The Committee is responsible for considering and recommending to the Board suitable candidates for appointment as Executive and Non-executive Directors.

When the need to appoint either an Executive or a Non-executive Director arises, the Committee reviews what skills, understanding and experience is required for the position, whilst taking into account the Board's existing composition. Appointments to the Board follow a formal, rigorous and transparent procedure, which involves the Committee interviewing candidates proposed by either existing Board members or by external search consultants. Careful consideration is given to ensure appointees have sufficient time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained or improved.

ITE has adopted a Board Diversity Policy which recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an important element in maintaining a competitive advantage. A truly diverse Board in its broadest sense will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.

When dealing with the appointment of a successor to the Company Chairman, the Senior Independent Non-executive Director will chair the Committee instead of the Company 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 Board following recommendation from the Committee.

Activities during the financial year

The Committee met six times during the financial year. The Committee met more frequently than usual due to a number of significant changes made to the Board, with the appointment of a new Chief Executive Officer and a new Chief Financial Officer. The external search consultants, Korn Ferry were appointed to carry out the search for the roles of the Chief Executive Officer and the Chief Financial Officer, after a tender process was completed. At the time of their appointment, Korn Ferry had no connection to the business, however since completing their executive search on behalf of the Nomination Committee, Korn Ferry has been appointed as the Group's Remuneration Committee advisers.

In addition to the new appointments the Committee met to review and discuss:

- the balance of skills and experience on the Board and considered if any changes were necessary;
- the annual Board evaluation responses;
- the Committee's Terms of Reference;
- the re-election of all Directors at the 2016 Annual General Meeting;
- the Company's succession plans for the Company's Board, its Senior Management Board and other key roles across the Group; and
- talent development and management across the Group.

On behalf of the Nomination Committee

Marco Sodi
Chairman of the Nomination Committee
29 November 2016

Remuneration Committee report

Remuneration Committee Chairman's statement

Dear shareholder

On behalf of the Board I am pleased to present to you our proposed Remuneration Policy which we expect to apply for three years from the 2017 Annual General Meeting (AGM), a summary of how we intend to implement the new Remuneration Policy in the year ahead, and the amounts paid to our Executive and Non-executive Directors for the year ended 30 September 2016.

What is in this report?

This report complies with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-Sized Companies and Group's (Accounts and Reports) (Amendment) Regulations 2013. The report has been prepared in line with the recommendations of the UK Corporate Governance Code and the requirements of the UKLA Listing Rules.

The Directors' Remuneration Policy (set out on pages 49 to 56) will be put to shareholders for approval in a binding vote at the forthcoming AGM. The effective date of the updated Remuneration Policy is 26 January 2017, subject to shareholder approval.

This annual statement (set out on pages 47 to 48) and the Annual Report on Remuneration (set out on pages 57 to 67) will be subject to an advisory vote at the AGM.

2016 performance and reward

Our focus in 2016 was on delivering profitable growth from our operations at the same time as executing our diversification strategy and implementing our leadership succession plans. As a result, annual bonus targets were set based on a combination of budgeted headline profit before tax, and specific strategic targets.

In what was a challenging year, with continued pressure from economic and political factors impacting demand in key markets like Russia and Turkey, we narrowly missed the lower end of the profit target range. This has led to no reward based on profit targets notwithstanding strong operational performance in a difficult trading environment. In terms of performance against our strategic targets, the successful transition to a new executive leadership team and completion of a wider restructuring of our Senior Management Board resulted in an important strategic target for the year being achieved. As a result, only our former Chief Executive Officer, Russell Taylor, is eligible for a bonus in respect of the year under review. His bonus was earned at 27% of the maximum potential bonus opportunity.

Full disclosure of the bonus targets set, and performance against them, is included on pages 59 to 60. In approving bonus awards, the Remuneration Committee (the Committee) noted the financial results achieved during the year, with headline profit before tax of £36.5 million (2015: £47.2 million), and was comfortable with the overall remuneration awarded.

The long-term incentive award vesting in 2017 is based on three-year performance ending 30 September 2016. There will be no vesting as the challenging range of headline diluted earnings per share (EPS) targets will not be met. The deterioration in the market environments in which the Company operated during this period (i.e. the fall in oil and gas prices negatively impacting the Russian and Central Asian markets, economic sanctions, political tension between Turkey and Russia and the marked depreciation of exchange rates across these regions) meant it was not possible to meet the targets.

Overall, the Committee is comfortable that there has been a robust relationship between performance and reward.

Remuneration Policy

In light of the expiry of the 2014 Remuneration Policy at the 2017 AGM, the Committee undertook a full review of remuneration at ITE during the year under review. The conclusion of the review was that while the current Remuneration Policy had served the Company well, a number of changes should be made to current practices to better align remuneration and strategy during the next three-year Remuneration Policy period and to update for general developments in institutional investors' expectations.

As a result, subject to shareholder approval at the AGM, the Committee intends to make the following changes to our current Remuneration Policy:

- There is to be a shift in the proportion of incentive pay weighted towards annual targets but at the same time we are introducing compulsory deferral of part of annual bonus into shares. This change will enable the Committee to better respond to the changes in our constantly evolving key markets which are directly influenced by changes in our locations' political landscapes (which can be volatile), infrastructure and, more generally, world trade patterns. With this shift in balance of incentive pay we will introduce compulsory deferral of one-third of any bonus paid into shares for three years. Thus executives cannot receive a greater award in cash than under the previous policy.
- A two-year holding period is to be applied to future awards under the Company's Performance Share Plan (resulting in a minimum five-year period between grant and sale of shares other than to pay tax on vested shares).
- Incentive plan metrics are being refined to better align with the Company's current strategic objectives (e.g. revenue and cash conversion targets will operate alongside profit in the annual bonus plan with EPS and relative total shareholder return to operate in the long-term incentive plan).
- An incentive plan over-ride is to be introduced to enable the Committee to consider the overall relationship between performance and reward prior to determining incentive pay awards (i.e. if there was to be a perceived disconnect the Committee may reduce the variable pay outcomes to better reflect overall performance).
- Higher share ownership guidelines will operate to ensure that, overall, the changes provide a keener alignment between long-term performance and reward with more remuneration under the revised policy being delivered in shares and needing to be held in shares for longer than was the case previously.

Remuneration Committee report continued

Implementation of the Remuneration Policy for 2017

Since the current Executive Directors have been recently appointed, the first salary review date for each Executive Director will be 1 October 2017 (i.e. there will be no increase in relation to the current financial year).

A summary of the changes to the Remuneration Policy are detailed above with full details of the application of our Remuneration Policy for the current financial year included on pages 66 to 67. Full details of terms of appointment of the recently appointed Executive Directors and the departure terms of the former Executive Directors are also set out in the Annual Report on Remuneration.

Shareholder engagement

The changes proposed to the Remuneration Policy noted above were the subject of extensive shareholder engagement during the year under review. The Board values the opinions of its shareholders and other stakeholders and has proactively taken their views into account when finalising the proposed Remuneration Policy and its application for 2017.

The Committee is committed to maintaining an ongoing dialogue with shareholders on the issue of executive remuneration and we welcome any further feedback they may have.

We look forward to their support on the resolution relating to remuneration at the AGM on 26 January 2017.

On behalf of the Remuneration Committee

Linda Jensen
Chair of Remuneration Committee
29 November 2016

Remuneration Policy report

Set out below is the Remuneration Policy for the Company that will be effective from 26 January 2017 (the Effective Date), subject to shareholder approval at the Annual General Meeting (AGM) to be held on that day.

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

As a result of the expiry of the Company's current three-year Remuneration Policy at the 2017 AGM, the Committee undertook a review of the existing Remuneration Policy against the Company's principles which are summarised below:

a) The need to align the interests of the executive with those of the shareholders.

b) The performance of the individual executive and of the Group as a whole.

c) The remuneration practice in the markets in which the executive is principally based.

d) The remuneration packages offered to executives in companies competing in the same markets as the Group.

In addition to considering the above factors, due consideration was also given to developments in the executive pay environment and, in particular, institutional investors' 'best practice' expectations.

The overall conclusion of the Committee's review was that while the total remuneration quantum remained appropriate, the difficulties associated with setting robust long-term targets in the Company's volatile key markets necessitated a rebalancing of the incentive quantum such that a greater proportion should, for the next three-year Remuneration Policy period, be earned against annually set targets. However, as a quid pro quo, a greater proportion of earned remuneration would need to be paid in the Company's shares and held for longer to ensure improved long-term alignment in the revised policy between executives and shareholders.

As a result of the above, the key changes to Remuneration Policy include:

1. A greater proportion of variable pay will be potentially delivered through the annual bonus with the maximum potential set at 150% and 120% of salary for the Chief Executive Officer and Chief Financial Officer respectively (from 100% of salary) with a corresponding reduction in long-term incentive award levels (to 100% and 80% of salary from 150% and 100% of salary respectively).

2. Introduction of compulsory part deferral of one-third of annual bonus earned into Company shares for a minimum of three years which, when taken in aggregate with the greater proportion of variable pay to be earned against annual targets, results in no greater cash being awarded when compared against our previous policy for similar levels of performance.

3. The adoption of a two-year holding period on vested long-term incentive plan shares which will result in a five-year period from grant to any potential sale (other than to pay tax) of vested long-term incentive plan shares.

4. A tailoring of incentive plan metrics to better reflect the Board's range of key performance indicators (KPIs) in the enlarged, diversified, Group. The changes include introducing revenue and cash conversion targets into the annual bonus plan to operate with profit targets along with introducing separate earnings per share (EPS) and relative total shareholder return targets into the long-term incentive plan. The changes provide a balanced range of metrics aligned with both operational success and improved shareholder returns.

5. The introduction of an incentive plan over-ride which will enable the Committee to scale back incentive pay outcomes if the formula-based out-turns are not considered to be aligned with the Company's overall performance over the relevant performance periods.

6. The adoption of higher share ownership guidelines at 200% of salary for Executive Directors (from the current guidelines set at 150% of salary for the Chief Executive Officer and 100% of salary for the Chief Financial Officer).

Remuneration Policy report continued

The following table summarises the main elements of the Executive and Non-executive Directors' Remuneration Policy for 2017 onwards, the key features of each element, their purpose and linkage to strategy.

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary/fees	Set at competitive levels in the markets in which ITE operates, in order to attract and retain executives, capable of delivering the Group strategy.	Reviewed annually with changes normally effective from 1 October of each year. Decisions influenced by: • scope of the role and the markets in which ITE operates; • performance and experience of the individual; • pay levels at organisations of a similar size and complexity; and • pay and conditions elsewhere in the Group.	Salaries will be eligible for increases during the three-year period that the Remuneration Policy operates from the Effective Date. During this time, salaries may be increased each year (in percentage of salary terms) in line with increases granted to the wider workforce. Increases beyond those granted to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.	Not applicable.
Benefits	Designed to be competitive in the market in which the individual is employed.	Benefits include life insurance, private medical insurance and income protection insurance. Where appropriate, other benefits may be offered including, but not limited to, allowances for car, accommodation, relocation, other expatriate benefits and participation in all-employee share schemes. Benefits vary by role and individual circumstance and eligibility is reviewed periodically. Benefits are not pensionable.	The value of benefits may vary from year to year depending on the cost to the Company from third-party providers.	Not applicable.
Pension	To provide cost effective retirement benefits.	Participation in defined contribution plan or cash allowance in lieu.	Up to 10% of base salary.	Not applicable.

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Annual performance bonus	Designed to reinforce individual performance and contribution to the achievement of sustainable profit growth and strategic objectives.	Compulsory deferral of one-third of any bonus paid into shares for three years with the balance of the bonus paid in cash. Deferred shares typically vest after three years and are normally subject to continued employment. Dividend equivalent payments may be made (in cash or shares) on deferred shares at the time of vesting and may assume the reinvestment of dividends. Annual bonus awards are not pensionable. Payments made under the annual bonus are subject to recovery and withholding provisions which enable value over-paid to be recouped to the later of one-year following the date of payment or the completion of the next audit of the Group's accounts, in the event of a fraud or material misstatement of results being identified in relation to the year in which the bonus was earned.	Maximum potential opportunity of up to 150% of base salary. For the current Executive Directors, the annual bonus will be limited to the following levels during the three-year policy period: • 150% of salary (Chief Executive Officer); and • 120% of salary (Chief Financial Officer).	Details of the performance measures used for the current year and targets set for the year under review and performance against them will be provided in the Annual Report on Remuneration. Bonus will be predominantly based on a challenging range of financial targets set in line with the Group's KPIs (for example, revenue growth, cash conversion and profit). For a minority of the bonus, targets relating to the Group's other KPIs will operate (for example, strategic targets). For financial targets, and where practicable strategic targets, bonus starts to accrue once the threshold target is met (0% payable) rising on a graduated scale to 100% for out performance. The Committee may adjust bonus outcomes, based on the application of the bonus formula set at the start of the relevant year, if it considers the quantum to be inconsistent with the Company's overall performance during the year. For the avoidance of doubt this can be to zero and bonuses may not exceed the maximum levels detailed above. Any use of such discretion would be detailed in the Annual Report on Remuneration.

Remuneration Policy report continued

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Performance Share Plan ('PSP')	Ensures that the Executive Directors' interests are aligned with those of shareholders through providing share-based awards linked to sustained improvements in long-term targeted performance metrics.	Awards of nominal cost (or nil cost) options (or similar) may be granted annually as a percentage of base salary. Vesting is based on performance measured over three years. The performance period normally starts at the beginning of the financial year in which the date of grant falls. Dividend equivalent payments may be made (in cash or shares) on PSP shares at the time of vesting on vested shares and may assume the reinvestment of dividends. Payments made under the PSP are subject to recovery and withholding provisions which enable recoupment of the value overpaid for the later of one year following the date of vesting or the completion of the next audit of the Group's accounts in the event of fraud or material misstatement of results being identified in relation to the years in which the PSP is earned.	The maximum award limit under the ITE Group plc PSP is capped at 150% of salary other than in exceptional circumstances (e.g. recruitment 'buyout' to compensate for value forfeit from a previous employer) when awards may be granted up to 200% of salary. For the current Executive Directors, the annual PSP award limit for the three-year Remuneration Policy period (excluding any buyout awards) will be limited to: • 100% of salary (Chief Executive Officer); and • 80% of salary (Chief Financial Officer).	Granted subject to challenging financial (e.g. EPS) and total shareholder return performance targets tested over three years. 20% of maximum vests for threshold performance for the Chief Executive Officer (30% of maximum for other participants), rising on a graduated basis to full vesting for equalling, or exceeding, the maximum performance targets (no awards vest for performance below threshold). The Committee may adjust PSP vesting outcomes, based on the result of testing the performance condition, if it considers the quantum to be inconsistent with the Company's overall performance during the three-year performance period. For the avoidance of doubt this can be to zero. Any use of such discretion would be detailed in the Annual Report on Remuneration.
Non-executive Directors' fees	To reflect the time commitment in preparing for and attending meetings, the duties and responsibilities of the role, and the contribution expected from the Non-executive Directors.	Annual fee for Chairman. Annual base fee for Non-executive Directors. Additional fees are paid to the Senior Independent Director and the Chairmen of the Audit and Remuneration Committees to reflect additional responsibilities. Fees are reviewed annually, taking into account, time commitment, responsibilities and fees paid by comparable companies. All Non-executive Directors are reimbursed for travel and related business expenses reasonably incurred in performing their duties.	There is no prescribed maximum. Non-executive Director fee increases are applied in line with the outcome of the periodic reviews and taking into account wider factors, for example, inflation.	Not applicable.

Notes to the policy table
In addition to the above elements of remuneration, any commitment made prior to, but due to be fulfilled after, the approval and implementation of the Remuneration Policy detailed in this report will be honoured.

Changes in the proposed Remuneration Policy
A full summary of the changes is detailed above the Remuneration Policy table.

Performance measure selection and approach to target setting
Performance targets are set at such a level as to be stretching and achievable, with regard to the particular strategic priorities and economic environment.

Annual bonus
Under the annual bonus plan, for the first year of operating the Remuneration Policy in 2017, bonuses will be based 50% on profit, 20% on revenue growth, 15% on cash conversion and 15% on individually tailored strategic targets.

The range of metrics chosen provide a keen balance between incentivising operational success and delivering growth from our enlarged Group. Profit will be measured on a reported basis (i.e. using actual exchange rates) with revenue growth and cash conversion measured using budgeted exchange rates to provide a balance between shareholder alignment and incentivising management to deliver against internal plans (noting the international nature of ITE's operations).

The Committee will review the choice of metrics and weightings at the start of each financial year in light of developments in the Company's strategy. The targets set will then be based on the annual budget approved by the Board. Prior to the start of the financial year, the Committee sets an appropriate performance zone (threshold to maximum) around the target, which it considers provides an appropriate degree of 'stretch' challenge and an incentive to outperform.

The intention is to provide full retrospective disclosure of annual bonus performance targets and actual performance against them in the relevant remuneration report (subject to any commercial sensitivities in relation to disclosure of the strategic targets).

Performance Share Plan ('PSP')
Under the PSP, for the first year of operating the Remuneration Policy in 2017, targets will be set 70% based on adjusted EPS and 30% on relative total shareholder return (TSR) versus a combination of the FTSE Small Cap and FTSE 250 Index constituents (excluding investment trusts).

The Committee considers that EPS (adjusted on such basis as the Committee considers necessary to ensure consistent testing of the condition across the performance period) is the most appropriate financial measure of long-term performance of the Group as it is well aligned with shareholder interests and provides good line of sight. Relative TSR will provide clear alignment between executives and our shareholders with vesting only taking place if we deliver at, or above, median market returns for shareholders.

The Committee will review the performance conditions (choice of metric, weightings and TSR comparator group) to apply to PSP awards annually, prior to the start of the performance period, taking into account a number of internal and external reference points to help ensure they are appropriately stretching. The Committee will also retain discretion, as defined in the relevant incentive plan rules, to make adjustments in certain circumstances (e.g. in the event of a rights issue, corporate restructuring, special dividend etc.) to ensure that incentives fulfil their original purpose. Any adjustments to performance conditions (e.g. arising as a result of a substantial acquisition or divestment) must result in any revised performance targets being similarly challenging to the condition prior to the relevant event.

Differences in Remuneration Policy operated for other employees
ITE's approach to annual salary reviews is consistent across the Group. All employees are eligible to participate in an annual bonus scheme with similar metrics to those used for the Executive Directors or a commission-based incentive package. Opportunities and specific performance conditions vary by organisational level with business area specific metrics incorporated where appropriate.

Senior managers and other employees are eligible for consideration of awards for performance shares (under the PSP) or discretionary share options (not offered to Executive Directors) to further support alignment with shareholder interests (see note 27 in the notes to the consolidated accounts for more information on all-employee share plans).

Executive Director shareholding guidelines
The Committee recognises the importance of aligning the interests of Executive Directors with shareholders through the building up of a significant shareholding in the Group. Executive Directors are required to retain shares of a value equal to at least 25% of any gain made after tax on the vesting of awards under the Plans, until they have built up a minimum shareholding of a value equivalent to at least 200% of annual base salary.

Remuneration Policy report continued

Remuneration Policy for new Executive Directors

When appointing a new Executive Director, including by way of internal promotion, the Committee may make use of all the existing components of remuneration as follows:

Component	Approach	Maximum value
Base salary	Determined in line with the stated policy, and taking into account their previous salary. Initial salaries may be set below market and consideration given to phasing any increases over two or three years subject to development in the role.	Not applicable.
Benefits	In line with the stated policy.	
Pension	In line with the stated policy.	
Annual bonus	In line with the stated policy, with the relevant maximum pro rata to reflect the proportion of the year served.	150% of base salary.
PSP	In line with the stated policy.	100% of base salary (200% in exceptional circumstances as detailed in the previous table).

In determining appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both ITE and its shareholders. In all cases ongoing remuneration will be subject to the limits included in the policy detailed above. However, in connection with recruitment, the Committee may consider it appropriate to grant an award under a structure not included in the policy detailed above to 'buy-out' incentive arrangements forfeited on leaving a previous employer, and will exercise the discretion available under Listing Rule 9.4.2R where necessary. In doing so, the Committee will consider relevant factors including the expected value of all outstanding equity awards using a Black-Scholes or equivalent valuation and, where applicable, taking into account toughness of performance conditions attached to these awards, the likelihood of those conditions being met and the time period to vesting. The Committee has confirmed that the use of Listing Rule 9.4.2R will be limited to the 'buy-out' of incentive arrangements forfeited on leaving a previous employer and that such buy-out awards would have a fair value no higher than the awards forfeited.

In cases of appointing a new Executive Director by way of internal promotion, the Group will honour any contractual commitments made prior to their promotion to Executive Director.

In cases of appointing a new Non-executive Director, the approach will be consistent with the policy.

Service contracts and exit payments policy

In line with the UK Corporate Governance Code Provision B.7.1, all Directors are subject to re-election annually at the Company's AGM. The Chairman has a six-month notice period and the Non-executive Directors have a one-month notice period. Each Non-executive Director is engaged on the basis of a letter of appointment, which are available to view at the Group's registered office and at the AGM.

The effective dates of their letters of appointment are as follows:

Director	Date of letter of appointment	Notice period
Marco Sodi	1 February 2012	Six months
Neil England	18 March 2008	One month
Linda Jensen	7 July 2011	One month
Stephen Puckett	16 May 2013	One month
Sharon Baylay	24 March 2014	One month

Executive Director service contracts have no fixed term and have a notice period of up to twelve months from either the Executive Director or the Group. The Executive Director service contracts are available to view at the Group's registered office and at the AGM. The dates of the Executive Director service contracts and the relevant notice period are as follows:

Director	Effective date of contract	Notice period
Mark Shashoua	1 September 2016	12 months
Andrew Beach	17 October 2016	12 months
Russell Taylor[1]	25 March 2003	12 months
Neil Jones[2]	3 November 2008	12 months

1. Resigned as Director on 31 August 2016, but remains employed by the business until 5 May 2017.
2. Ceased to be a Board Director and employee of the Company at the close of business on 31 January 2016.

The Committee's policy is to limit severance payments on termination to pre-established contractual arrangements and the rules of the relevant incentive plans. In doing so, the Committee's objective is to avoid rewarding poor performance. Furthermore, the Committee will take account of the Executive Director's duty to mitigate his loss.

Termination payments are limited to base salary, benefits and pension during the notice period and the Company may elect to make a payment in lieu of notice. If an Executive Director's contract is terminated, he may be eligible for a pro rata annual bonus over the period to the date of cessation of employment, subject to performance.

In addition to the contractual provisions regarding payment on termination set out above, the Group's incentive plans and share schemes contain provisions for termination of employment.

Component	Bad leaver	Good leaver	Change of control
Annual bonus	No annual bonus payable.	Eligible for an award to the extent that performance conditions have been satisfied and pro rata for the proportion of the financial year served (or such lower period as the Committee determines), with Committee discretion to treat otherwise.	Eligible for an award to the extent that performance conditions have been satisfied up to the change of control and pro rata for the proportion of the financial year served, with Committee discretion to treat otherwise.
PSP[1]	Outstanding awards are forfeited.	Outstanding awards will normally continue and be tested for performance over the full period, and reduced pro rata for time based on the proportion of the period served, with Committee discretion to treat otherwise.	Outstanding awards will normally vest and be tested for performance over the period to change of control, and reduced pro rata for time based on the proportion of the period served, with Committee discretion to treat otherwise.
Deferred Bonus Plan	Outstanding awards are forfeited.	Outstanding awards will normally vest on the original vesting date or such other earlier date as the Committee may determine.	Outstanding awards will normally vest in full.

1. For PSP awards granted prior to 30 January 2014 PSP, awards normally lapse on leaving unless the plan participant is considered a good leaver. Upon death of a plan participant, awards would normally vest in full at that time. If an individual retires as determined by the Committee, outstanding PSP awards would normally continue and be reduced pro rata for performance over the full period. The Committee can instead determine that the award will vest at the time of cessation, to the extent that performance targets are achieved and taking into account the length of the period served. Awards to other good leavers will normally vest to the extent that performance targets are achieved on the date of cessation. On a change of control, outstanding awards will normally vest to the extent that performance targets are achieved and taking into account the period served to the date of change of control.

An individual would normally be considered a good leaver if they leave for reasons of death, injury, ill-health, disability, redundancy, part of the business in which the individual is employed or engaged ceasing to be a member of the Group, circumstances that are considered by the Committee to be retirement, or any other reason as the Committee decides. Bad leaver provisions apply under other circumstances, normally including, but not limited to, resignation.

In addition, the Committee may also make payments in relation to any statutory entitlements, to settle any claim against the Company (e.g. in relation to breach of statutory employment rights or wrongful dismissal) or make a modest provision in respect of legal costs or outplacement fees.

External appointments

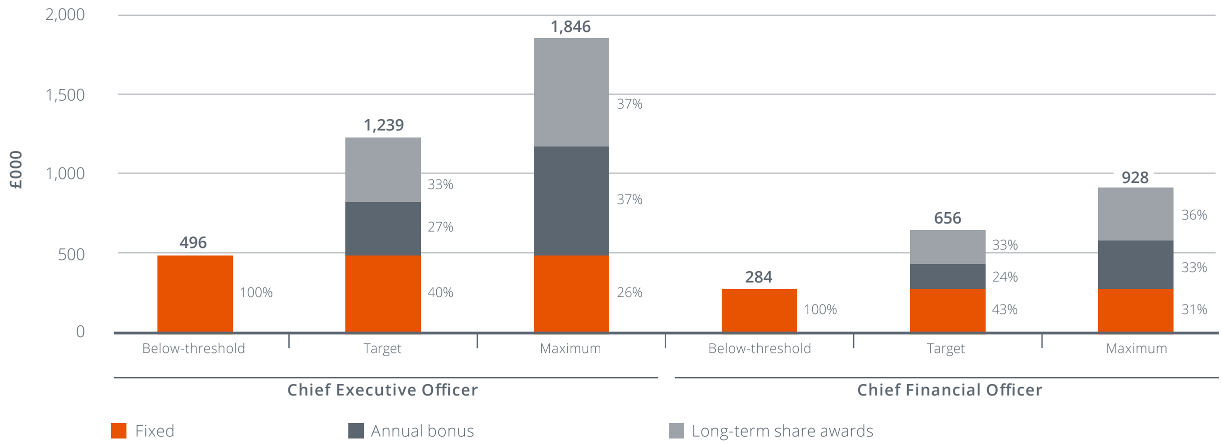
The Executive Directors may accept external appointments with the prior approval of the Board and provided only that such appointments do not prejudice the individual's ability to fulfil his duties at the Group. Whether any related fees are retained by the individual or remitted to the Group will be considered on a case-by-case basis.

During the year Neil Jones continued his role as a Non-executive Director of Taptica International Limited (formerly Marimedia Limited), an AIM listed company.

Remuneration Policy report continued

Illustration of the application of the Remuneration Policy

The chart below shows the remuneration that the Executive Directors could be expected to obtain based on varying performance scenarios. Illustrations are intended to provide further information to shareholders regarding the relationship between pay and performance.



The potential reward opportunities illustrated above are based on the policy applying from 1 October 2016, applied to current base salaries and incentive opportunities. The projected value of the PSP includes awards at the 'normal' policy award levels (at 100% of salary and 80% of salary to the Chief Executive Officer and Chief Financial Officer respectively) plus the performance-related 'buyout' awards set at an extra 50% of salary which in both cases reflects performance related compensation for value forfeited when joining the Company. PSP awards will revert to 'normal' levels from the 2017/18 financial year. PSP values also exclude the impact of share price growth and dividend accrual for simplicity. Actual pay delivered, however, will be influenced by these factors.

Assumptions underlying each element of pay are provided in the tables below:

Fixed

Component	Basis
Base salary	Current salary (see page 66)
Pension	Contribution rate applied to latest known salary
Other benefits	Estimated at a value of £1,000

Variable

Component	Minimum	Target	Maximum
Annual bonus	No bonus payable	Target bonus (50% of maximum)	Maximum bonus payable (150%/120% of salary for Chief Executive Officer/ Chief Financial Officer)
PSP	No PSP vesting	Midpoint of the vesting schedule (60% of the award for the Chief Executive Officer and 65% for Chief Financial Officer)	Maximum PSP vesting (150%/130% of salary for Chief Executive Officer/ Chief Financial Officer)

For completeness, excluding the impact of the 'buyout' awards from the above scenarios (i.e. considering ongoing 'normal' policy only) would reduce target and maximum remuneration levels by around 10% to 15% respectively for each executive position.

Consideration of conditions elsewhere in the Group

When reviewing and setting remuneration levels for the Executive Directors, the Committee takes into account the pay and employment conditions of all employees of the Group. The Group-wide pay review budget is one of the key factors when reviewing the salaries of the Executive Directors. Although the Group has not carried out a formal employee consultation regarding Board remuneration, it does comply with local regulations and practices regarding employee consultation more broadly.

Consideration of shareholder views

It is the Committee's policy to consult with major shareholders prior to any changes to its Executive Director remuneration structure. During the summer and autumn of 2016, the Committee consulted with major shareholders and shareholder representative bodies, the Investment Association (IA) and Institutional Shareholder Services (ISS) on the proposed Remuneration Policy to operate from the 2017 AGM.

Annual Report on Remuneration

Directors' Remuneration Report

In line with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 the following parts of the Annual Report on Remuneration are audited: the single total figure of remuneration for each Director, including annual bonus and PSP outcomes for the financial year ending 30 September 2016; scheme interests awarded during the year; pension entitlements; payments to past Directors and payments for loss of office; and Directors' shareholdings and share interests. All other parts of the Annual Report on Remuneration are unaudited.

Membership

Committee members	Chairman of the Committee	Meeting attendance
Linda Jensen	X	8/8
Marco Sodi		7/8
Sharon Baylay		8/8
Former Committee members		
Neil England		3/3

Neil England stepped down from the role of Committee Chair with effect from 1 November 2015 and left the Remuneration Committee ('the Committee') on 31 December 2015.

The Committee was in place throughout the financial year and was chaired by Linda Jensen from 1 November 2015 (previously Neil England). Committee members are all Non-executive Directors or the Company Chairman, as instructed in Provision D.2.1 of the UK Corporate Governance Code (the Code). Members of the Committee are appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee, for an initial period of three years, which can then be followed by an additional two further three year periods. During the financial year all Committee members played an active role in all Committee meetings held.

Providing there is no conflict of interest, the Chief Executive Officer, the Human Resources Director and the Company Secretary are invited to attend the Committee's meetings to assist the Committee in making informed decisions. To maximise effectiveness, meetings of the Committee generally take place just prior to a Company Board meeting. The Chairman of the Committee reports to the Board, as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work. No individual is present when their own remuneration is being discussed. The Chairman of the Committee also met separately with the Chief Executive Officer, the Chief Financial Officer, the Chairman of the Audit Committee, the Human Resources Director, and the Committee's remuneration consultants.

Advisers

At the start of the financial year Kepler Associates, a brand of Mercer (part of the Marsh & McLennan Companies Inc.), were the remuneration advisers to the Committee. Following a review of the remuneration advisers in February 2016, the Committee appointed New Bridge Street ('NBS'), a trading name of Aon plc. At the end of the year Korn Ferry Hay Group ('KFH') were appointed. Total fees paid to Kepler and NBS in respect of providing their services to the Committee during the 2016 financial year were £11,395 and £49,293 respectively (excluding VAT) with the fees charged on a time spent and materials provided basis. Advisers attend Committee meetings as appropriate, and provide advice on Remuneration Policy, best practice and market updates. The Committee evaluates the support provided by its advisers annually and is comfortable that the individual advisers detailed did not have any connections with the ITE Group that may have, or continue to, impair their independence.

Kepler, NBS and KFH are signatories to the Remuneration Consultants' Group Code of Conduct and any advice provided is governed by that code. The Committee reviews the adviser relationship periodically and remains satisfied that the advice it receives from its advisers is independent and objective.

Terms of Reference

The Committee's Terms of Reference are available on the Group's website www.ite-exhibitions.com or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

Annual Report on Remuneration continued

The role and responsibilities of the Committee

The Committee meets at least three times a year and as and when required. The Committee has delegated responsibility from the Board to set the Remuneration Policy for all Executive Directors and the Company Chairman. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. For clarification, the Company Chairman and the Executive Directors are responsible for setting the remuneration of the Non-executive Directors.

Committee responsibilities include:

- determine and agree with the Board the policy for the remuneration of the Executive Directors and members of the executive management (including pensions);
- review the ongoing appropriateness and relevance of the Remuneration Policy;
- approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under the schemes;
- review the design of all share incentive plans for approval by the Board and the Company's shareholders;
- oversee any major changes in employee benefits structures throughout the Group;
- measuring subsequent performance as a prelude to determining the Executive Directors' and executive management's total remuneration on behalf of the Board;
- determining the structure and quantum of short-term remuneration; and
- granting awards under long-term incentive plans and options under the various ITE Group share option schemes.

Activities during the financial year

The main issues discussed and/or approved during the financial year under review included:

- approval of the prior year Directors' Remuneration Report, review of shareholder comments and AGM voting on the Report;
- annual review of the Company Chairman and Executive Directors' salaries or fee arrangements and benefits;
- review of the Executive Directors' and executive management performance against the targets set under the 2015 Annual Bonus Scheme;
- review and approval of grants made during the year under the PSP and Discretionary Share Option Scheme;
- approval of the vesting level for PSP awards vesting on performance to 30 September 2015;
- review of the performance targets to be applied for the awards to be made under the PSP in January 2016;
- review and approval of leaving and appointment terms of Executive Directors during the year;
- review of Remuneration Policy, including the design of incentives and targets for the 2017 Annual Bonus and PSP Schemes;
- review of the personal objectives of the Chief Executive Officer proposed by the Company Chairman and Chief Financial Officer proposed by the Chief Executive Officer;
- review of shareholder feedback in relation to the proposed revisions to current Remuneration Policy to take effect from the 2017 AGM; and
- review and selection of advisers.

Statement of shareholder voting at the 2016 AGM

The following table shows the results of shareholder voting at the AGM held on 28 January 2016.

Resolution to approve the Directors' Remuneration Report	Total number of votes	% of votes cast
For (including discretionary)	202,113,952	99.86%
Against	283,253	0.14%
Total votes cast (excluding withheld votes)	202,397,205	100.00%
Votes withheld	390,786	
Total votes cast (including withheld votes)	202,787,991	

Remuneration paid to Directors for the year ended 30 September 2016

The table below sets out a single figure for the total remuneration received by each Director for the year ended 30 September 2016 and the prior year.

	Base salary/fees[1]		Benefits[2]		Pension		Annual bonus[3]		Long-term incentives[4]		Total remuneration	
Executive Directors	**2016 £000**	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000
Mark Shashoua	**38**	–	**1**	–	**4**	–	**–**	–	**–**	–	**43**	–
Former Executive Directors												
Russell Taylor[5]	**450**	449	**1**	1	**45**	45	**122**	72	**–**	–	**618**	567
Neil Jones[6]	**86**	255	**1**	1	**9**	26	**–**	41	**–**	–	**96**	323
Non-executive Directors												
Marco Sodi	**160**	157.5	**–**	–	**–**	–	**–**	–	**–**	–	**160**	157.5
Sharon Baylay	**46**	45.0	**–**	–	**–**	–	**–**	–	**–**	–	**46**	45.0
Neil England	**48**	51.0	**–**	–	**–**	–	**–**	–	**–**	–	**48**	51.0
Linda Jensen	**55**	48.5	**–**	–	**–**	–	**–**	–	**–**	–	**55**	48.5
Stephen Puckett	**52**	51.0	**–**	–	**–**	–	**–**	–	**–**	–	**52**	51.0

1. See page 52 of the Remuneration Policy report for further details of Non-executive Director fees.
2. Taxable benefits include private medical insurance contributions.
3. Annual bonus paid for performance over the relevant financial year. Annual bonus for 2016 is paid in cash and subject to clawback for the later of one year from award or completion of the next audit of the Group's accounts in the event of a fraud or material misstatement of results. Further details on performance criteria, achievement and resulting awards can be found on pages 59 to 61.
4. Value of long-term incentive awards which vested on performance to 30 September (or may vest shortly thereafter) of the relevant year. Awards granted in March 2014 lapsed on performance to 30 September 2016. For the comparison year, there was no vesting of the January 2013 PSP grant vested on performance to 30 September 2015.
5. Russell Taylor stepped down from the Board and ceased to be a Director on 31 August 2016.
6. Neil Jones stepped down from the Board and ceased to be a Director on 31 January 2016.

Executive Directors' base salaries

The base salaries of Russel Taylor and Neil Jones were increased by 0.3% and 1% with effect from 1 October 2015 to £450,000 and £257,500. Details of the current Executive Director salaries are set out on page 66.

Pension and other benefits

During the year, the Group made pension contributions equal to 10% of each Executive Directors' salary for the relevant pro rata period of their employment. Benefits were provided in line with policy.

Annual bonus

Framework and outcomes for the financial year ended 30 September 2016

For the 2016 financial year, Executive Directors were eligible to participate in the Executive Bonus Plan – designed to reinforce delivery of sustainable profit growth and achievement of strategic objectives.

The maximum annual bonus opportunity was 100% of salary for Russell Taylor and, since he was in employment for the complete financial year, remained payable subject to the bonus plan's original terms without reduction. Neil Jones was not entitled to a bonus having resigned during the year under review and ceased to be an Executive Directors on 31 January 2016. Neither Mark Shashoua nor Andrew Beach (the latter who joined following the conclusion of the year under review) were eligible to participate in the 2015/16 annual bonus scheme.

The annual bonus was based 70% on financial targets and 30% on personal targets. The weightings were adjusted for the year under review (from 80% financial and 20% personal) to place a higher weighting on key strategic objectives.

The financial element was based upon the achievement of headline profit before tax. A range for headline profit before tax was set at £37 million to £45 million with 0% of potential at £37 million, 50% of potential at £41 million, 100% of potential at £45 million, and straight-line vesting in between. The Committee considered these targets to provide an appropriate degree of 'stretch' challenge and an incentive to outperform given the challenging conditions in the Group's key markets. The table overleaf summarises the financial performance targets set and actual performance during the financial year.

Annual Report on Remuneration continued

Financial measure	Weight	Performance targets: Threshold	Target	Stretch	Actual performance	Actual bonus as % of maximum
Headline profit before tax	70%	£37 million nil payout	£41 million 50% payout	£45 million 100% payout	£36.5 million	27%

Personal objectives for Russell Taylor were set by the Company Chairman and reviewed and approved by the Committee in advance, with the Committee also approving recommendations on the level of achievement against them at the end of the performance period.

Russell Taylor's personal objectives for the year ended 30 September 2016 related to: (i) delivering a successful restructuring of the Senior Management Board; and (ii) supporting the Board in an effective transition to a new executive leadership team.

With regards to the specific objectives and achievement

Objective	Achievement	Percentage of objective achieved
Restructuring of the Senior Management Board (25% of personal objectives): • Restructure the leadership team to be 'fit for purpose' in the context of the Company's enlarged global footprint. • Refine and embed operating model in context of the enlarged Group.	• A reorganisation of the leadership team was achieved (evidenced through changes in personnel and revised role profiles). • Successfully refined operating model and progress made on implementation.	Objectives achieved. However, since the changes are yet to be fully embedded into the organisation, performance overall was rated at 60% of this part (25%) of the personal objectives. Score: 60%
Support the Board in executing leadership succession plans (75% of personal objectives): • Support the Board and Nomination Committee in identification of appropriate candidates for the role of Chief Financial Officer. • Refine induction processes. • Ensure effective stakeholder management (e.g. venue owners, partners and investors) during transition to new Chief Financial Officer. • Oversee an orderly handover of executive responsibilities.	• Successfully achieved through the identification and appraisal of candidates which led to the successful recruitment of a new Chief Financial Officer. • Mentored interim Chief Financial Officer from February through to year end (i.e. took 'executive' Board responsibility for both Chief Executive Officer and Chief Financial Officer roles for the period without a plc Board Chief Financial Officer). • Plc executive Board induction processes refined. • Stakeholders effectively managed based on Committee feedback (based on soundings from employees, customers and shareholders). • Foundations for smooth handover set in motion during the year under review.	Objectives achieved. The Committee considered that each of the objectives set had been achieved in full. Score: 100%

Based on the performance detailed above, the total bonus earned by Russell Taylor was 27% of the maximum opportunity.

Long-term incentive

Vesting of awards granted in January 2014 with performance measures over the three financial years ending 30 September 2016

The purpose of the incentive was to align the Executive Directors with delivering sustainable profitable growth and above market shareholder returns.

The three-year performance period of PSP awards granted on 13 March 2014 ended on 30 September 2016. From 1 October 2013 to 30 September 2016, ITE's three-year cumulative headline diluted earnings per share (EPS) was 46.2p which was below the requirements of 63p to 69p. As a result, the minimum performance requirement for the award was not met and the awards will not be eligible to vest.

Scheme interests awarded during the year

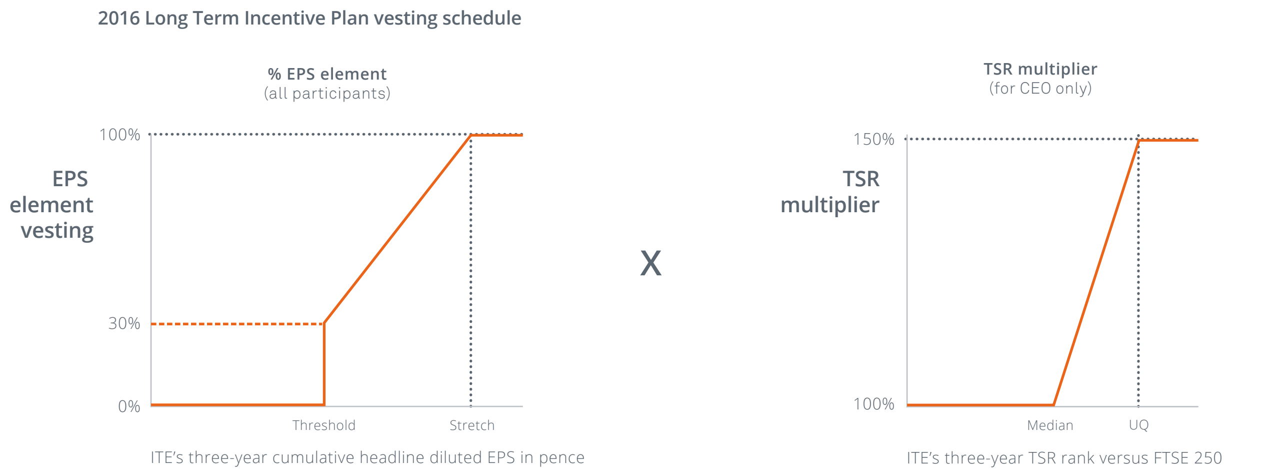
The Group operates the ITE Group plc Employees' Performance Share Plan 2014 for the Executive Directors. Awards could be made to the Chief Executive Officer during the year under review over shares worth up to 150% of base salary and for Executive Directors up to 100% of base salary each year.

Given the resignation of the Chief Financial Officer on 16 October 2015, he did not receive a PSP award in the year under review. However, an award was made to the former Chief Executive Officer, Russell Taylor, on 8 January 2016. The award is subject to a performance condition that requires cumulative headline diluted EPS for the three financial years ending 30 September 2018 to be between 41.5p to 46.5p with the potential for a multiplier to then apply to the EPS vesting result based TSR performance. The performance targets are provided below:

Vesting percentage (of maximum)	Cumulative headline diluted EPS[1] for three financial years	Equivalent constant growth
0%	Less than 41.5p	Less than 4% p.a.
20%	41.5p	4% p.a.
100%	46.5p	10% p.a.
Straight-line basis	Between 41.5p and 46.5p	Between 4% p.a. and 10% p.a.

1. Headline diluted EPS is calculated as defined in the financial statements, as detailed on page 1.

The interaction between the EPS condition and the TSR condition is illustrated in the chart below:



The TSR vesting condition is based on ITE's three-year TSR rank versus a comparator group which for January 2016 PSP awards is the FTSE 250. TSR performance at, or above, the upper quartile of ranked companies will result in a multiple of 1.5 being applied to the EPS element of the award. TSR performance below median rank will result in a multiple of one being applied to the EPS element of the award, with the multiple being calculated on a straight-line basis for TSR performance between median rank and upper quartile performance.

In addition, vested awards will be subject to clawback for the later of one year following the date of vesting or completion of the next audit of the Group's accounts in the event of a fraud or material misstatement of results being identified in relation to the years in which the PSP is earned.

Details of awards granted on 8 January 2016 are set out below:

Executive Director	Basis of award[1]	Face value[2]	Shares over which awards granted[3]	Threshold vesting (% of award)	Performance period	Performance measure
Russell Taylor	150% of base salary	£675,000	460,750	20%	1 October 2015 to 30 September 2018, inclusive	Cumulative headline diluted EPS and a relative TSR performance condition

1. After consideration of the TSR performance condition.
2. Calculated using the share price on the day immediately preceding the date of grant of 146.5p.
3. Awards granted as nominal cost options with an exercise price of 1p per share.

Annual Report on Remuneration continued

Chairman and Non-executive Director fees

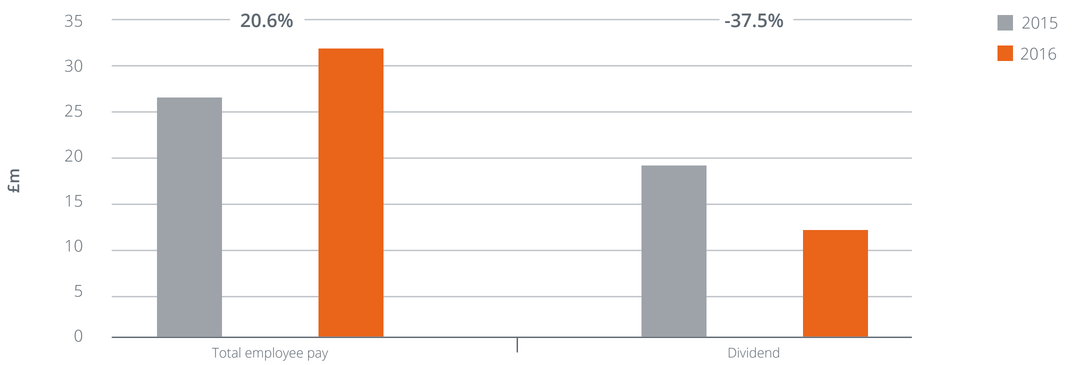
During the year the Committee reviewed the Chairman's fee in light of the time commitment and fees payable at comparator companies and increased this from £160,000 to £163,200 p.a., an increase of 2%, effective from 1 October 2016.

With effect from 1 October 2016, the Non-executive Directors receive a base fee of £46,400 (2015: £45,500), with an additional fee for the Senior Independent Director of £5,100 (2015: £5,000) and for the Audit and Remuneration Committee Chairs of £6,200 (2015: £6,100). The Non-executive Directors' fees for the year commencing 1 October 2016 are therefore as follows:

Name	Reason for fees	Total annual fees (£)
Marco Sodi	Company Chairman	163,200
Neil England	Non-executive Director Chair of the Remuneration Committee until 31 October 2015	46,400
Stephen Puckett	Non-executive Director Chair of the Audit Committee	52,600
Linda Jensen	Non-executive Director Senior Independent Director Chair of the Remuneration Committee with effect from 1 November 2015	57,700
Sharon Baylay	Non-executive Director	46,400

Relative importance of spend on pay

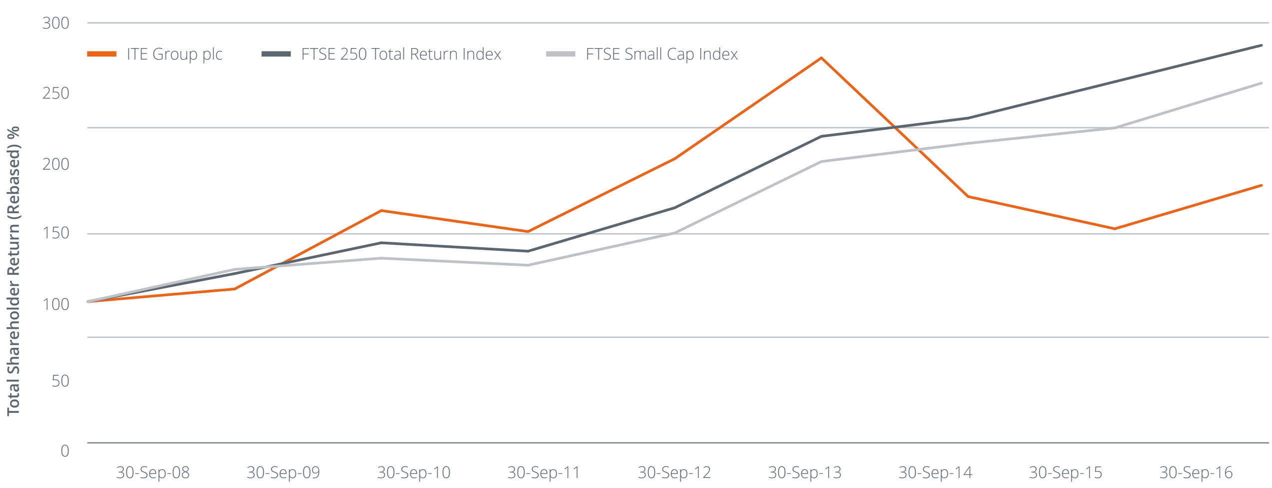
The graph below shows ITE's total employee pay and distributions to shareholders for the financial years ended 30 September 2015 and 30 September 2016, and the percentage change.



The increase in total employee pay from 2015 to 2016 relates to the increase in size of the Company with the total number of employees growing from 1,036 to 1,340 (i.e. an increase of 29%).

Performance graph

The chart below compares the value of £100 invested in ITE Group plc shares, including reinvested dividends, on 30 September 2008 compared to the equivalent investment in the FTSE 250 Index and FTSE Small Cap Index, over the last eight financial years. The FTSE 250 and FTSE Small Cap Index have been chosen as the Company has been a constituent of both indices during the period since 2008. The table below shows the single figure for the Chief Executive Officer over the same period.

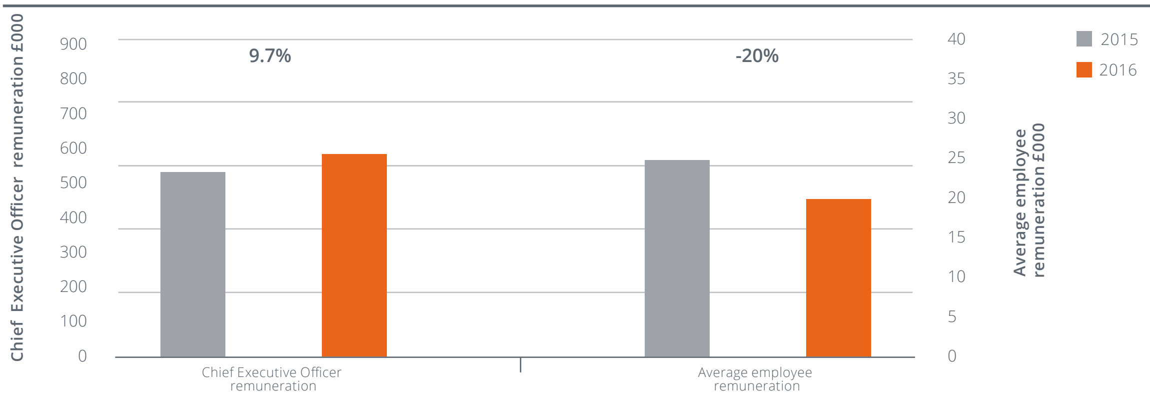


This graph shows the value, by 30 September 2016, of £100 invested in ITE Group plc on 30 September 2008 compared with the value of £100 invested in the FTSE 250 Index and FTSE Small Cap Index. The other points plotted are the values at intervening financial year ends.

Financial year ended 30 September		2009	2010	2011	2012	2013	2014	2015	**2016**
CEO single figure of remuneration (£000)		614	1,347	1,348	1,558	1,951	1,050	567	**618**
Annual bonus awarded	% of maximum opportunity	58%	100%	94%	80%	94%	68%	16%	**27%**
	£ amount (£000)	212	380	375	332	402	298	72	**122**
PSP vesting	% of maximum opportunity	n/a	100%	100%	100%	100%	70%	0%	**0%**
	£ amount (£000)	n/a	554	540	774	1,080	277	–	**–**

Change in Chief Executive Officer remuneration and for employees as a whole over FY 2016

The graph below shows the change in Chief Executive Officer annual cash, defined as salary, taxable benefits and annual bonus, compared to the average employees for 2015 to 2016.



Annual Report on Remuneration continued

CEO annual cash	Chief Executive Officer 2016 £000	2015 £000	% change	Average for other employees % change[1]
Salary	**450**	449	0%	-20%
Taxable benefits	**1**	1	0%	-31%
Annual variable	**122**	72	69%	2%
Total	**573**	522	10%	5%

1. The change in salary and taxable benefits for other employees reflects a combination of a change in the size and geographical footprint of the Company and the impact of foreign exchange movement.

Payments to past Directors and payments for loss of office

During the financial year ended 30 September 2016 no payments were made to past Directors or for loss of office.

Neil Jones ceased to be an Executive Director of the Company on 31 January 2016, having resigned his position. He was not eligible for an annual bonus for any part of the financial year ending 2016, and all of his outstanding long-term incentives lapsed on his departure. There are no other payments to be made in respect of his resignation. This treatment is in line with policy.

As announced in May 2016, Russell Taylor ceased to be an Executive Director of the Company on 31 August 2016 following the termination of his employment in connection with an orderly leadership transition. As part of this transition of responsibilities to the new Chief Executive Officer, Russell Taylor is to remain in active employment for the period to 31 December 2016 and will remain eligible for a pro rata bonus during this three-month period for the current financial year. The performance targets set in relation to this bonus will relate 100% to creating revenue stability and maximising forward sales bookings during the continuing period of his active employment. Full retrospective disclosure of the targets set and performance against them (subject to any commercial sensitivities) will be included in next year's Annual Report on Remuneration. In line with his contractual arrangements Russell Taylor will continue to receive salary and benefits for the balance of his twelve-month notice period (for the period from 1 January 2017 to 5 May 2017) during which time he will remain available to work with the new Chief Executive Officer ensuring the continued success of the Group. He will not be eligible for a bonus for this period of employment.

With regards to Russell Taylor's outstanding long-term incentive awards, consistent with the rules of the relevant plans and the Company's Remuneration Policy, the Committee exercised its discretion to allow Russell Taylor's unvested share awards over 286,000 shares, 459,500 shares and 460,750 shares granted in 2014, 2015 and 2016 respectively to vest at the end of their respective performance periods subject to applicable performance conditions being satisfied, and subject to time pro rata to reflect Russell Taylor's actual service during the applicable performance period. The 185,250 shares granted in 2013 did not vest. The remaining 154,000 of the 164,000 shares granted in 2011 (reduced due to a prior exercise of 10,000 shares) and the remaining 135,800 shares of the 194,000 shares granted in 2012 (scaled back to 70% of the original shares granted following a testing of the performance condition) were exercised and sold during the financial year, at an average price of 161.44p per share.

Dilution limits

The Group has at all times complied with the dilution limits set out in the rules of its share plans (principally a limit of 10% in ten years). The Group will also operate within a dilution limit of 5% in any rolling ten-year period for discretionary schemes. In the ten-year period to 30 September 2016, awards made under the Group's share schemes represented 0.6% (2015: 0.6%) of the Group's issued ordinary share capital. Shares to satisfy awards granted under the PSP which are normally purchased in the market do not count towards the dilution limits.

Directors' shareholding guidelines and share scheme interests

During the year, the Executive Directors were required to retain shares of a value equal to 25% of the gain made after tax, on the vesting of awards under the plans, until they have built up their minimum shareholding of at least 100% of annual base salary (150% for the Chief Executive Officer).

The table below shows the Directors' interests in shares owned outright and/or vested, and the extent to which ITE's shareholding guidelines are achieved. There have been no other changes in the holdings of the current Directors and any connected persons between 30 September 2016 and 29 November 2016, being the last practicable date before publication of the Annual Report on Remuneration.

	Number of unvested shares subject to performance[1]	**Number of shares held as at 30 September 2016**	Number of shares held at 30 September 2015	Shareholding guideline (as % of salary/fees)	Guideline met[2]
Mark Shashoua[3]	n/a	**535**	n/a	150%	No
Marco Sodi	n/a	**200,000**	200,000	n/a	n/a
Sharon Baylay	n/a	**10,300**	10,300	n/a	n/a
Neil England	n/a	**50,000**	50,000	n/a	n/a
Linda Jensen	n/a	**5,000**	5,000	n/a	n/a
Stephen Puckett	n/a	**10,000**	10,000	n/a	n/a
Former Directors					
Russell Taylor[4]	1,206,250	**n/a**	1,500,000	150%	n/a
Neil Jones[5]	n/a	**n/a**	190,868	100%	n/a

1. PSP awards are granted as nominal-cost options.
2. Current shareholding includes net shares owned outright and/or vested.
3. Mark Shashoua was appointed Chief Executive Officer on 1 September 2016.
4. Russell Taylor ceased to be an Executive Director of the Company on 31 August 2016.
5. Neil Jones ceased to be an Executive Director of the Company on 31 January 2016.

Directors' interests in Performance Share Plans

Details of outstanding PSP awards are as follows with details of the performance targets footnoted to the table:

Director Scheme	1 Oct 2015	Granted during the year	Option price £	Exercised during the year	Lapsed during the year	Market price at exercise date £	**30 Sept 2016**	Date of grant	Share price on date of grant £	Exercisable from	Exercisable to	Gain on exercise £000
Neil Jones												
2004 Employees' PSP[1]	108,450	–	0.01	–	108,450	–	**–**	10/01/13	2.24	10/01/16	09/01/23	
2014 Employees' PSP	108,000	–	0.01	–	108,000	–	**–**	13/03/14	2.30	13/03/17	11/03/24	
	170,000	–	0.01	–	170,000	–	**–**	13/01/15	1.455	12/01/18	11/01/25	
Total	386,450	–	–	–	386,450	–	**–**					
Russell Taylor												
2004 Employees' PSP[1]	154,000	–	0.01	154,000	–	1.614	**–**	11/01/11	2.315	11/01/14	10/01/21	248
	194,000	–	0.01	135,800	58,200	1.614	**–**	10/01/12	2.065	10/01/15	09/01/22	218
	185,250	–	0.01	–	185,250	–	**–**	10/01/13	2.24	10/01/16	09/01/23	
2014 Employees' PSP	286,000	–	0.01	–	–	–	**286,000**	13/03/14	2.30	13/03/17	12/03/24	
	459,500	–	0.01	–	–	–	**459,500**	13/01/15	1.455	12/01/18	11/01/25	
	–	460,750	0.01	–	–	–	**460,750**	08/01/16	146.5	08/01/19	07/01/26	
Total	1,278,750	460,750	–	–	243,450	–	**1,206,250**					

1. Headline diluted earnings per share is calculated as defined in the financial statements, as detailed on page 1.
2. The award granted on 13 March 2014 was subject to a cumulative three-year headline diluted EPS performance target that requires EPS over the 2013, 2014 and 2015 financial years to total 63p (for 30% vesting) through to 69p (for full vesting). Straight-line vesting takes place between performance points. For the Chief Executive Officer only, vesting at the threshold performance level was lower at 20%, but the vesting result was subject to a multiplier based on the Company's relative TSR performance versus the FTSE 250. For below median TSR performance, the ESP vesting result was multiplied by a factor of 1, for upper quartile TSR (or better), EPS vesting was multiplied by 1.5. The multiplier increased on a straight-line basis between performance points.
3. The award granted on 12 January 2015 was subject to a cumulative three-year headline diluted EPS performance target that requires EPS over the 2014, 2015 and 2016 financial years to total 62p (for 30% vesting) through to 70p (for full vesting). Straight-line vesting takes place between performance points. For the Chief Executive Officer only, vesting at the threshold performance level was lower at 20%, but the vesting result was subject to a multiplier based on the Company's relative TSR performance versus the FTSE 250. For below median TSR performance, the ESP vesting result was multiplied by a factor of 1, for upper quartile TSR (or better), EPS vesting was multiplied by 1.5. The multiplier increased on a straight-line basis between performance points.
4. The performance condition applying to the award granted on 8 January 2016 is detailed on page 61.

Annual report on remuneration continued

Statement of implementation of Remuneration Policy for the year ending 30 September 2017

Full details of the Remuneration Policy to operate for the current financial year, and how it differs to the Remuneration Policy operated during the year under review, are set out on pages 49 to 56. Set out below is how the Committee anticipates applying this Remuneration Policy during the current financial year.

Executive Directors' base salaries

The base salaries of the new Chief Executive Officer and Chief Financial Officer were set at the same levels as their predecessors (£450,000 for the role of Chief Executive Officer and £257,500 for the role of Chief Financial Officer) and so there are no salary increases for these roles with effect from 1 October 2016. The next salary review date will be 1 October 2017.

The Committee was comfortable setting base salaries for the new team at these levels given the size of the roles and the experience and calibre of the individuals.

Pension and other benefits

Pension, or cash in lieu of pension, will be provided to a maximum of 10% of salary. Benefits are in-line with the Remuneration Policy.

Annual bonus framework

For the financial year commencing 1 October 2016, the Executive Bonus Plan quantum will operate in line with details set out in the proposed Remuneration Policy for the current Executive Directors.

The metrics to apply include a challenging range of profit (50%), revenue growth (20%), cash conversion (15%) and individually tailored strategic targets (15%). Profit targets are set based on reported numbers with revenue growth and cash conversion targets set using budgeted exchange rates. This approach aligns shareholders and management through the use of reported numbers when determining bonus earned based on profit with the use of budgeted exchange rates for revenue and cash conversion providing clear line of sight between performance and reward for the executives given the potential for volatile exchange rates in the Group's key markets. This is considered to provide a balanced approach to aligning overall performance and reward. While the financial targets are considered commercially sensitive in advance, full retrospective disclosure of the targets, and performance against them, will be included in next year's Annual Report on Remuneration.

With regards to individually tailored strategic targets, which include, for example, measurable objectives set against the development and execution of the Company's strategy, leadership, funding and stakeholder communication objectives, full details of the complete range of targets set and performance against them will be included in next year's Annual Report on Remuneration. Should targets be considered to remain commercially sensitive, as a minimum, an overview of the extent to which bonus was earned against these targets will be included in the Annual Report on Remuneration next year to enable investors to make an informed view on the extent to which bonus was earned for this part of the bonus.

Long-term incentive framework

PSP awards are anticipated to be granted in January 2017 in line with the Remuneration Policy to both Executive Directors. For both Executive Directors' awards this will include a 'normal' policy award (at 100% of salary and 80% of salary to the Chief Executive Officer and Chief Financial Officer respectively) and a performance-related 'buyout' award set at an extra 50% of salary which in both cases is in lieu of incentives forfeit when joining the Company. The Committee was comfortable that the additional one-off 50% of salary performance-related PSP awards were appropriate noting that the time horizon was greater than that of the awards forfeited (with vesting to potentially take place in January 2020) and having had regard to the quantum forgone in agreeing to join the Company.

The vesting of the awards (totalling 150% of salary and 130% of salary for the Chief Executive Officer and Chief Financial Officer) will be assessed against a combination of EPS growth (70% of the award) and relative TSR (30% of the award). The conditions will operate independently.

The EPS condition will be measured based on EPS in the year ending 30 September 2019 with the TSR condition measuring ITE's relative performance versus the constituents of the FTSE Small Cap and FTSE 250 Index constituents (excluding investment trusts).

The EPS condition (70% of an award) will be as follows:

Vesting percentage (of EPS element of award)	EPS at 30 September 2019
0%	Less than 11.3p
30% (20% for Chief Executive Officer)	11.3p
100%	15.3p
Straight-line basis	Between 11.3p and 15.3p

The TSR condition (30% of an award) will be based on ITE's performance against a combination of the FTSE Small Cap and FTSE 250 Index constituents (excluding investment trusts) with vesting as follows:

Vesting percentage (of TSR element of award)	Three-year TSR relative to the FTSE Small Cap and FTSE 250 Index (excluding investment trusts) constituents to 30 September 2019
0%	Below median
30% (20% for Chief Executive Officer)	Median
100%	Upper quartile
Straight-line basis	Between median and upper quartile

With regards to the choice of metrics, EPS aligns the Executive Directors with delivering a key objective of delivering long-term profitable growth with TSR providing alignment with the Company's shareholders in that vesting will only take place for creating above median TSRs.

The range of EPS targets was set having had regard to internal planning expectations, current market consensus expectations and the wider environment. The lower end of the range was set to be a realistic target and motivational to the executive team with the maximum performance requirement set to be a stretch target. The TSR comparator group was selected given ITE is a constituent member of the FTSE Small Cap Index. However, our historical membership of the FTSE 250 Index and our medium to long-term aspiration of returning to the FTSE 250, we are to now measure our performance for relative TSR purposes against a combination of the FTSE Small Cap and FTSE 250 Index constituents (excluding investment trusts).

The awards, to the extent that they vest, will be subject to a two-year holding period.

Independent auditor's report
to the members of ITE Group plc

Opinion on financial statements of ITE Group plc

In our opinion:
- **the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2016 and of the Group's profit for the year then ended;**
- **the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;**
- **the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.**

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the related notes 1 to 28, the Company Statement of Financial Position, the Company Statement in Changes in Equity and the related notes 1 to 9. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the Group financial statements, in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, the Group has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

As required by the Listing Rules we have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2 to the financial statements and the Directors' statement on the longer-term viability of the Group contained within the Chief Financial Officer's statement on page 29.

We have nothing material to add or draw attention to in relation to:
- the Directors' confirmation on page 29 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 43 to 45 that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in note 2 to the Group financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the Director's explanation on page 29 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
Acquisition accounting As set out in note 13 to the Group financial statements, the Group has made a number of acquisitions in the period, for a total cash consideration of £17.2 million, being Asian Business Exhibitions and Conferences, ITE Ebseek and The Hub. The accounting for these acquisitions can be complex and involves judgement, including the valuation of acquired intangible assets and the appropriate classification (associate, joint-venture, or subsidiary). Given the complexity, there is a risk of inappropriate accounting and therefore misleading presentation in the financial statements.	We tested the design and implementation of controls over key outputs of the Group's acquisition accounting, including controls over the consideration of accounting treatments for new or complex areas and the oversight exercised by Group finance over the alignment of accounting policies. We reviewed the sale and purchase agreements and discussed the substance of the arrangements with management. We audited the acquisition accounting noting, in particular the requirements of IFRS 3 ("Business Combinations"), IFRS10 ("Consolidated Financial Statements") and IFRS11 ("Joint Arrangements") in assessing the appropriate classification and presentation. Our audit procedures also included the following: • testing the validity and completeness of consideration by reference to supporting evidence; • assessing the process that management has undertaken to determine the fair value of the acquired intangible assets including understanding the scope of work performed; and • evaluating management's assumptions and methodology supporting the fair value of acquired intangible assets (including customer relationships and trademarks and licences) for each significant acquisition in the year, by reference to, amongst other things, historical trends, customer attrition rates and assumptions used in similar historical acquisitions.
Carrying value of goodwill, other intangible assets and interests in associates and joint ventures As set out in notes 12, 14 and 17 to the Group financial statements, the Group carries £97.9 million (2015: £72.5 million) of goodwill, £70.8 million (2015: £65.3 million) of other intangible assets and £45.7 million (2015: £56.8 million) interests in associates and joint ventures on the consolidated statement of financial position at 30 September 2016. As the Group continues to be acquisitive and enter new territories, it is a continued area of focus for management and ourselves. Management prepare a detailed assessment of the carrying value of goodwill and other intangible assets by cash generating unit ('CGU') and interests in associates and joint ventures using a number of judgmental assumptions (as described in note 12 to the Group financial statements). These include 2017 Board-approved forecasts, long-term growth rates (based on forecast GDP growth rates for the country) and country specific discount rates. Group management have also risk adjusted Board approved forecasts to reflect historical performance where it is believed local management have been set a 'stretch' target. There is a risk that the application of inappropriate assumptions supports assets that should otherwise be impaired. As a result of management's exercise, a £24.7 million impairment was booked in the year against three CGUs: India, South East Asia and Siberia. A £1.9 million impairment was booked against investments in associates and joint ventures in the year.	We reviewed the design and implementation of controls over goodwill, intangible assets and interests in associates and joint ventures recognition and impairment. We considered whether management's impairment review methodology is compliant with IAS 36 ("Impairment of Assets"). We challenged management's assumptions used in the impairment assessment for goodwill, other intangible assets and interests in associates and joint ventures. Our audit work on the assumptions used in the impairment model focused on: • agreeing the underlying cash flow projections for each CGU to Board-approved forecasts and verifying trends to corroboratory and external evidence to understand any indicators of potential impairment; • comparing short-term cash flow projections against recent performance and historical forecasting accuracy; • using internal valuation experts to determine the appropriateness of the discount rates and benchmark the discount rate applied against a broad comparator group; • assessing the long-term growth rates used against independent market data; and • calculating a range of reasonably possible sensitivities and comparing these to those calculated by management to ensure no further indicator of impairment is identified. We also assessed whether management has appropriately disclosed those CGUs where a reasonably possible change in assumptions might lead to an impairment.

Independent auditor's report continued
to the members of ITE Group plc

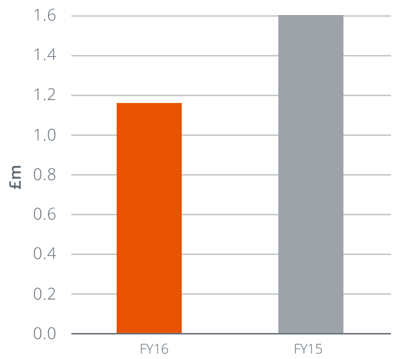
Risk	How the scope of our audit responded to the risk
Foreign exchange on transactions and consolidation The Group operates in a number of emerging markets and this year there has been considerable currency volatility against £ sterling. For example, the average ruble to sterling rate used to translate the results of the Group's principal market was R96.5:£1 (2015: R85.0:£1), whereas the year end rate for translating assets and liabilities had strengthened (reflecting sterling's post Brexit weakness): the rate for the ruble at 30 September 2016 was R82.1:£1 (30 September 2015: R99.3:£1). These movements have significantly impacted the reported results for the year and financial position of the Group. There is a £2.0 million gain recognised in the income statement and a £17.4 million million currency translation gain on net investment in subsidiary undertakings included within other comprehensive income. Given the complexity of foreign exchange movements in the year and the timing of retranslation there is a risk the amounts recognised in the income statement and the impact of translating the Group's overseas operations on consolidation may be misstated.	Our audit work on foreign exchange arising on transactions and consolidation included: • testing the design and implementation of management's controls over foreign currency • reviewing the front half of the Annual Report to consider the disclosure of currency movements and "like-for-like" numbers, including understanding the mechanics behind the calculations on revenue and gross profit; • testing foreign exchange rates used by management by comparing against external sources; • auditing foreign currency gains and losses recorded in the income statement by obtaining a breakdown at the transaction level, testing a sample to supporting evidence, recalculating the movement recognised and understanding the nature of the movement; and • auditing the movements in the foreign currency translation reserve by recalculating the foreign exchange movements in the year to assess whether the appropriate amount has been recognised.
Taxation The Group operates and derives profits from a range of international markets. As set out in note 3 to the Group financial statements, in-country sales offices work on behalf of all the Group's exhibitions and hence there is a difference between revenue by origin of sale and revenue by geographical destination. As a consequence, the Group has to consider both the tax risks by country as well as the transfer pricing arrangements particularly in the light of the rules agreed between OECD territories developed as part of the OECD's 'BEPS' initiative. Judgement is also required in respect of deferred tax on acquired intangibles and other assets. At 30 September 2016, the Group held tax contingency provisions totalling £2.0 million as (2015: £1.6 million) for identified risks in these areas.	We considered developments in international tax rules in the period and reviewed management's assessment of the impact of those developments on the Group. In particular we reviewed documentation prepared by management to support the Group's global allocation of profits for transfer pricing purposes. We reviewed management's calculations of uncertain tax contingencies relating to the risk of disputes with tax authorities and challenged the assumptions made in those calculations. Our audit procedures also included re-performing contingency calculations based on different assumptions to measure the potential risk relating to tax authority challenge including the availability of unrecognised tax attributes in respect of any such challenges, and examining our experience of challenges typically raised by tax authorities and how they might apply to the Group. Our audit work on deferred tax arising on acquisitions included reviewing assets and liabilities recognised in respect of new acquisitions, considering the availability of tax relief in respect of those assets and liabilities, and reviewing the appropriate tax rates associated with the unwind of the associated deferred tax balances.

The risks highlighted above are the same as in prior years with the addition of taxation. Tax has been added following the developments in the international tax landscape, notably the BEPS initiative, which has increased the amount of our time and challenge in this area.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 40.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality



We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £1.16 million (2015: £1.60 million), which is 5.2% of normalised profit before tax (2015: 5.1% of profit before tax). Normalised profit before tax is defined as statutory profit or loss before tax adding back impairment charges recognised in the year. Normalised profit before tax was used as the base for materiality as it is a key measure of underlying business performance for the Group.

The materiality level is also 3.2% (2015: 3.4%) of headline profit before tax and 1.2% (2015: 1.6%) of equity. The decrease in materiality is directly attributable to the fall in the performance of the business in the year.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £57,000 (2015: £32,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on this assessment our Group audit scope focused on the UK, Russia, Turkey and India (2015: UK, Russia and Turkey with specified procedures performed in Kazakhstan). India was in audit scope for the first time as a result of the acquisition of ABEC in October 2015.

These entities represent the principal business units and account for 85% (2015: 83%) of the Group's revenue and 90% (2015: 84%) of the Group's operating profit after adding back impairment charges recognised in the year. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at each location was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £0.6 million to £0.8 million (2015: £0.8 million to £0.9 million).

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team continued to follow a programme of planned visits that have been designed so that the Senior Statutory Auditor or a senior member of the Group team visits each of the principal locations where the Group audit scope is focused at least once every two years and the most significant of them at least once a year (2016: Russia, India and Turkey; 2015 Russia and Turkey). In addition, for each component in scope, we reviewed and challenged the key issues and audit findings, attended the component close meetings and reviewed formal reporting and selected work papers from the component auditors.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report continued
to the members of ITE Group plc

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- 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 are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Annual Report on Remuneration to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review part of the Corporate Governance report relating to the Company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:
- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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 auditor's 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.

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 and 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark Lee-Amies FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 November 2016

Consolidated Income Statement
For the year ended 30 September 2016

	Notes	Year ended 30 September 2016 Headline £000	Year ended 30 September 2016 Adjusting items (note 5) £000	Year ended 30 September 2016 Statutory £000	Year ended 30 September 2015 Headline £000	Year ended 30 September 2015 Adjusting items (note 5) £000	Year ended 30 September 2015 Statutory £000
Revenue	2, 3	**134,422**	**–**	**134,422**	135,794	–	135,794
Cost of sales		**(75,862)**	**–**	**(75,862)**	(73,617)	–	(73,617)
Gross profit		**58,560**	**–**	**58,560**	62,177	–	62,177
Other operating income		**615**	**–**	**615**	372	–	372
Administrative expenses		**(26,203)**	**(40,809)**	**(67,012)**	(24,398)	(15,668)	(40,066)
Foreign exchange gain on operating activities		**1,956**	**–**	**1,956**	5,932	–	5,932
Share of results of associates and joint ventures	17	**4,628**	**(1,078)**	**3,550**	4,891	(1,208)	3,683
Operating profit/(loss)	4	**39,556**	**(41,887)**	**(2,331)**	48,974	(16,876)	32,098
Investment revenue	6	**554**	**6,940**	**7,494**	691	2,192	2,883
Finance costs	7	**(3,606)**	**(5,652)**	**(9,258)**	(2,506)	(929)	(3,435)
Profit/(loss) before tax		**36,504**	**(40,599)**	**(4,095)**	47,159	(15,613)	31,546
Tax (charge)/credit	9	**(7,059)**	**3,983**	**(3,076)**	(8,430)	3,454	(4,976)
Profit/(loss) for the year		**29,445**	**(36,616)**	**(7,171)**	38,729	(12,159)	26,570
Attributable to:							
Owners of the Company		**27,289**	**(36,616)**	**(9,327)**	38,338	(12,159)	26,179
Non-controlling interests	25	**2,156**	**–**	**2,156**	391	–	391
		29,445	**(36,616)**	**(7,171)**	38,729	(12,159)	26,570
Earnings per share (p)							
Basic	11	**10.7**		**(3.6)**	15.3		10.5
Diluted	11	**10.7**		**(3.6)**	15.3		10.4

The results stated above relate to continuing activities of the Group. The notes on pages 81 to 121 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 30 September 2016

	Notes	2016 £000	2015 £000
(Loss)/profit for the year attributable to shareholders		**(7,171)**	26,570
Cash flow hedges:			
Movement in fair value of cash flow hedges		**(7,042)**	79
Fair value of cash flow hedges released to the income statement		**(1,293)**	640
Currency translation movement on net investment in subsidiary undertakings		**17,414**	(26,434)
		1,908	855
Tax relating to components of comprehensive income	9	**1,669**	(149)
Total comprehensive income for the year		**3,577**	706
Attributable to:			
Owners of the Company		**1,421**	315
Non-controlling interests	25	**2,156**	391
		3,577	706

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

The notes on pages 81 to 121 form an integral part of the consolidated financial statements.

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

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2015	**2,570**	**14,875**	**2,746**
Net (loss)/profit for the year	–	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–	–
Movement in fair value of cash flow hedges	–	–	–
Fair value of cash flow hedges released to the income statement	–	–	–
Tax relating to components of comprehensive income (note 9)	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**
Dividends (note 10)	5	(5)	–
Exercise of share options	–	–	–
Share-based payments (note 27)	–	–	–
Issue of shares (note 24)	46	5,759	–
Tax debited to equity (note 9)	–	–	–
Acquisition of subsidiary	–	–	–
Exercise put option on acquisition of subsidiary	–	–	–
Balance as at 30 September 2016	**2,621**	**20,629**	**2,746**

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2014	2,497	2,947	2,746
Net profit for the year	–	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–	–
Movement in fair value of cash flow hedges	–	–	–
Fair value of cash flow hedges released to the income statement	–	–	–
Tax relating to components of comprehensive income (note 9)	–	–	–
Total comprehensive income for the year	–	–	–
Dividends paid (note 10)	–	–	–
Exercise of share options	1	–	–
Share-based payments (note 27)	–	–	–
Issue of shares (note 24)	72	11,928	–
Tax debited to equity (note 9)	–	–	–
Acquisition of subsidiary	–	–	–
Balance as at 30 September 2015	2,570	14,875	2,746

The notes on pages 81 to 121 form an integral part of the consolidated financial statements.

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	**(4,825)**	**140,031**	**(16,843)**	**(59,703)**	**3,674**	**82,982**	**16,361**	**99,343**
–	–	(9,327)	–	–	–	**(9,327)**	2,156	**(7,171)**
–	–	–	–	17,414	–	**17,414**	–	**17,414**
–	–	–	–	–	(7,042)	**(7,042)**	–	**(7,042)**
–	–	–	–	–	(1,293)	**(1,293)**	–	**(1,293)**
–	–	–	–	–	1,669	**1,669**	–	**1,669**
–	**–**	**(9,327)**	**–**	**17,414**	**(6,666)**	**1,421**	**2,156**	**3,577**
–	–	(15,594)	–	–	–	**(15,594)**	(1,520)	**(17,114)**
–	455	(452)	–	–	–	**3**	–	**3**
–	–	390	–	–	–	**390**	–	**390**
–	–	449	–	–	–	**6,254**	–	**6,254**
–	–	(16)	–	–	–	**(16)**	–	**(16)**
–	–	–	(13,159)	–	–	**(13,159)**	17,084	**3,925**
–	–	(31)	8,685	–	–	**8,654**	(8,654)	**–**
457	**(4,370)**	**115,450**	**(21,317)**	**(42,289)**	**(2,992)**	**70,935**	**25,427**	**96,362**

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	(5,641)	133,126	(1,498)	(33,269)	3,104	104,469	942	105,411
–	–	26,179	–	–	–	26,179	391	26,570
–	–	–	–	(26,434)	–	(26,434)	–	(26,434)
–	–	–	–	–	79	79	–	79
–	–	–	–	–	640	640	–	640
–	–	–	–	–	(149)	(149)	–	(149)
–	–	26,179	–	(26,434)	570	315	391	706
–	–	(18,398)	–	–	–	(18,398)	(317)	(18,715)
–	816	(810)	–	–	–	7	–	7
–	–	148	–	–	–	148	–	148
–	–	–	–	–	–	12,000	–	12,000
–	–	(214)	–	–	–	(214)	–	(214)
–	–	–	(15,345)	–	–	(15,345)	15,345	–
457	(4,825)	140,031	(16,843)	(59,703)	3,674	82,982	16,361	99,343

Consolidated Statement of Financial Position
30 September 2016

	Notes	2016 £000	2015 £000
Non-current assets			
Goodwill	12	**97,855**	72,490
Other intangible assets	14	**70,816**	65,313
Property, plant and equipment	15	**2,469**	1,708
Interests in associates and joint ventures	17	**45,677**	56,782
Venue advances and prepayments	18	**2,945**	2,131
Derivative financial instruments	22	**–**	1,528
Deferred tax asset	23	**3,070**	1,652
		222,832	201,604
Current assets			
Trade and other receivables	18	**50,610**	41,225
Tax prepayment	18	**2,115**	945
Derivative financial instruments	22	**–**	1,951
Cash and cash equivalents	18	**15,508**	17,269
		68,233	61,390
Total assets		**291,065**	262,994
Current liabilities			
Trade and other payables	20	**(20,844)**	(15,944)
Deferred income	20	**(61,918)**	(49,831)
Derivative financial instruments	22	**(5,904)**	(9,054)
Provisions	21	**(240)**	(137)
		(88,906)	(74,966)
Non-current liabilities			
Bank loan	19	**(74,604)**	(69,616)
Provisions	21	**(189)**	(190)
Deferred tax liabilities	23	**(12,675)**	(10,045)
Derivative financial instruments	22	**(18,329)**	(8,834)
		(105,797)	(88,685)
Total liabilities		**(194,703)**	(163,651)
Net assets		**96,362**	99,343
Equity			
Share capital	24	**2,621**	2,570
Share premium account		**20,629**	14,875
Merger reserve		**2,746**	2,746
Capital redemption reserve		**457**	457
ESOT reserve		**(4,370)**	(4,825)
Retained earnings		**115,450**	140,031
Put option reserve		**(21,317)**	(16,843)
Translation reserve		**(42,289)**	(59,703)
Hedge reserve		**(2,992)**	3,674
Equity attributable to equity holders of the parent		**70,935**	82,982
Non-controlling interests	25	**25,427**	16,361
Total equity		**96,362**	99,343

The notes on pages 81 to 121 form an integral part of the consolidated financial statements.

The financial statements of ITE Group plc, registered company number 01927339, were approved by the Board of Directors and authorised for issue on 29 November 2016. They were signed on their behalf by:

Mark Shashoua
Chief Executive Officer

Andrew Beach
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended 30 September 2016

	Notes	2016 £000	2015 £000
Operating activities			
Operating (loss)/profit from continuing operations	3	**(2,331)**	32,098
Adjustments for non-cash items:			
Depreciation and amortisation	4	**17,191**	14,574
Impairment of goodwill	4	**24,650**	–
Impairment of investments in associates and joint ventures	4	**1,859**	–
Share-based payments	27	**390**	148
Share of profit from associates and joint ventures	17	**(3,550)**	(3,683)
Decrease in provisions	21	**(69)**	(74)
Profit on disposal of plant, property and equipment		**(1)**	(6)
Foreign exchange gain on operating activities	4	**(1,956)**	(5,932)
Profit on disposal of investments	5, 13	**(1,498)**	–
Fair value of cash flow hedges recognised in the income statement		**(1,187)**	1,073
Dividends received from associates & joint ventures	17	**5,373**	2,632
Operating cash flows before movements in working capital		**38,871**	40,830
(Increase)/decrease in receivables		**(4,254)**	10,744
Venue advances and loans		**(2,867)**	(3,574)
Utilisation and repayment of venue loans		**3,901**	4,411
Increase/(decrease) in deferred income		**12,087**	(12,908)
Decrease in payables		**(6,735)**	(2,541)
Cash generated from operations		**41,003**	36,962
Tax paid		**(6,668)**	(6,635)
Net cash from operating activities		**34,335**	30,327
Investing activities			
Interest received	6	**385**	258
Investment in associates and joint ventures	17, 20	**(2,397)**	(7,046)
Acquisition of businesses – cash paid	13, 20	**(17,185)**	(48,787)
Cash acquired through acquisitions	13	**3,404**	280
Purchase of plant, property and equipment and computer software	14, 15	**(2,419)**	(1,740)
Disposal of plant, property and equipment and computer software	14, 15	**112**	25
Cash paid to acquire non-controlling interests		**(2,087)**	–
Net cash utilised on investing activities		**(20,187)**	(57,010)
Financing activities			
Equity dividends paid		**(15,589)**	(18,681)
Dividends paid to non-controlling interests	25	**(1,520)**	(317)
Interest paid and bank charges	7	**(3,544)**	(2,506)
Proceeds from the issue of share capital and exercise of share options	24	**3**	12,007
Drawdown of borrowings		**4,988**	26,716
Net cash inflow from financing activities		**(15,662)**	17,219
Net decrease in cash and cash equivalents		**(1,514)**	(9,464)
Cash and cash equivalents at beginning of year		**17,269**	28,145
Effect of foreign exchange rates		**(247)**	(1,412)
Cash and cash equivalents at end of year		**15,508**	17,269

Net Debt Reconciliation

	At 1 October 2015 £000	Cash flow £000	Foreign exchange £000	**At 30 September 2016 £000**
Cash	17,269	(1,514)	(247)	**15,508**
Debt due after one year	(69,616)	(4,988)	–	**(74,604)**
Net debt	(52,347)	(6,502)	(247)	**(59,096)**

The notes on pages 81 to 121 form an integral part of the consolidated financial statements.

Notes to the consolidated accounts
For the year ended 30 September 2016

1 General information
ITE Group plc is a company incorporated in the United Kingdom. The address of the registered office is given on page 124. The nature of the Group's operations and its principal activities are set out in the Strategic Review on pages 1 to 31 and in note 3.

These financial statements are presented in British pounds sterling. Foreign operations are included in accordance with the accounting policies set out below.

Impact of new accounting standards
The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after 1 October 2016. A list of these can be found below:

New, amended and revised Standards	Effective date
Amendments to IAS 16 Property, plant and equipment	1 January 2016
Amendments to IAS 38 Intangible assets	1 January 2016
Amendments to IFRS 11 Joint arrangements	1 January 2016
IFRS 14 Regulatory deferral accounts	1 January 2016
Annual improvements:	1 January 2016
IFRS 5 Non-current assets held for sale and discontinued operations	
IFRS 7 Financial instruments: disclosures	
IAS 19 Employee benefits	
IAS 34 Interim financial reporting	
Amendments to IFRS 10 Consolidated financial statements	1 January 2016
Amendments to IFRS 12 Disclosure of interests in other companies	1 January 2016
Amendments to IAS 28 Investments in associates and joint ventures	1 January 2016
Amendments to IAS 1 Presentation of financial statements	1 January 2016
Amendments to IAS 27 Consolidated and separate financial statements	1 January 2016
Amendments to IAS 7 Statement of cash flows	1 January 2017
Amendments to IFRS 2 Share-based payments	1 January 2018
Clarifications to IFRS 15 Revenue from contracts with customers	1 January 2018
IFRS 9 Financial instruments	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
Amendments to IAS 12 Income taxes	1 January 2019
IFRS 16 Leases	1 January 2019

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group with the exception of the adoption of IFRS 16 Leases, which will replace the current leasing standard, IAS 17 Leases.

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

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

2 Basis of accounting
ITE Group plc ('the Company') 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.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

2 Basis of accounting continued
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 Chief Financial Officer's statement on page 29.

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 the 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 non-controlling shareholders is stated at the non-controlling interest's proportion of the fair values of assets and liabilities recognised.

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 in line with those used by the Group.

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

Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interests 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 interests in excess of their interest in the subsidiaries equity are allocated against non-controlling interests even if this results in a deficit balance.

Business combinations
The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the 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. Any costs attributable to the business combination are expensed directly to the Consolidated Income Statement. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Consolidated Income Statement.

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. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The interest of minority shareholders in the acquiree is initially measured as the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

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 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 Consolidated 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

2 Basis of accounting continued

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 based on the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the 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.

Intangible assets

Computer software is initially measured at purchase cost. Customer relationships, trademarks and licences and visitor databases are initially measured at fair value. Computer software, customer relationships, trademarks and licences and visitor databases 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 ten years for customer relationships, for some trademarks up to twenty years and for visitor databases between five and eight years. Computer software is amortised over five 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 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 in the Consolidated Income Statement 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 to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and buildings	– term of lease
Plant and equipment	– four to ten 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 the Consolidated Income Statement.

Associates and joint ventures

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

A joint venture is an entity over which the Group is in a position to exercise joint control. Joint control exists when decisions about the activities of the entity require the unanimous consent of the parties sharing control.

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

Notes to the consolidated accounts continued
For the year ended 30 September 2016

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

Venue advances
Venue advances arise 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. Where the advance can be settled in cash, the loan balance is measured at amortised cost using the effective interest rate method where the impact of discounting is material. 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 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 22.

Financial assets
The Group classifies its financial assets into the following categories: investments, 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 Consolidated 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.

Investments
Investments in unlisted shares that are not traded in an active market are classified as available-for-sale financial assets and stated at fair value. Fair value is determined in the manner described in note 22. Gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gain and losses on monetary assets which are recognised directly in the Consolidated Income Statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to the Consolidated Income Statement.

Dividends on available-for-sale equity instruments are recognised in the Consolidated Income Statement when the Group's right to receive the dividends is established.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and on 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 Consolidated Income Statement.

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 Consolidated 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.

2 Basis of accounting continued

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 ('FVTPL'), unless designated in hedged relationships. Derivative assets are measured at initial recognition at fair value and are subsequently re-measured to their fair value at each balance date with the resulting gains and losses recognised in the Consolidated Income Statement. These derivatives are acquired in full compliance with the Group's treasury policies.

Financial liabilities
The Group classifies its financial liabilities into the following categories: written put options, 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 Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Written equity 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 equity option. The liability is subsequently remeasured through the Consolidated Income Statement.

Where considered significant, the Group's written equity options are discounted to their appropriate value. The unwinding of the discount is charged through the Consolidated Income Statement over the period to exercise.

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accruals basis in the Consolidated 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. Loan and overdraft interest and associated costs 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 an underlying variable, requires no or little net initial investment and is settled at a future date. Derivative liabilities are classified as FVTPL. Derivative liabilities are measured at initial recognition at fair value and are subsequently re-measured to their fair value at the end of each financial year with the resulting gains and losses recognised in the Consolidated Income Statement. These derivatives are acquired in full compliance with the Group's treasury policies.

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each financial year. The resulting gain or loss is recognised in the Consolidated Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Consolidated 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 the end of each financial year. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

2 Basis of accounting continued
The gain or loss relating to any ineffective portion is recognised immediately in the Consolidated Income Statement as investment revenue or finance costs respectively. Amounts deferred in equity are recycled in the Consolidated Income Statement in the periods when the hedged item is recognised in the Consolidated Income Statement, in the same line of the Consolidated 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 Consolidated 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 Strategic report on pages 1 to 31.

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. Contractually committed revenues, billings and cash received in advance, and directly attributable costs relating to future events, are deferred. The amounts deferred are included in the Statement of Financial Position as deferred income and prepayments respectively until the event has completed. If an event is anticipated to make a loss then the prepaid event costs in excess of the deferred income held in the Statement of Financial Position at the end of a financial year are written off in full.

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

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 Consolidated Income Statement.

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

The current tax charge 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.

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.

2 Basis of accounting continued

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 end of each financial year 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 monthly income statements of overseas operations are translated at the average rates of exchange for each month, and each Statement of Financial Position at the rates ruling at the end of each financial year. 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 Ownership Trust

The financial statements include the assets and liabilities of the Employee Share Ownership 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.

Pension and other retirement benefits

The Group operates a defined contribution pension plan in the United Kingdom. Contributions payable are charged to the income statement as they fall due as an operating expense.

Share-based payments

The Group has applied IFRS 2 (Share-based payments). 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.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

2 Basis of accounting continued
Critical accounting judgements and key sources of estimation uncertainty
In the process of applying the Group's accounting policies, a number of judgements and assumptions have been made by management. Those that 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 are discussed below.

Critical accounting judgements
Impairment of goodwill and intangible assets
Determining whether goodwill and intangible assets are impaired requires a high level of management judgement in assessing the value in use of cash generating units to which goodwill or intangible assets have been allocated. There are a number of judgements management considers when determining value in use, most significantly the growth rates applied to future cash flows and the discount rates used to derive the present value of those cash flows. Growth rates reflect management's view of the long-term forecast rates of growth, using third party sources such as the International Monetary Fund where appropriate. Discount rates are selected to reflect the risk adjusted cost of capital for the respective territories. The carrying value of goodwill and intangible assets at 30 September 2016 is £97.9 million (2015: £72.5 million) and £70.8 million (2015: £65.3 million) respectively.

Key sources of estimation uncertainty
Impairment of goodwill and intangible assets
In addition to the areas of judgement outlined above, there are also sources of estimation uncertainty in management's value in use calculation. The most significant area of estimation uncertainty relates to expected future cash flows at each cash generating unit. Forecast cash flows are based on Board approved budgets and plans.

Acquired intangible assets
The valuation of acquired intangible assets requires management to estimate the net present value of the additional future cash flows arising from customer relationships, trademarks and licences and visitor databases to determine the value of those intangible assets. The key assumptions used in estimating the net present value of the additional future cash flows are the discount rate, royalty rate, attrition rate and the period over which the intangible assets affect future cash flows.

Intangible asset useful economic lives
The life of an intangible asset is estimated by management based on the expected period over which cash flows generated from that asset will arise. The amortisation charge reflected in the financial statements is directly impacted by the estimation of useful lives by management.

Taxation
The Group operates and derives profits from a range of international markets, and as such it is subject to tax in a number of territories. International and domestic tax rules are inherently complex and judgemental, frequently subject to change, and are not always applied consistently by tax authorities in different jurisdictions. In particular, transfer pricing rules concerning the allocation of the Group's global profits between territories is an area of significant subjectivity and can frequently cause disputes between taxpayers and tax authorities. It is also an area where the approach of many tax authorities is changing as a result of the OECD's 'BEPS' initiative. The Group is subject to exposure of tax risk where a tax authority might dispute the Group's transfer pricing policies. Typically, issues of dispute can be difficult to predict and can take years to resolve. The Group takes a considered view of unresolved issues, considers a range of potential outcomes, and models the potential financial impact of those outcomes. 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.

3 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 the regional and functional heads of the business.

ITE's reportable segments are strategic business units that are based in different geographic locations, predominantly in 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.

The Group evaluates the performance of its segments on the basis of headline pre-tax profit and operating profit. See note 2 for more details.

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. No individual customer amounts to more than 10% of Group revenues.

3 Segmental information continued

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

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

The revenue in the year of £134.4 million includes £0.4 million (2015: £0.6 million) of barter sales.

Included within the headline pre-tax profit and operating profit of Rest of the World is £13.1 million (2015: £11.3 million) and £10.6 million (2015: £8.9 million) respectively of corporate costs.

Year ended 30 September 2015	Russia £000	Central Asia £000	Eastern and 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
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.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

4 Operating profit
Operating profit is stated after charging/(crediting):

	2016 £000	2015 £000
Staff costs (note 8)	**31,728**	30,358
Depreciation of property, plant and equipment (note 15)	**816**	696
Amortisation of intangible assets included within administrative expenses (note 14)	**16,375**	13,878
Impairment of goodwill (note 12)	**24,650**	–
Impairment of investments in associates and joint ventures (note 17)	**1,859**	–
Operating lease rentals – land and buildings (note 26)	**2,180**	2,352
Net gain on derivative financial instruments – cash flow hedges (notes 6 and 7)	**(107)**	(433)
(Gain)/loss on derivative financial instruments – equity options (notes 6 and 7)	**(6,940)**	929
Foreign exchange gain on operating activities	**(1,956)**	(5,932)

Auditor's remuneration
The analysis of the auditor's remuneration is as follows:

	2016 £000	2015 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**250**	188
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**75**	124
Total audit fees	**325**	312
Other services pursuant to legislation (Interim review)	**45**	45
Tax services	**27**	–
Other services[1]	**26**	–
Total non-audit fees	**98**	45
	423	357

1. Other services relate to a review of the Group's treasury policies.

Details on the Company's policy on the use of the auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee report on page 41. No services were provided pursuant to contingent fee arrangements.

5 Adjusting items

	2016 £000	2015 £000
Operating items		
Amortisation of acquired intangible assets (note 14)	**15,468**	13,134
Impairment of goodwill (note 12)	**24,650**	–
Impairment of investments in associates and joint ventures (note 17)	**1,859**	–
Transaction costs on completed and pending acquisitions	**330**	2,534
Profit on disposal of investments (note 13)	**(1,498)**	–
Tax on income from associates and joint ventures	**1,078**	1,208
Total operating items	**41,887**	16,876
Financing items		
Revaluation of equity option liabilities (notes 6 and 7)	**(6,940)**	929
Revaluation of deferred and contingent consideration (notes 6 and 7)	**3,094**	(2,192)
Imputed interest charge on discounted equity option liabilities (notes 6 and 7)	**2,558**	–
Total financing items	**(1,288)**	(1,263)
Total adjusting items	**40,599**	15,613

5 Adjusting items continued

The adjustments to operating items are in respect of:

- Amortisation of acquired intangible assets: the amortisation charge in respect of intangible assets acquired through business combinations;
- Impairment of goodwill: in relation to the Indian, South East Asian and Siberian cash generating units;
- Impairment of investments in associates and joint ventures: in relation to the Malaysian joint venture;
- Transaction costs on completed and pending acquisitions: principally costs incurred on the acquisition of controlling interests in ABEC and ITE Ebseek. The prior year costs relate to the acquisitions of Breakbulk and Africa Oil Week.
- Profit on disposal of investments: the deemed disposals on the acquisition of controlling interests in ABEC and The Hub, as detailed in note 13; and
- Tax on income from associates & joint ventures: since post-tax profits from associates and joint ventures are presented within the pre-tax operating profits of the business, this adjustment ensures consistency of presentation.

The adjustments to financing items are in respect of:

- Revaluations of equity option liabilities: the gains/losses from the revaluation of the Group's equity options over non-controlling interests in our subsidiaries, principally in relation to ABEC, ITE Ebseek and Africa Oil Week;
- Revaluations of deferred and contingent consideration: the revaluation of deferred and contingent consideration on the Group's outstanding payments following the acquisitions of subsidiaries, joint ventures and associates, principally in relation to ITE Ebseek, Debindo and ABEC; and
- Imputed interest charge on discounted equity option liabilities: the charge due to the unwinding of the discounting on the equity option liabilities.

6 Investment revenue

	2016 £000	2015 £000
Interest receivable from bank deposits	385	258
Gain on revaluation of equity options	6,940	–
Gain on cash flow hedges	169	433
Gain on revaluation of deferred and contingent consideration	–	2,192
	7,494	2,883

7 Finance costs

	2016 £000	2015 £000
Interest on bank loans	2,403	1,624
Bank charges	1,141	882
Loss on revaluation of deferred and contingent consideration	3,094	–
Loss on revaluation of equity options	–	929
Loss on cash flow hedges	62	–
Imputed interest charge on discounted equity option liabilities	2,558	–
	9,258	3,435

8 Staff costs

	2016 Number	2015 Number
The average monthly number of employees (including Directors) was:		
Technical and sales	938	680
Administration	402	356
	1,340	1,036

Their aggregate remuneration comprised:	2016 £000	2015 £000
Wages and salaries	26,422	25,422
Social security costs	4,257	4,059
Other staff benefits	446	598
Defined contribution pension contributions	213	131
Share-based payments	390	148
	31,728	30,358

The defined contribution pension contributions relate to the UK scheme.

Details of audited Directors' remuneration are shown in the Annual Report on Remuneration on pages 57 to 67.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

9 Tax on profit on ordinary activities
Analysis of tax charge for the year:

	2016 £000	2015 £000
Group taxation on current year result:		
UK corporation tax charge/(credit) on result for the year	**820**	(184)
Adjustment to UK tax in respect of previous years	**(8)**	(18)
	812	(202)
Overseas tax – current year	**5,721**	7,362
Overseas tax – previous years	**(39)**	213
	5,682	7,575
Current tax	**6,494**	7,373
Deferred tax		
Origination and reversal of timing differences:		
Current year	**(3,218)**	(1,993)
Prior year	**(200)**	(404)
	3,076	4,976

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

	2016 £000	2015 £000
(Loss)/profit on ordinary activities before tax	**(4,095)**	31,546
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.5%)	**(819)**	6,467
Effects of:		
Expenses not deductible for tax purposes	**289**	249
Increase in uncertain contingencies	**303**	–
Tax effect of put options/deferred consideration	**(491)**	190
Impairment of goodwill	**5,302**	–
Foreign exchange	**(59)**	(90)
Tax effect of amortisation of intangibles	**(755)**	(328)
Deferred tax asset not recognised	**674**	688
Withholding tax and other irrecoverable tax	**533**	678
Deferred tax provision on repatriation of overseas profits	**49**	90
Tax charge in respect of previous period	**(248)**	(125)
Effect of different tax rates of subsidiaries in other jurisdictions	**(1,006)**	(2,088)
Associate tax	**(696)**	(755)
	3,076	4,976

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

	2016 £000	2015 £000
Tax relating to components of comprehensive income:		
Cash flow gains/(losses) – Current	**262**	(134)
Cash flow gains/(losses) – Deferred	**1,407**	(15)
	1,669	(149)
Tax relating to amounts (charged)/credited to equity:		
Share options – Current	**(84)**	(43)
Share options – Deferred	**68**	(171)
	(16)	(214)
	1,653	(363)

10 Dividends

	2016 Per share pence	2016 Settled in cash £000	2016 Settled in scrip £000	2015 Per share pence	2015 Settled in cash £000	2015 Settled in scrip £000
Amounts recognised as distributions to equity holders in the year:						
Final dividend in respect of the prior year	**4.9**	**12,436**	**–**	4.9	12,053	–
Interim dividend in respect of the current year	**1.5**	**3,158**	**720**	2.5	6,345	–
	6.4	**15,594**	**720**	7.4	18,398	–

The Directors declared a final dividend for the year ended 30 September 2016 of 3p per ordinary share, a distribution of approximately £7.8 million. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 2,869,603 (2015: 3,168,153) ordinary shares representing 1.1% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

11 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:

	2016 Number of shares (000)	2015 Number of shares (000)
Weighted average number of shares:		
For basic earnings per share	**255,598**	250,321
Effect of dilutive potential ordinary shares	**79**	333
For diluted and headline diluted earnings per share	**255,677**	250,654

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share are based on the loss for the financial year attributable to equity holders of the parent of £9.3 million (2015: profit of £26.2 million). Basic and diluted earnings per share were (3.6)p (2015: 10.5p and 10.4p 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 10.7p per share (2015: 15.3p). Headline basic earnings per share is also 10.7p per share (2015: 15.3p).

	2016 £000	2015 £000
(Loss)/profit for the financial year attributable to equity holders of the parent	**(9,327)**	26,179
Amortisation of acquired intangible assets	**15,468**	13,134
Tax effect of amortisation of acquired intangible assets	**(2,905)**	(2,246)
Impairment of goodwill	**24,650**	–
Impairment of investments in associates and joint ventures	**1,859**	–
Transaction costs on completed and pending acquisitions	**330**	2,534
Profit on disposal of investments	**(1,498)**	–
(Gain)/loss on revaluation of equity option liabilities	**(6,940)**	929
Gain/(loss) on revaluation of deferred and contingent consideration	**3,094**	(2,192)
Imputed interest charge on discounted equity option liabilities	**2,558**	–
Headline earnings for the financial year after taxation	**27,289**	38,338

Notes to the consolidated accounts continued
For the year ended 30 September 2016

12 Goodwill

Group	Goodwill £000
Cost	
At 1 October 2014	73,340
Additions through business combinations	20,643
Foreign exchange	(16,764)
At 30 September 2015	77,219
Additions through business combinations	35,431
Foreign exchange	14,999
At 30 September 2016	**127,649**
Provision for impairment	
At 1 October 2014	(6,324)
Foreign exchange	1,595
At 30 September 2015	(4,729)
Impairment	(24,650)
Foreign exchange	(415)
At 30 September 2016	**(29,794)**
Net book value	
At 30 September 2016	**97,855**
At 30 September 2015	72,490

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 to the reportable segments as follows:

	2016 £000	2015 £000
Russia	**21,934**	19,240
Central Asia and Caucasus	**4,181**	4,979
Eastern and Southern Europe	**16,484**	14,064
Asia	**25,507**	7,448
Rest of the World	**29,749**	26,759
	97,855	72,490

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 that reflect the current market assessments of the time value of money and risks specific to the cash generating units ('CGUs'). The pre-tax discount rates applied to the cash generating units are between 10% and 31% (2015: 11% and 30%). The large variance in discount rates applied reflects the differences in risks inherent in the regions in which the CGUs operate.

The Group prepares cash flow forecasts based upon the most recent one-year financial plans approved by the Board and extrapolates the planned cash flows. Growth rates beyond the detailed plans are based on IMF forecasts of GDP growth rates in the local markets, with management judgements applied to the first three years. These growth rates, of between 1% and 8% (2015: between 1% and 8%), do not exceed the long-term growth rates for the economies in which these business operate.

Individually significant CGUs
The Group considers that the goodwill and intangible assets allocated to the Moscow and Indian CGUs are individually significant (more than 15% of the Group's total carrying value of goodwill and intangibles).

The Moscow business has goodwill with a carrying value of £20.7 million. The intangible assets for the Moscow business have a finite useful life and are amortised in accordance with the Group amortisation policy disclosed in note 2. The recoverable amount of the goodwill and intangible assets was determined using the value in use calculation using the following information:

- Cash flow forecasts based on the 2017 financial plan approved by the Board which assumes oil prices and exchange rates at September 2016 levels.
- These forecasts are extrapolated based on assumed long term growth rate for the Moscow business of 1%, based on IMF forecasts of GDP growth rate in Russia.
- A pre-tax discount rate of 16%.

12 Goodwill continued

Using the above methodology the recoverable amount exceeded the total carrying value by £123.1 million. Sensitivity analysis has been carried out considering reasonably possible changes to the discount rate and the forecast cash flows as outlined below, with neither change in key assumptions resulting in the need to recognise impairment.

Following the acquisition of a further 31.7% holding in ABEC in October 2015, the carrying value of goodwill of the India business increased to £40.1 million. The intangible assets for the India business have a finite useful life and are amortised in accordance with the Group amortisation policy disclosed in note 2. The recoverable amount of the goodwill and intangible assets was determined using the value in use calculation using the following information:

- Cash flow forecasts based on the 2017 financial plan approved by the Board which assumes exchange rates at September 2016 levels, adjusted to reflect latest trading expectations.
- These forecasts are extrapolated based on assumed long term growth rate for the India business of 8%, based on IMF forecasts of GDP growth rate in India.
- A pre-tax discount rate of 16%.

Using the above methodology, the total carrying value of goodwill exceeded the recoverable amount by £19.3 million and thus a goodwill impairment charge for this amount has been recognised during the year. Although the underlying performance of the ABEC business remains broadly in line with management's initial expectations, the lack of certainty over a new venue in the near future means that the value in use, as calculated under accounting standard IAS 36, falls short of the current carrying value and therefore an impairment of £19.3 million has been recognised, partially writing off the goodwill attributable to this business.

Impairment of goodwill

As noted above, an impairment loss of £19.3 million has been recognised in the consolidated income statement in respect of goodwill in India, within the Asia segment.

An impairment loss of £4.1 million has been recognised in the Consolidated Income Statement in respect of goodwill in South East Asia, within the Asia segment. The impairment loss in South East Asia reflects reduced levels of exhibitor attendance at the main event in the region, where growth expectations based on GDP have not been met.

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.

The impairment testing conducted by the Group at 30 September 2016 required no further impairment in any CGU.

Sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the discount rate and growth rates used. The Group has conducted a sensitivity analysis taking into consideration the impact on these assumptions arising from a range of reasonably possible trading and economic scenarios. The scenarios have been performed separately for each CGU with the sensitivities summarised as follows:

- An increase in the discount rate by 2%.
- A decrease of 10% on forecast cash flows over the term for all CGUs.

The sensitivity analysis shows that no impairment would result from either an increase in the discount rate or a decrease in forecast cash flows in any CGU other than Turkey. Although current trading forecasts in Turkey support the carrying value of goodwill, management will continue to monitor this closely given the economic and political instability concerning the failed military coup and ongoing tensions between Turkey and Russia. For information, for the Turkey CGU, an increase in the discount rate by 2% would decrease the value in use by £3.1 million resulting in a potential impairment of £2.0 million; a decrease of 10% on forecast cash flows over the term of the forecast would decrease the value in use by £2.8 million resulting in a potential impairment of £1.7 million.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

13 Goodwill acquired through business combinations
Acquisitions
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 current strategy of expanding into existing sectors in new markets.

In order to recognise and fully consolidate the assets and liabilities of the ABEC subsidiary, the Group derecognised its existing 28.3% investment in ABEC previously recorded within Investments 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.

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	(160)
	8,694
Non-controlling interest	(15,663)
Net assets acquired	**(6,969)**
Goodwill arising on acquisition	33,081
Total cost of acquisition	**26,112**
Satisfied by:	
Cash paid	13,919
Deferred consideration	1,111
Fair value of previously held interest	11,082
	26,112
Net cash outflow arising on acquisition	
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 12 months of the acquisition date. The fair value of the trade and other receivables 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 £33.1 million reflected anticipated future synergies with the Group's existing industry sectors and Indian operations and anticipated growth opportunities in this market. 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 £9.6 million to Group revenue and a profit of £2.9 million since acquisition. If the acquisition had occurred on 1 October 2015 it would have contributed £11.2 million to revenue and £3.4 million to profit.

13 Goodwill acquired through business combinations 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 current 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 required	
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:	
Cash paid	2,004
Contingent consideration	923
	2,927
Net cash outflow arising on acquisition	
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 12 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.

The acquired business has contributed £1.6 million to Group revenue and £0.5 million to profit since acquisition. If the acquisition had occurred on 1 October 2015 it would have contributed £1.9 million to revenue and £0.6 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.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

14 Other intangible assets

	Customer relationships £000	Trademarks and licences £000	Visitor databases £000	Computer software £000	Total £000
Cost					
As at 1 October 2014	68,278	20,556	562	4,838	94,234
Additions through business combinations	38,966	9,145	–	–	48,111
Additions	–	–	–	1,280	1,280
Disposals	–	–	–	(15)	(15)
Foreign exchange	(12,684)	(5,624)	(114)	(389)	(18,811)
As at 30 September 2015	94,560	24,077	448	5,714	124,799
Additions through business combinations	**6,152**	**7,982**	**–**	**9**	**14,143**
Additions	**–**	**–**	**–**	**1,156**	**1,156**
Disposals	**–**	**–**	**–**	**(60)**	**(60)**
Foreign exchange	**11,142**	**4,138**	**85**	**(145)**	**15,220**
As at 30 September 2016	**111,854**	**36,197**	**533**	**6,674**	**155,258**
Amortisation					
As at 1 October 2014	45,645	10,086	222	2,876	58,829
Charge for the year	9,512	3,560	62	744	13,878
Disposals	–	–	–	–	–
Foreign exchange	(9,482)	(3,421)	(52)	(266)	(13,221)
As at 30 September 2015	45,675	10,225	232	3,354	59,486
Additions through business combinations	**–**	**–**	**–**	**6**	**6**
Charge for the year	**11,116**	**4,291**	**61**	**907**	**16,375**
Disposals	**–**	**–**	**–**	**(58)**	**(58)**
Foreign exchange	**6,915**	**1,835**	**51**	**(168)**	**8,633**
As at 30 September 2016	**63,706**	**16,351**	**344**	**4,041**	**84,442**
Net book value					
As at 30 September 2016	**48,148**	**19,846**	**189**	**2,633**	**70,816**
As at 30 September 2015	48,885	13,852	216	2,360	65,313

The amortisation period for customer relationships is between three and ten years, for trademarks up to 20 years and for visitor databases between five and eight years. Computer software is amortised over five years.

The additions to customer relationships and trademarks and licences through business combinations of £14.1 million relate to the purchases of ABEC, ITE Ebseek and The Hub. The intangible assets acquired during the year are amortised in accordance with the Group's amortisation policy for intangible assets as detailed in note 2.

15 Property, plant and equipment

	Leasehold land and buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 October 2014	1,461	5,050	6,511
Additions	42	418	460
Disposals	(13)	(147)	(160)
Foreign exchange	(143)	(706)	(849)
At 30 September 2015	1,347	4,615	5,962
Additions through business combinations	**162**	**693**	**855**
Additions	**471**	**792**	**1,263**
Disposals	**(77)**	**(212)**	**(289)**
Foreign exchange	**145**	**353**	**498**
At 30 September 2016	**2,048**	**6,241**	**8,289**
Depreciation			
At 1 October 2014	1,053	3,260	4,313
Charge for the year	93	603	696
Disposals	(13)	(143)	(156)
Foreign exchange	(102)	(497)	(599)
At 30 September 2015	1,031	3,223	4,254
Additions through business combinations	**129**	**449**	**578**
Charge for the year	**141**	**675**	**816**
Disposals	**(29)**	**(150)**	**(179)**
Foreign exchange	**72**	**279**	**351**
At 30 September 2016	**1,344**	**4,476**	**5,820**
Net book value			
At 30 September 2016	**704**	**1,765**	**2,469**
At 30 September 2015	316	1,392	1,708

16 Subsidiaries

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

17 Interests in associates and joint ventures

Associates and joint ventures

	Country of incorporation and operation	Principal activity	Description of holding	Group interest %
Associates				
Lentewenc Sp. Z.o.o	Poland	Exhibition organiser	Ordinary	40%
Joint ventures				
Sinostar ITE	Incorporated in Hong Kong with operations in China	Exhibition organiser	Ordinary	50%
ECMI Trade Fairs S.E.A. Sdn Bhd	Malaysia	Exhibition organiser	Ordinary	50%
Debindo Unggul Buana Makmur	Indonesia	Exhibition organiser	Ordinary	50%
ITE MF	Russia	Exhibition organiser	Ordinary	50%

	Total £000
At 1 October 2015	56,782
Additions	521
Share of results of associates and joint ventures	3,550
Dividends received	(5,373)
Foreign exchange	1,752
Disposals	(9,696)
Impairment	(1,859)
At 30 September 2016	**45,677**

Notes to the consolidated accounts continued
For the year ended 30 September 2016

17 Interests in associates and joint ventures continued
The Group's investments in associates and joint ventures are accounted for using the equity method, recognised initially at cost. The carrying amount is increased or decreased to recognise ITE's share of the profit or loss of the associate or joint venture after the date of acquisition. ITE's share of the profit or loss of the associate or joint venture is recognised in the income statement. Distributions received from the associate or joint venture also reduce the carrying amount of the investment.

During the year the Group increased its investment in its joint venture, Debindo, by £0.4 million. The Group received dividends from Sinostar of approximately £3.5 million and from Debindo of approximately £1.2 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 13.

The carrying value of interests in associates and joint ventures have been assessed for impairment at the year end. The recoverable amounts of each investment were determined from value in use calculations, using assumptions consistent with those applied in the goodwill and intangible assets impairment review detailed in note 12. The review resulted in an impairment charge of £1.9 million being recognised on the interest held in our Malaysian joint venture, due to uncertainties regarding the future trading performance of the business.

Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' financial statements prepared in accordance with IFRSs.

Results of joint ventures at 100% share

	2016 £000	2015 £000
Cash and cash equivalents	**12,416**	12,082
Current assets	**2,656**	1,580
Non-current assets	**53**	35
Total assets	**15,125**	13,697
Current liabilities	**(15,713)**	(13,183)
Non-current liabilities	**(45,598)**	(40,863)
Total liabilities	**(61,311)**	(54,046)
Revenue	**12,098**	10,394
Interest income	**119**	138
Depreciation and amortisation	**(16)**	(15)
Profit from continuing operations	**7,445**	6,656
Tax expense	**(2,148)**	(1,491)
Profit from continuing operations after tax	**5,297**	5,165
Total comprehensive income	**5,297**	5,165

The Group's non-material joint ventures have an aggregate profit after tax from continuing operations and total comprehensive income of £1.2 million (at a 100% share).

The Group's non-material associates have an aggregate profit after tax from continuing operations and total comprehensive income of £0.1 million (at a 100% share).

18 Current assets and non-current assets
Current assets

	2016 £000	2015 £000
Trade and other receivables		
Trade receivables	**32,499**	23,723
Other receivables	**3,634**	6,458
Venue advances and prepayments	**3,322**	4,220
Prepayments and accrued income	**11,155**	6,824
	50,610	41,225
Taxation prepayments	**2,115**	945

Taxation prepayments relate to overseas subsidiaries and are available for offset against future tax liabilities.

18 Current assets and non-current assets continued

Taxation prepayments relate to overseas subsidiaries and are available for offset against future tax liabilities.

Cash and cash equivalents	2016 £000	2015 £000
Cash at bank and in hand	**15,508**	17,269

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 £1.1 million of sterling, £1.5 million of euros, £2.5 million of US dollars, £1.3 million of rubles, £5.6 million of Indian rupees and £3.5 million of other currencies. Surplus funds are placed on short-term deposit with floating interest rates.

Non-current assets

Venue advances and prepayments – non-current

	2016 £000	2015 £000
Venue advances and prepayments – non-current	**2,945**	2,131

Total venue advances and prepayments

The venue advances and prepayments of £2.9 million due after one year are all due within five years (2015: £2.1 million due within five years). The venue advances repayable in cash are measured at fair value. The venue prepayments are held at cost. All venue advances are stated net of allowance for doubtful receivables. The venue advances and prepayments are analysed as follows:

	2016 £000	2015 £000
Venue advances		
Denominated in US dollars	**862**	689
	862	689
Venue prepayments		
Denominated in Russian rubles	**4,612**	4,220
Denominated in other currencies	**735**	146
Denominated in euros	**58**	582
Denominated in US dollars	**–**	714
	5,405	5,662
Total venue advances and prepayments	**6,267**	6,351

19 Bank Borrowings

During the year the Group's multi-currency revolving credit facility reduced to £93 million (30 September 2015: £100 million) committed through to 31 March 2019. The facility amortises by £7 million in each of June 2017 and June 2018. The facility remains secured by a guarantee between a number of Group companies.

The Group's borrowings are arranged at floating interest rates, thus exposing the Group to interest rate risk. Drawdowns under the facility bear interest at interbank rates of interest plus a margin of 2.15%. The Group took out interest rate swaps during the period, totalling £40 million, which reduce the exposure to fluctuations in interest rates. Refer to note 22 for further details. During the year ended 30 September 2016, the average interest rate on the Group's borrowings approximated 2.8% (2015: 2.6%).

The total drawdowns under the facility of £74.6 million at 30 September 2016 were denominated in sterling (£73.0 million) and US dollars (£1.6 million) (2015: £69.6 million in Sterling). The Directors estimate that the carrying value of the borrowings approximates their fair value. At 30 September 2016 the Group had £18.4 million (2015: £30.4 million) of undrawn committed facilities.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

20 Trade and other payables

	2016 £000	2015 £000
Trade payables	**2,699**	2,598
Taxation and social security	**2,776**	2,338
Other payables	**3,469**	2,879
Accruals	**8,075**	6,573
Deferred consideration	**1,654**	–
Contingent consideration	**2,171**	1,556
	20,844	15,944
Deferred income	**61,918**	49,831

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.

Included within 'Taxation and social security' is a balance of £2.0 million relating to provisions in respect of uncertain tax contingencies (2015: £1.6 million).

The movements in deferred and contingent consideration during the year are shown in the table below:

	Total £000
At 1 October 2015	1,556
Arising on acquisition	**2,027**
Settlement	**(3,083)**
Revaluation	**3,325**
At 30 September 2016	**3,825**

21 Provisions

	National Insurance on share options £000	Leases £000	Other £000	Total £000
At 1 October 2015	106	221	–	327
(Credited)/charged to profit or loss	**(11)**	**8**	**–**	**(3)**
Utilised in the year	**(66)**	**–**	**–**	**(66)**
Acquired through business combinations	**–**	**–**	**160**	**160**
Foreign exchange	**–**	**–**	**11**	**11**
At 30 September 2016	**29**	**229**	**171**	**429**
Included in current liabilities				**240**
Included in non-current liabilities				**189**
				429

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 2016.

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

22 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 81 to 88.

Categories & maturities of financial assets and liabilities

Financial assets and liabilities are classified according to the following categories in the table below.

30 September 2016	Carrying amount and fair value £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000	Greater than 5 years £000
Non-derivative financial assets						
Cash and cash equivalents	**15,508**	**15,508**	**15,508**	–	–	–
Loans and receivables:						
Trade receivables	**32,499**	**32,499**	**32,499**	–	–	–
Other receivables	**3,634**	**3,634**	**3,634**	–	–	–
Venue loans	**6,267**	**6,267**	**3,322**	–	**2,945**	–
Derivative financial assets						
Equity option assets	–	**27,445**	**4,620**	**2,381**	**20,444**	–
	57,908	**85,353**	**59,583**	**2,381**	**23,389**	–
Non-derivative financial liabilities						
Bank loan	**74,604**	**74,604**	–	–	**74,604**	–
Amortised cost:						
Trade payables	**2,699**	**2,699**	**2,699**	–	–	–
Other payables	**3,469**	**3,469**	**3,469**	–	–	–
Accruals	**8,075**	**8,075**	**8,075**	–	–	–
Deferred consideration	**1,654**	**1,654**	**1,654**	–	–	–
Contingent consideration	**2,171**	**2,171**	**2,171**	–	–	–
Derivative financial liabilities						
Equity option liabilities	**20,571**	**27,445**	**4,620**	**2,381**	**20,444**	–
Interest rate swaps	**402**	**402**	**197**	**152**	**53**	–
Foreign currency forward contracts	**3,260**	**45,604**	**21,573**	**14,756**	**9,275**	–
	116,905	**166,123**	**44,458**	**17,289**	**104,376**	–

The Group seeks to minimise the effects of foreign currency and interest rate 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.

The Tradelink, Scoop and Africa Oil Week put option liabilities have not been discounted as the effect is not material. The options held in respect of ECMI and Debindo are valued at £nil.

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.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

22 Financial instruments continued

30 September 2015	Carrying amount & fair value £000	Contractual cash flows £000	Less than 1 year £000	1–2 years £000	2–5 years £000	Greater than 5 years £000
Non-derivative financial assets						
Cash and cash equivalents	17,269	17,269	17,269	–	–	–
Loans and receivables:						
Trade receivables	23,723	23,723	23,723	–	–	–
Other receivables	6,458	6,458	6,458	–	–	–
Venue loans	6,351	6,351	3,604	837	1,910	–
Derivative financial assets						
Foreign currency forward contracts	3,479	30,593	18,148	12,445	–	–
Equity option assets	–	38,142	13,948	2,748	21,446	–
	57,280	122,536	83,150	16,030	23,356	–
Non-derivative financial liabilities						
Bank loan	69,616	69,616	–	–	69,616	–
Amortised cost:						
Trade payables	2,598	2,598	2,598	–	–	–
Other payables	2,879	2,879	2,879	–	–	–
Accruals	6,573	6,573	6,573	–	–	–
Contingent consideration	1,556	1,556	1,556	–	–	–
Derivative financial liabilities						
Equity option liabilities	17,789	55,931	23,002	10,680	21,446	803
Foreign currency forward contracts	99	10,444	–	10,444	–	–
	101,110	149,597	36,608	21,124	91,062	803

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

30 September 2016	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Liabilities measured at fair value				
Foreign currency forward contracts	**3,260**	**–**	**3,260**	**–**
Interest rate swap	**402**	**–**	**402**	**–**
Equity options	**20,571**	**–**	**–**	**20,571**
Total	**24,233**	**–**	**3,662**	**20,571**

30 September 2015	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Assets measured at fair value				
Foreign currency forward contracts	3,479	–	3,479	–
Total	3,479	–	3,479	–
Lliabilities measured at fair value				
Foreign currency forward contracts	99	–	99	–
Equity options	17,789	–	–	17,789
Total	17,888	–	99	17,789

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 the Group's exposure to each of the above risks. The Group's objectives, policies and processes for measuring and managing risks can be found in the Strategic report on pages 1 to 31.

22 Financial instruments continued

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established policies 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 both. 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

	2016 £000	2015 £000
EUR	**8,193**	16,049
GBP	**4,734**	7,351
USD	**5,629**	5,148
RUB	**14,981**	14,415
Other	**24,371**	14,317
	57,908	57,280

Financial liabilities

	2016 £000	2015 £000
EUR	**5,776**	1,376
GBP	**83,448**	85,935
USD	**2,433**	5,208
RUB	**327**	1,103
Other	**24,921**	7,488
	116,905	101,110

Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 10% strengthening in the Group's significant currencies against sterling, applied to the net monetary assets or liabilities of the Group.

2016	USD £000	EUR £000	RUB £000	OTHER £000
Monetary assets	**5,629**	**8,193**	**14,981**	**29,105**
Monetary liabilities	**(2,433)**	**(5,776)**	**(327)**	**(108,369)**
Net monetary assets/(liabilities)	**3,196**	**2,417**	**14,654**	**(79,264)**
Currency impact				
Profit before tax gain/(loss)	**322**	**312**	**(16)**	**(427)**
Equity gain/(loss)	**(3)**	**(70)**	**1,481**	**314**

2015	USD £000	EUR £000	RUB £000	OTHER £000
Monetary assets	5,148	16,049	14,415	21,668
Monetary liabilities	(5,208)	(1,376)	(1,103)	(93,423)
Net monetary (liabilities)/assets	(60)	14,673	13,312	(71,755)
Currency impact				
Profit before tax (loss)/gain	(110)	1,214	7	225
Equity gain/(loss)	137	266	1,516	(5,992)

Notes to the consolidated accounts continued
For the year ended 30 September 2016

22 Financial instruments continued
The following significant exchange rates versus sterling applied during the year and in the prior year:

	Average		Reporting date	
	2016	2015	**2016**	2015
EUR	**1.28**	1.30	**1.16**	1.35
USD	**1.42**	1.54	**1.30**	1.52
RUB	**96.45**	85.0	**82.05**	99.30

Forward foreign exchange contracts
As at 30 September 2016 the notional amounts of outstanding foreign currency forward contracts that the Group has committed to amounted to £45.6 million (2015: £41.0 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 2016, the fair value of these derivatives is estimated to be a net liability of approximately £3.3 million (2015: net asset of £3.4 million). These amounts are based on market valuations.

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 and through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

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

	2016 £000	2015 £000
Financial liabilities at variable rates:		
Bank loan	**74,604**	69,616

The following average interest rates applied on the Group's bank loan during the year and in the prior year:

	2016 %	2015 %
GBP	**2.8**	2.6
EUR	**–**	–
USD	**3.0**	1.7

Average interest rate applicable to cash balances were 1.8% in 2016 and 1.4% in 2015.

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		RUB denominated		Other	
	2016 £000	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000
Cash and cash equivalents	**2,485**	2,842	**1,521**	4,865	**1,087**	2,812	**1,319**	1,942	**9,098**	4,808
Bank loan	**(1,526)**	(4,616)	**–**	–	**(73,000)**	(65,000)	**–**	–	**(78)**	–
Net variable rate (liabilities)/assets	**959**	(1,774)	**1,521**	4,865	**(71,913)**	(62,188)	**1,319**	1,942	**9,020**	4,808

	USD denominated		EUR denominated		GBP denominated		RUB denominated		Other denominated	
	2016 £000	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000
Profit before tax – (loss)/gain										
+1% change in interest rates	**10**	(18)	**15**	49	**(719)**	(622)	**13**	19	**90**	48
–1% change in interest rates	**(10)**	18	**(15)**	(49)	**719**	622	**(13)**	(19)	**(90)**	(48)

22 Financial instruments continued

Interest rate swap contracts

With effect from 30 April 2016, the Group entered into two interest rate swap agreements to exchange the floating rate of interest paid on its bank borrowings for fixed rates on the first £40.0 million of the Group's GBP debt, calculated on agreed notional principal amounts of £20.0 million each. Under the agreements, one month GBP LIBOR is exchanged for fixed rates of 0.66% with a maturity date of 31 March 2018 and 0.71% with a maturity date of 31 March 2019.

The interest rate swaps are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously each month.

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)

		2016 £000	2015 £000
Investments grade A and above	56%	**8,680**	12,396
Investments grade B and above	28%	**4,334**	3,305
Investments grade C or below or not rated	16%	**2,494**	1,568
	100%	**15,508**	17,269

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

Ageing profile of trade receivables

	Show start date	
	2016 £000	2015 £000
Not past due	**30,428**	22,420
Past due 1–30 days	**870**	841
Past due 31–60 days	**245**	3
Past due 61–90 days	**174**	43
Past due 91–120 days	**144**	13
Past due more than 120 days	**638**	403
	32,499	23,723

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.

The trade receivables amounts presented in the Consolidated Statement of Financial Position 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.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

22 Financial instruments continued
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, it is 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.

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

Allowance for doubtful receivables

	2016 £000	2015 £000
At 1 October	**785**	565
Arising on acquisition	**1,181**	–
Allowances made in the period	**1,585**	696
Amounts used and reversal of unused amounts	**(1,117)**	(476)
	2,434	785

Ageing of impaired receivables

	2016 £000	2015 £000
Past due 0–3 months	**875**	379
Past due 3–6 months	**358**	165
Past due more than 6 months	**1,201**	241
	2,434	785

No allowance for doubtful receivables relating to venue loans was held in the current year (2015: £nil).

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 and bank loan which are disclosed in note 18 and note 19 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 24 and in the Consolidated Statement of Changes In Equity.

23 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 2014	140	(7,763)	106	68	(660)	381	(1,273)	(9,001)
Credit/(charge) to profit or loss	92	2,207	353	(49)	–	(116)	(90)	2,397
Charge to OCI	–	–	–	–	(15)	–	–	(15)
Charge to equity	–	–	–	–	–	(171)	–	(171)
Acquisition of subsidiary	–	(3,224)	–	–	–	–	–	(3,224)
Foreign exchange	–	1,627	–	(6)	–	–	–	1,621
At 30 September 2015	232	(7,153)	459	13	(675)	94	(1,363)	(8,393)
Credit/(charge) to profit or loss	**316**	**2,724**	**262**	**233**	**–**	**(68)**	**(48)**	**3,419**
Charge to OCI	**–**	**–**	**–**	**–**	**1,407**	**–**	**–**	**1,407**
Charge to equity	**–**	**–**	**–**	**–**	**–**	**68**	**–**	**68**
Acquisition of subsidiary	**–**	**(4,665)**	**–**	**174**	**–**	**–**	**–**	**(4,491)**
Foreign exchange	**–**	**(1,587)**	**–**	**(28)**	**–**	**–**	**–**	**(1,615)**
At 30 September 2016	**548**	**(10,681)**	**721**	**392**	**732**	**94**	**(1,411)**	**(9,605)**

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:

	2016 £000	2015 £000
Deferred tax liabilities	**(12,675)**	(10,045)
Deferred tax assets	**3,070**	1,652
	(9,605)	(8,393)

As at 30 September 2016, the Group has unused tax losses of £12.0 million (2015: £7.7 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 £13.0 million (2015: £14.0 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.

Deferred tax assets are recognised (for the carry forward of unused tax losses, accelerated capital allowances and other timing differences) to the extent that, based on a review of expected profits, it is probable that future taxable profit will be available against which the unused losses and tax credits can be utilised.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The Finance Act 2016 provides for reductions in the main rate of corporation tax to 17% effective from 1 April 2020 was substantively enacted on 15 September 2016. It has not had a material effect on the calculation of deferred tax at the balance sheet date.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

24 Share capital

	2016 £000	2015 £000
Authorised		
375,000,000 ordinary shares of 1p each (2015: 375,000,000)	3,750	3,750
Allotted and fully-paid		
262,139,673 ordinary shares of 1p each (2015: 256,973,631)	2,620	2,570

During the year, the Group exercised its put option in respect of the acquisition of an additional 25% shareholding in Africa Oil Week. The consideration was settled through the allotment and issue of 4,653,515 ordinary shares of 1p each.

The Company announced a scrip dividend alternative for the year ended 30 September 2016 interim dividend, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. As a result of this, 512,527 new ordinary shares of 1p each were issued.

During the year, the Company allotted nil (2015: 88,928) ordinary shares of 1p each pursuant to the exercise of share options. Nil (2015: nil) ordinary shares were issued in respect of Directors' remuneration. The total consideration for the shares issued was £nil (2015: £889).

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 ESOT. 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 end of each financial year.

The ESOT held 2,869,603 shares in ITE Group plc at 30 September 2016 (2015: 3,168,153 shares). During the year 3,344,500 share options and 629,500 nominal share options under the Employees Performance Share Plan were granted against ESOT held shares. No shares (2015: none) were purchased for the ESOT. The market value of the ordinary shares held by the ESOT at 30 September 2016 was £4.7 million (2015: £4.5 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 2016, the amount of the loan drawn down was £11.6 million. The Parent Company profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2016. The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. 298,550 options were exercised from ESOT during the year. The total consideration for the options exercised from ESOT was £2,986. 8,658,044 of outstanding options are to be settled by ESOT, so all shares held by the ESOT are under option as at 30 September 2016. Details of the options in issue and their exercise dates can be seen at note 27 to the accounts.

25 Non-controlling interests

	2016 £000	2015 £000
As at 1 October	16,361	942
Non-controlling interest arising on acquisition	17,084	15,345
Dividends paid to non-controlling interests	(1,520)	(317)
Acquisition of non-controlling interest	(8,654)	–
Profit on ordinary activities after taxation	2,156	391
As at 30 September	25,427	16,361

26 Operating lease arrangements
The Group has a number of operating leases for which it is a lessee.

	2016 £000	2015 £000
Lease payments under operating leases recognised as an expense in the year:		
Land and buildings	2,180	2,352
Venues	26,485	25,945

26 Operating lease arrangements continued

At 30 September 2016 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2016 £000	Venues 2016 £000	Land and buildings 2015 £000	Venues 2015 £000
Within one year	**1,846**	**12,941**	1,425	3,173
Between two and five years	**4,285**	**2,426**	2,507	–
After five years	**254**	**–**	81	–
	6,385	**15,367**	4,013	3,173

Operating lease payments for land and buildings represent rentals payable by the Group for 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 (2015: £0.4 million) from sub-letting unused space in the London office. Future minimum sublease payments expected to be received from the sub-letting of this space are £0.3 million.

27 Share-based payments

The Company operate two share option schemes.

Share option plans

The Company operates a share option plan for certain 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 typically three years and the options 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 operates a Performance Share Plan ('PSP') for executives and staff. Awards under the PSP are at an exercise value of 1p. Awards can be made to an employee over shares up to a maximum of 100% of base salary, or 150% for the Chief Executive, 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 Annual Report on Remuneration on pages 66 to 67.

Details of the share options outstanding as at 30 September 2016 are as follows:

	Number of share options 2016	Weighted average exercise price (p) 2016	Number of share options 2015	Weighted average exercise price (p) 2015
Share option plans				
Outstanding at beginning of period	**6,234,419**	**185.7**	3,521,500	226.5
Granted during the period	**1,350,000**	**145.9**	3,344,500	146.5
Lapsed during the period	**(700,120)**	**179.9**	(631,581)	205.5
	6,884,299	**178.5**	6,234,419	185.7
Performance share plans				
Outstanding at beginning of period	**2,745,410**	**1.0**	3,099,900	1.0
Granted during the period	**460,750**	**1.0**	629,500	1.0
Lapsed during the period	**(1,130,364)**	**1.0**	(370,791)	1.0
Exercised during the period	**(302,051)**	**1.0**	(613,199)	1.0
	1,773,745	**1.0**	2,745,410	1.0

The total number of exercisable options in the share option plans is 50,000 and in the performance share plans is 57,546.

The weighted average share price at the date of exercise for share options exercised during the period was 164p. The options outstanding at 30 September 2016 had a weighted average exercise price of 142p, and a weighted average remaining contractual life of 375 days. In 2016, share options and Performance Share Plan options were granted on 8 January 2016. The aggregate of the estimated fair value of these options is £0.3 million and £nil respectively.

Notes to the consolidated accounts continued
For the year ended 30 September 2016

27 Share-based payments continued
The inputs into the Black-Scholes model for the instruments issued during the year are as follows:

	Performance share plan 2016	Share option plan 2016	Performance share plan 2015	Share option plan 2015
Weighted average share price	**1p**	**148p**	1p	143p
Weighted average exercise price	**1p**	**147p**	1p	146p
Expected volatility	**34%**	**34%**	38%	38%
Expected life	**3 years**	**3 years**	3 years	3 years
Risk free rate	**0.7%**	**0.7%**	0.7%	0.7%
Dividend yield	**4.5%**	**4.5%**	3.5%	3.5%

The Group recognised a total expense of £0.4 million (2015: £0.1 million) related to equity-settled share-based payment arrangements.

28 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
During the year ended 30 September 2016 the Group charged management fees of £111,000 (2015: £377,000) to Sinostar ITE, the Group's joint venture operation in Hong Kong and China. The Group also earned commission of £nil (2015: £65,000) on sales made on events organised by Lentewenc Sp z.o.o, the Group's associate company in Poland.

Remuneration of key management personnel
The remuneration of Directors and the Senior Management Board, 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 Annual Report on Remuneration on pages 57 to 67.

	2016 £000	2015 £000
Emoluments	**3,057**	2,594
Share-based payment	**473**	393
	3,530	2,987

Company Statement of Financial Position
30 September 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Investments in subsidiaries	5	**7,283**	6,890
Intangible assets	5	**56**	52
		7,339	6,942
Current assets			
Debtors due within one year	6	**154,317**	138,213
Cash at bank and in hand		**110**	117
		154,427	138,330
Creditors: amounts falling due within one year	8	**(13,449)**	(9,115)
Net current assets		**140,978**	129,215
Net assets		**148,317**	136,157
Capital and reserves			
Called up share capital	9	**2,621**	2,570
Share premium account		**20,629**	14,875
Merger reserve		**2,746**	2,746
Capital redemption reserve		**457**	457
ESOT reserve		**(4,370)**	(4,825)
Profit and loss account	10	**126,234**	120,334
Shareholders' funds		**148,317**	136,157

The accounts of the Company, registered number 01927339, on pages 113 to 123, were approved by the Board of Directors and signed on their behalf, on 29 November 2016, by:

Mark Shashoua
Chief Executive Officer

Andrew Beach
Chief Financial Officer

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

	Called up share capital (note 9) £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Profit and loss account £000	Total £000
1 October 2014	2,497	2,947	2,746	457	(5,641)	141,093	144,099
Exercise of options	1	–	–	–	816	(810)	7
Acquisition of shares for ESOT	–	–	–	–	–	(1,699)	(1,699)
Net loss for the year	–	–	–	–	–	(18,398)	(18,398)
Dividends paid	–	–	–	–	–	247	247
Capital contribution	–	–	–	–	–	(99)	(99)
Issue of shares	72	11,928	–	–	–	–	12,000
30 September 2015	2,570	14,875	2,746	457	(4,825)	120,334	136,157
Exercise of share options	**–**	**–**	**–**	**–**	**455**	**(452)**	**3**
Net profit for the year	**–**	**–**	**–**	**–**	**–**	**21,107**	**21,107**
Dividends	**5**	**(5)**	**–**	**–**	**–**	**(15,594)**	**(15,594)**
Capital contribution	**–**	**–**	**–**	**–**	**–**	**393**	**393**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**(3)**	**(3)**
Issue of shares	**46**	**5,759**	**–**	**–**	**–**	**449**	**6,254**
30 September 2016	**2,621**	**20,629**	**2,746**	**457**	**(4,370)**	**126,234**	**148,317**

Notes to the Company accounts
For the year ended 30 September 2016

1 Basis of preparation and accounting policies
These separate financial statements of the Company have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

This is the first year in which the financial statements have been prepared under FRS 102. The last financial statements under previous UK Generally Accepted Accounting Practice ("GAAP") were for the year ended 30 September 2015 and the date of transition to FRS 102 was therefore 1 October 2015. There were no material adjustments recorded for the transition from UK GAAP to FRS 102 and no significant changes in accounting policies.

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments and related party transactions. The Corporate governance report, Directors' report and Annual Report on Remuneration disclosures are on pages 34 to 35, 36 to 37 and 57 to 67, respectively, of this report.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The Company has also adopted the following disclosure exemptions:
- the requirement to present a statement of cash flows and related notes; and
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of financial risks.

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

Going concern
The Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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.

Notes to the Company accounts continued
For the year ended 30 September 2016

1 Basis of preparation and accounting policies continued
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.

Employee Share Ownership Trust
The financial statements include the assets and liabilities of the Employee Share Ownership 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.

Details of the Company's equity-settled share-based payments are included in note 27 to the financial statements of the Group.

2 Profit/(loss) for the year
As permitted by FRS 102, the Company has elected not to present its own profit and loss account for the period. The profit after tax for the year ended 30 September 2016 was £21.1 million (2015: loss of £1.7 million).

The auditor's remuneration for audit and other services is disclosed in note 4 to the financial statements of the Group.

3 Staff costs

a) Number of employees

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

	2016 Number	2015 Number
Directors	7	7

b) Employee costs

Their aggregate remuneration comprised:

	2016 £000	2015 £000
Wages and salaries	954	1,243
Social security costs	132	172
Share based payments	(3)	(99)
	1,083	1,316
Highest paid Director	497	567

4 Dividends

	2016			2015		
	Per share pence	Settled in cash £000	Settled in scrip £000	Per share pence	Settled in cash £000	Settled in scrip £000
Amounts recognised as distributions to equity holders in the year:						
Final dividend in respect of the prior year	4.9	12,436	–	4.9	12,053	–
Interim dividend in respect of the current year	1.5	3,158	720	2.5	6,345	–
	6.4	15,594	720	7.4	18,398	–

The Directors declared a final dividend for the year ended 30 September 2016 of 3p per ordinary share, a distribution of approximately £7.9 million. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 2,869,603 (2015: 3,168,153) ordinary shares representing 1.1% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

5 Fixed assets

Investments in subsidiaries

The Company has investments in the following subsidiary undertakings. The principal activity of all the companies listed is the organisation of exhibitions and conferences, except RAS Publishing Limited which publishes trade magazines.

Subsidiary undertakings	Country of incorporation or principal business address	Effective Holding	%
ITE Holdings Ltd+	England	Ordinary shares	100
ITE Enterprises Limited	England	Ordinary shares	100
International Trade and Exhibitions (JV) Limited	England	Ordinary shares	100
ITE Exhibitions & Conferences Limited	England	Ordinary shares	100
Gima International Exhibition Group GmbH & Co KG	Germany	Ordinary shares	100
Fin-mark S.r.l.u	Italy	Ordinary shares	100
ITE Eurasian Exhibitions FZ LLC	United Arab Emirates	Ordinary shares	100
International Trade and Exhibitions (ITE) Worldwide B.V.	Netherlands	Ordinary shares	100
ITE Exhibitions BV	Netherlands	Ordinary shares	100
ITE LLC	Russia	Ordinary shares	100
ITE Expo LLC	Russia	Ordinary shares	100
OOO Primexpo	Russia	Ordinary shares	100
Primexpo North West LLC	Russia	Ordinary shares	100
ITE Siberia	Russia	Ordinary shares	100
International Exhibition Company CJSC (MVK)	Russia	Ordinary shares	100
Krasnodar Expo	Russia	Ordinary shares	100
ITECA LLP	Kazakhstan	Ordinary shares	100
Iteca Caspian LLC	Azerbaijan	Ordinary shares	100

Notes to the Company accounts continued
For the year ended 30 September 2016

5 Fixed assets continued

Subsidiary undertakings	Country of incorporation or principal business address	Effective Holding	%
ITE Uzbekistan	Uzbekistan	Ordinary shares	100
ITE Moda Limited	England	Ordinary shares	100
RAS Publishing Limited	England	Ordinary shares	100
ITE Moda Footwear Ltd	England	Ordinary shares	100
Jacket Required Limited	England	Ordinary shares	100
E Uluslararasi Fuar Tantitim Hizmetleri A.S.	Turkey	Ordinary shares	100
Ekin Fuar A.S.	Turkey	Ordinary shares	100
Yem Fuar	Turkey	Ordinary shares	100
Premier Expo	Ukraine	Ordinary shares	100
Beautex Co LLC	Ukraine	Ordinary shares	100
Newex Marketing Limited	Malta	Ordinary shares	100
Airgate Holdings Limited	Cyprus	Ordinary shares	100
International Trade and Exhibitions India Private Ltd	India	Ordinary shares	100
ITE Asia Pacific SDN BHD	Malaysia	Ordinary shares	100
Trade Link ITE SDN BHD	Malaysia	Ordinary shares	100
ITE Asia Pte Ltd	Singapore	Ordinary shares	100
ITE Asia Exhibitions Ltd	Hong Kong	Ordinary shares	100
Cementone Properties Limited+	England	Ordinary shares	100
IEG International Limited+	England	Ordinary shares	100
ITE Events South Africa (Pty) Ltd	South Africa	Ordinary shares	100
ITE Russia Ltd	England	Ordinary shares	100
ITE (US) Exhibitions Ltd	England	Ordinary shares	100
ITE (Europe) Exhibitions Ltd	England	Ordinary shares	100
ITE International Holdings BV	Netherlands	Ordinary shares	100
IEC Inter Expo Consult Abwicklungs und Verwaltungs GmbH	Germany	Ordinary shares	100
RAS Holdings Ltd	England	Ordinary shares	100
WWB Magazines Ltd	England	Ordinary shares	100
MWB Magazines Ltd	England	Ordinary shares	100
Asian Business Exhibition & Conferences Ltd	India	Ordinary shares	60
Shanghai ITE Ebseek Exhibitions Co Ltd	China	Ordinary shares	70
The Hub (Hong Kong) Limited	Hong Kong	Ordinary shares	50.1
PT ITE Exhibitions Indonesia Ltd	Indonesia	Ordinary shares	100
ITE Footwear Ltd	England	Ordinary shares	100
ZAO Primexpo	Russia	Ordinary shares	100
ITE Expo UK Ltd	England	Ordinary shares	100
ITE International Trade and Exhibitions EURL	Algeria	Ordinary shares	100
ITECA ALA-TOO LLC	Kyrgyzstan	Ordinary shares	100
ITE International Exhibitions and Conferences Service (Beijing) Co Ltd	China	Ordinary shares	100
Azerexpomontage	Azerbaijan	Ordinary shares	49
Too Kazexpomontag LLP	Kazakhstan	Ordinary shares	100
International Trade and Exhibitions Overseas Ltd	England	Ordinary shares	100
Intermedia Exhibitions and Conferences Ltd	England	Ordinary shares	100
ITE Exhibitions Iberica SL	Spain	Ordinary shares	100
ITE Poland Sp ZOO	Poland	Ordinary shares	100
ITE Overseas Holdings BV	Netherlands	Ordinary shares	100
ITE Eurasian Exhibitions Ltd	England	Ordinary shares	100
ITECA Kavkasia	Georgia	Ordinary shares	100
ITE Russia LLC UK Ltd	England	Ordinary shares	100
Siberian Fair LLC	Russia	Ordinary shares	100
Scoop International Fashion Limited	England	Ordinary shares	95
Summit Trade Events Ltd	England	Ordinary shares	100
Platform Exhibitions Inc	Turkey	Ordinary shares	100
Breakbulk UK Holdco Ltd	England	Ordinary shares	100
Breakbulk US Holdco Inc	USA	Ordinary shares	100
Breakbulk Ireland Ltd	Ireland	Ordinary shares	100
Breakbulk US Opco Inc	USA	Ordinary shares	100
Breakbulk Events and Media (China) Ltd	China	Ordinary shares	100
Africa Oil Week Ltd	England	Ordinary shares	75
ITE Global LLC	Russia	Ordinary shares	100

5 Fixed assets continued

Subsidiary undertakings	Country of incorporation or principal business address	Effective Holding	%
Media Globe Hannover Expo JSC	Russia	Ordinary shares	100
IT Fuarcilik ve Organiszasyon Anonim Sirketi	Turkey	Ordinary shares	100
Premier ITE	Malaysia	Ordinary shares	100
International Trade and Exhibitions Limited	England	Ordinary shares	100

+ Held directly by ITE Group plc

The Company has guaranteed the liabilities of the following subsidiary undertakings in order that they qualify for the exemption from audit granted by section 479A of the Companies Act. The directors of the Company expect that the possibility of this guarantee being called upon is remote.

Subsidiary undertakings	Registered numbers
Intermedia Exhibitions & Conferences Ltd	03640982
ITE Eurasian Exhibitions Ltd	07307385
IEG International Ltd	03448919
ITE Enterprises Ltd	03372928
International Trade & Exhibitions Overseas Ltd	02926434
ITE Russia Ltd	03942985
ITE Holdings Ltd	06975153
ITE (US) Exhibitions Ltd	07841956
ITE (Europe) Exhibitions Ltd	07843009
ITE Russia LLC UK Ltd	06975105
RAS Holdings Ltd	04211246
Summit Trade Events Ltd	06446907
Breakbulk UK Holdco Ltd	08707579
Africa Oil Week Ltd	09374049
International Trade and Exhibitions Limited	10128746

Subsidiary undertakings

	Shares £000	Capital contribution £000	Loans £000	Total £000
Cost				
1 October 2015	1,429	5,890	23,574	30,893
Capital contribution	–	**393**	–	**393**
30 September 2016	**1,429**	**6,283**	**23,574**	**31,286**
Provision for impairment				
1 October 2015 and 30 September 2016	**429**	**–**	**23,574**	**24,003**
Net Book Value				
30 September 2016	**1,000**	**6,283**	**–**	**7,283**
30 September 2015	1,000	5,890	–	6,890

Intangible assets

	Trademarks £000
Cost	
30 September 2015	82
Additions in the year	**12**
30 September 2016	**94**
Amortisation	
30 September 2015	30
Charge in the year	**8**
30 September 2016	**38**
Net book value	
30 September 2016	**56**
30 September 2015	52

Notes to the Company accounts continued
For the year ended 30 September 2016

6 Debtors due within one year

	2016 £000	2015 £000
Amounts owed by Group undertakings	**152,716**	136,241
Prepayments and accrued income	**1,576**	1,582
Corporation tax – Group relief	**–**	270
Other debtors	**25**	37
Deferred tax (note 7)	**–**	83
	154,317	138,213

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

7 Deferred tax

	Share-based payments £000
1 October 2015	83
Charged to profit or loss	**(83)**
30 September 2016	–

At the balance sheet date the Company has unused tax losses of £4.9 million (2015: £2.4 million) 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

	2016 £000	2015 £000
Bank overdraft	**3,016**	5,145
Amounts owed to Group undertakings	**9,533**	3,813
Accruals	**202**	17
Other creditors	**698**	140
	13,449	9,115

The amounts owed to Group undertakings are payable on demand and bear no interest. At a Group level the overdraft is offset by cash pooling arrangements with other Group companies.

9 Called up share capital and reserves

	2016 £000	2015 £000
Authorised		
375,000,000 ordinary shares of 1p each (2015: 375,000,000)	**3,750**	3,750
Allotted and fully-paid		
262,139,673 ordinary shares of 1p each (2015: 256,973,631)	**2,621**	2,570

During the year, the Group exercised its put option in respect of the acquisition of an additional 25% shareholding in Africa Oil Week. The consideration was settled through the allotment and issue of 4,653,515 ordinary shares of 1p each.

The Company announced a scrip dividend alternative for the year ended 30 September 2016 interim dividend, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. As a result of this, 512,527 new ordinary shares of 1p each were issued.

During the year, the Company allotted nil (2015: 88,928) ordinary shares of 1p each pursuant to the exercise of share options. No (2015: none) ordinary shares were issued in respect of Directors' remuneration. The total consideration for the shares issued was £nil (2015: £889).

9 Called up share capital and reserves continued

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 ESOT. 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 end of each financial year.

The ESOT held 2,869,603 shares in ITE Group plc at 30 September 2016 (2015: 3,168,153 shares). During the year 3,344,500 share options and 629,500 nominal share options under the Employees Performance Share Plan were granted against ESOT held shares. No shares (2015: none) were purchased for the ESOT. The market value of the ordinary shares held by the ESOT at 30 September 2016 was £4.7 million (2015: £4.5 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 2016, the amount of the loan drawn down was £11.6 million. The profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2016. The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. 298,550 options were exercised from ESOT during the year. The total consideration for the options exercised from ESOT was £2,986. 8,658,044 of outstanding options are to be settled by ESOT, so all shares held by the ESOT are under option as at 30 September 2016.

The Company's profit and loss reserve is £126.2 million (2015: £120.3 million). Part of this balance is non-distributable as it does not meet the requirements for recognition as distributable reserves, therefore the distributable reserves of the Company, and therefore the Group, are £46.6 million (2015: £35.3 million).

Shareholder information
Shareholder profile as at 30 September 2016

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

Shareholder information
Shareholder profile as at 30 September 2016

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares	Percentage of issued share capital
1–100	215	18.08	5,794	0.00
101–1,000	285	23.97	146,352	0.06
1,001–10,000	431	36.25	1,386,256	0.53
10,001–100,000	143	12.03	5,582,478	2.13
100,001–1,000,000	69	5.80	26,176,568	9.98
1,000,001–Highest	46	3.87	228,842,225	87.30
	1,189	100.00	262,139,673	100.00

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares	Percentage of issued share capital
Private individuals	775	65.19	3,487,264	1.33
Nominee companies	270	22.71	239,741,430	91.46
Limited and public limited companies	104	8.74	17,795,703	6.79
Other organisations and banks	40	3.36	1,115,276	0.42
	1,189	100.00	262,139,673	100.00

Share price	
London Stock Exchange, pence per 1p shares	
Highest	176.00p
Lowest	128.25p

Dividend calendar
Final dividend 2016

Ex-dividend date	29 December 2016
Record date	30 December 2016
Payment date	6 February 2017

The dividend calendar for future dividend declarations can be found at www.ite-exhibitions.com/Financial-Calendar.

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.

Scrip dividend
A Scrip dividend allows the company to issue a dividend to the appropriate shareholders while retaining the relevant capital within the Company. Rather than receiving a cash dividend, the shareholder can elect to receive the equivalent value of shares as newly allotted shares, reducing the amount of cash reserves paid out by the Company.

Share dealing services
The Company's Registrar, Equiniti Limited, offers 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, and create 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.

Directors, advisers and other information

Directors
Marco Sodi
Non-executive Chairman

Mark Shashoua
Chief Executive Officer
(Appointed 1 September 2016)

Andrew Beach
Chief Financial Officer
(Appointed 17 October 2016)

Linda Jensen
Senior Independent Director and Non-executive Director

Sharon Baylay
Non-executive Director

Neil England
Non-executive Director

Stephen Puckett
Non-executive Director

Russell Taylor
Chief Executive Officer
(Resigned 31 August 2016)

Neil Jones
Chief Financial Officer
(Resigned 31 January 2016)

Company Secretary
Anneka Milham

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

Registration number
1927339

Auditor
Deloitte LLP
2 New Street Square
London, EC4A 3BZ

Solicitors
Olswang LLP
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 Ltd
The London Stock Exchange Building
10 Paternoster Square
London, EC4M 7LT

Registrars
Equiniti Ltd
Aspect House
Spencer Road
Lancing
West Sussex, BN99 6DA

Public relations
FTI Consulting Ltd
200 Aldersgate
Aldersgate Street
London, EC1A 4HD

Website
www.ite-exhibitions.com

Designed and produced by Emperor
emperor.works +44 (0)20 7729 9090

CONNECTING
YOUR BUSINESS
TO THE WORLD

ITE Group plc
105 Salusbury Road
London
NW6 6RG
UK