ITE GROUP PLC

ITE Group plc
Interim Report 2013

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

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H1 10%+ like-for-like*** revenue growth

	Six months to 31 March 2013	Six months to 31 March 2012
Volume sales	**352,500m^2**	367,900m^2
Revenue	**£69.4m**	£68.6m
Pre-tax profit	**£2.6m**	£6.3m
Headline pre-tax profit*	**£11.1m**	£13.1m
Diluted earnings per share	**0.9p**	2.1p
Headline diluted earnings per share**	**3.7p**	4.3p
Interim dividend per share	**2.3p**	2.1p
Net cash	**£21.7m**	£16.4m

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

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

*** Like-for-like growth is on an actual currency basis adjusted for the impact of biennial events and event timing differences.

HIGHLIGHTS 2013

- ITE is seeing good growth in its core markets
- Like-for-like revenue growth of 10%+ in H1
- Biennial and event timing impacts H1 profits by -£3.6 million
- Continued strong cash generation: net cash as at 31 March of £21.7 million
- Three recent acquisitions (ABEC in India, Tradelink and ECMI in Malaysia) in Asia
- Good forward visibility: £174 million of revenue booked for the full year (£156 million this time last year)
- Confidence in full year outcome

"ITE has delivered a good performance over the first half of the year, delivering solid organic growth in a period which was negatively impacted by biennial and event timing differences. Our three recent acquisitions of ABEC in India, Tradelink and ECMI in Malaysia represents progress in achieving the Group's strategic aims to expand the Group's territorial operations in markets with further potential for growth.

The Group has a strong balance sheet and its main markets are trading well. As at 17 May 2013 the Group has booked revenues for the current financial year of £174 million (2012: £156 million), which includes sales from newly acquired businesses as well as organic growth. On a like-for-like basis revenues booked for the full year are 8% ahead of this time last year. The Group is in a strong financial position and with continued good trading conditions in our markets the Board has confidence in the full year outcome."

Russell Taylor, CEO of ITE Group plc

INTERIM MANAGEMENT REPORT

Significant progress made in expanding the Group's business in Asia.

Financial performance
Revenues for the first six months of the year were £69.4 million (2012: £68.6 million) and headline profits before tax were £11.1 million (2012: £13.1 million), reflecting good growth in ITE's main markets, but offset by changes in event timing and the expected weaker biennial pattern in the first half of the year. On a like-for-like basis, revenues and headline profits before tax for the first six months increased by 11%.

Headline profit before tax for the first six months of the year was £11.1 million (2012: £13.1 million). The principal factors affecting the change in profits were changes to the timing of events and the biennial pattern (-£3.6 million), newly acquired businesses which contributed £0.5 million to headline profit before tax and organic growth which contributed a further £1.8 million. Overheads increased by £2.0 million as the Group invested in its infrastructure to support the growth of the business.

Reported profits before tax were £2.6 million (2012: £6.3 million) reflecting the changes to the timing of events and the biennial pattern, together with an increased amortisation charge. Fully diluted earnings per share for the first six months were 0.9p (2012: 2.1p) and headline diluted earnings per share for the first six months were 3.7p (2012: 4.3p). The Group continues to generate strong cash flow; cash generated from operations over the first six months was £39.7 million (2012: £31.2 million) of which £19.3 million has been applied to acquisitions and £11.2 million to dividends. The Group retained a net cash balance of £21.7 million (2012: £16.4 million) at 31 March 2013.

Business development
During the first six months of this financial year, the Group made progress in expanding its business in Asia. On 3 December 2012 the Group announced the purchase of a 28.3% stake in ABEC, the largest independent exhibition organiser in India. ABEC operates 19 exhibitions across eleven vertical markets and includes India's leading construction exhibition, Acetech. On 31 January 2013, the Group completed its first acquisition in Malaysia with the purchase of 75% of Tradelink, an exhibition organiser based in Kuala Lumpur. Tradelink is a well-established business operating the leading exhibitions in Malaysia for machine tool technology and metal fabrication. On 11 April 2013 the Group announced the purchase of 50% of ECMI, another Kuala Lumpur based organsier which operates a number of small exhibitions in the Beauty sector and the Lab technology sector in Malaysia, Vietnam and Indonesia.

The Group continues to seek opportunities to expand its business which are consistent with its overall strategy of building market-leading positions in high growth markets.

11%

Like-for-like revenue increase

Board and management

On 17 May 2013 the Board announced the appointment of Stephen Puckett as a Non-executive Director with effect from 1 July 2013. Stephen, who is a Chartered Accountant, will be a member of ITE's Audit, Nomination and Remuneration Committees. He brings to ITE a wealth of experience of internationally growing businesses through his role as Finance Director of Michael Page International plc from 2001 to 2012, during which time the business experienced significant overseas expansion.

Dividend

The Board has approved an interim dividend of 2.3p per share (2012: 2.1p per share) maintaining the Group's progressive dividend policy.

Trading highlights and review of operations

Over the first half of the financial year the Group experienced good trading conditions in most of its markets, organising 109 events (2012: 125 events) which generated like-for-like revenues 11% higher than for the same period last year. Actual volume sales for the period of 352,500sqm (2012: 367,900sqm) were 4% lower than last year's equivalent, reflecting the lesser biennial contribution and other timing differences affecting the first six months. A summary of the Group's exhibition business sales and margins for the first six months of the year is set out below.

	Square metres sold (000)	Revenue* £m	Gross profit £m
First half 2012	**368**	**68.0**	**26.7**
Non-annual 2012	(34)	(5.6)	(2.4)
Annually recurring	**334**	**62.4**	**24.3**
Acquisitions	12	1.5	0.5
Timing differences	(28)	(3.3)	(1.2)
Organic change	12	6.7	1.8
Non-annual 2013	23	1.7	0.0
First half 2013	**353**	**69.0**	**25.4**

* Excluding publishing activity

The Board has confidence in the full year outcome.

£174m

Contracted revenue for the full year

Russia
Volume sales in Russia over the first six months of the year were 12% lower through the absence of two biennial events: the printing exhibition, Polygraphinter, and the woodworking machinery event, Woodex. On a like-for-like basis, volume sales for the Russian business were 13% higher than over the same period last year.

Moscow performed well over the first half of the financial year, with like-for-like volume sales up 9%. Aqua-therm Moscow again delivered strong growth together with our portfolio of industrial events. These results helped to offset a small decline in the Moscow International Travel & Tourism event, which delivered sales of 19,400sqm (2012: 20,000sqm), reflecting the ongoing difficult trading environment with exhibitors from Southern European destinations continuing to suffer austerity cutbacks.

Novosibirsk (Siberia) saw strong growth in both volumes and revenues; sales volumes increased by 10% and revenues by 21%, demonstrating good growth across all sectors. In Krasnodar, the Group eliminated a number of smaller, non-profitable events leading to a small decline in like-for-like volumes, but overall delivered good growth in profits. For St Petersburg, the majority of its events take place in the second half of the year.

Central Asia & the Caucasus
Volume sales for the first six months in Central Asia and the Caucasus were 3% higher on a like-for-like basis than last year.

The largest part of the Group's business in the region is Kazakhstan, which reported a 2% like-for-like increase in volume sales across its portfolio of events taking place in the first half. The largest event in the region is the Kazakhstan International Oil & Gas Exhibition (KIOGE), which took place in Almaty in October. The event was slightly larger than the previous edition, with volume sales of 8,600sqm.

The strongest growth in the region has been in Azerbaijan, which enjoys a good trading environment and the Group's business here continues to grow into the new larger venue facilities realising good volume and revenues across the portfolio.

Eastern & Southern Europe
In Turkey, trading was relatively flat with the biennially recurring TATEF (industrial machinery event) offsetting timing issues arising through some events moving to the second half of the year. On a like-for-like basis the region reported a 4% increase in its revenues. Turkeybuild, the pre-eminent construction event in Turkey (which remains capacity constrained) took place in late April and delivered its largest ever event at 36,200sqm, with strong revenue growth.

Ukraine remains a difficult trading environment with subdued economic growth. Despite this difficult backdrop ITE's business made good progress, with like-for-like revenues up 8% in the period.

Rest of the World
MODA, the Group's leading UK mid-market fashion exhibition, delivered an increase in both volumes and revenues of 5% despite difficult trading conditions in the UK fashion industry. The MODA Group has continued its strategy of developing niche industry sectors, and Jacket Required, a high-end designer menswear exhibition in London, delivered strong growth in its first edition under MODA's management.

In Asia, the Group's activities have focused on broadening its business base by expanding its footprint in target markets. ABEC, the Group's 28.3% Indian associate, has run three of its major construction exhibitions since the Group was acquired and overall the performance has been in line with the expectations at the time of acquisition. The other two new business expansions, Tradelink and ECMI, made no contribution to the first half's results.

April trading
April is the largest trading month for the Group. Total revenues for April were 8% ahead of last year's. This result reflects the continued resilience of Mosbuild which grew volumes by 4% in the face of continued local competition. Other events in the April portfolio also performed strongly, with TransRussia (logistics) and Moscow International Protection & Security both delivering volume growth of over 11% over last year's events.

Set out below are the results for the Group's principal events taking place in April 2013:

	2013 sqm	2012 sqm
Mosbuild	**68,500**	66,100
Turkeybuild	**36,200**	36,100
TransRussia	**11,300**	10,100
Moscow International Protection & Security	**11,400**	10,000

Outlook
As at 17 May 2013, the Group had booked revenues for the current financial year of £174 million (2012: £156 million). On a like-for-like basis this represents an increase of 8% over the comparable figure for last year. Within this, the impact of movements in exchange rates (principally Euro to Sterling) have reduced yields relative to last year by circa 3%.

The Group enters the second half of the year in a strong financial position and continues to generate high levels of cash. With continued good trading conditions in its markets, the Board has confidence in the full year outcome.

Going concern
As stated in note 20 to the interim financial statements, the Directors are satisfied that the Group has sufficient resources to continue to operate for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the interim financial statements.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2013

	Notes	**Six months to 31 March 2013 Unaudited £000**	Six months to 31 March 2012 Unaudited £000	Year ended 30 September 2012 Unaudited £000
Revenue		**69,446**	68,609	172,312
Cost of sales		**(44,047)**	(41,804)	(94,617)
Gross profit		**25,399**	26,805	77,695
Other operating income		**157**	176	371
Administrative expenses before amortisation		**(16,409)**	(13,653)	(26,550)
Amortisation of acquired intangibles	11	**(7,350)**	(6,146)	(13,508)
Foreign exchange gain/(loss) on operating activities		**186**	(616)	259
Total administrative expenses		**(23,573)**	(20,415)	(39,799)
Share of results of associate		**651**	57	701
Operating profit		**2,634**	6,623	38,968
Investment revenue	3	**764**	590	3,193
Finance costs	4	**(759)**	(882)	(1,687)
Profit on ordinary activities before taxation	5	**2,639**	6,331	40,474
Tax on profit on ordinary activities	6	**(548)**	(1,362)	(7,943)
Profit for the period		**2,091**	4,969	32,531
Attributable to:				
Owners of the Company		**2,212**	5,099	31,486
Non-controlling interests		**(121)**	(130)	1,045
		2,091	4,969	32,531
Earnings per share (p)				
Basic	8	**0.9**	2.1	13.0
Diluted	8	**0.9**	2.1	12.8

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 March 2013

	Six months to 31 March 2013 Unaudited £000	Six months to 31 March 2012 Unaudited £000	Year ended 30 September 2012 Unaudited £000
Profit for the period	**2,091**	4,969	32,531
Cash flow hedges:			
Movement in fair value of cash flow hedges	**(5,211)**	2,737	4,892
Fair value of cash flow hedges released to the income statement	**(531)**	(122)	923
Currency translation movement on net investment in subsidiary undertakings	**6,630**	2,109	(5,214)
	2,979	9,693	33,132
Tax relating to components of comprehensive income	**1,002**	(654)	(1,386)
Total comprehensive income for the period	**3,981**	9,039	31,764
Attributable to:			
Owners of the Company	**4,102**	9,169	30,719
Non-controlling interests	**(121)**	(130)	1,045
	3,981	9,039	31,764

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

The notes on pages 16 to 31 form an integral part of the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 31 March 2013 (unaudited):

	Share capital £000	Share premium account £000
Balance as at 1 October 2012	2,489	2,793
Net profit for the period	–	–
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	–	–
Total comprehensive income for the six-month period ending 31 March 2013	**–**	**–**
Exercise of options	2	–
Dividends paid	–	–
Share-based payments	–	–
Tax credited to equity	–	–
Recognise put option on acquisition of subsidiary	–	–
Balance as at 31 March 2013	**2,491**	**2,793**

Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
2,746	457	(5,183)	101,183	(11,510)	(5,066)	5,221	93,130	6,696	99,826
–	–	–	2,212	–	–	–	2,212	(121)	2,091
–	–	–	–	–	6,630	–	6,630	–	6,630
–	–	–	–	–	–	(5,211)	(5,211)	–	(5,211)
–	–	–	–	–	–	(531)	(531)	–	(531)
–	–	–	1,002	–	–	–	1,002	–	1,002
–	**–**	**–**	**3,214**	**–**	**6,630**	**(5,742)**	**4,102**	**(121)**	**3,981**
–	–	773	(444)	–	–	–	331	–	331
–	–	–	(10,717)	–	–	–	(10,717)	(521)	(11,238)
–	–	–	984	–	–	–	984	–	984
–	–	–	77	–	–	–	77	–	77
–	–	–	–	(1,215)	–	–	(1,215)	–	(1,215)
2,746	**457**	**(4,410)**	**94,297**	**(12,725)**	**1,564**	**(521)**	**86,692**	**6,054**	**92,746**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

Six-month period ended 31 March 2012 (unaudited):

	Share capital £000	Share premium account £000
Balance as at 1 October 2011	2,486	2,724
Net profit for the period	–	–
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	–	–
Total comprehensive income for the six-month period ending 31 March 2012	**–**	**–**
Exercise of options	2	39
Dividends paid	–	–
Dividends paid to NCI	–	–
Share-based payments	–	–
Tax credited to equity	–	–
Foreign currency impact on put option reserve	–	–
Balance as at 31 March 2012	**2,488**	**2,763**

Year ended 30 September 2012 (audited):

	Share capital £000	Share premium account £000
Balance as at 1 October 2011	2,486	2,724
Net profit for the period	–	–
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 income statement	–	–
Tax relating to components of comprehensive income	–	–
Total comprehensive income for the year ended 30 September 2012	**–**	**–**
Dividends paid	–	–
Exercise of options	3	69
Share-based payments	–	–
Tax charged to equity	–	–
Exercise of put option on acquisition of subsidiary	–	–
Balance as at 30 September 2012	**2,489**	**2,793**

Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
2,746	457	(7,826)	87,057	(13,345)	148	(594)	73,853	7,059	80,912
–	–	–	5,099	–	–	–	5,099	(130)	4,969
–	–	–	–	–	2,109	–	2,109	–	2,109
–	–	–	–	–	–	2,737	2,737	–	2,737
–	–	–	–	–	–	(122)	(122)	–	(122)
–	–	–	(654)	–	–	–	(654)	–	(654)
–	**–**	**–**	**4,445**	**–**	**2,109**	**2,615**	**9,169**	**(130)**	**9,039**
–	–	1,430	(1,468)	–	–	–	3	–	3
–	–	–	(10,109)	–	–	–	(10,109)	–	(10,109)
–	–	–	–	–	–	–	–	(937)	(937)
–	–	–	1,041	–	–	–	1,041	–	1,041
–	–	–	180	–	–	–	180	–	180
–	–	–	–	(194)	194	–	–	–	–
2,746	**457**	**(6,396)**	**81,146**	**(13,539)**	**2,451**	**2,021**	**74,137**	**5,992**	**80,129**

Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
2,746	457	(7,826)	87,057	(13,345)	148	(594)	73,853	7,059	80,912
–	–	–	31,486	–	–	–	31,486	1,045	32,531
–	–	–	–	–	(5,214)	–	(5,214)	–	(5,214)
–	–	–	–	–	–	4,892	4,892	–	4,892
–	–	–	–	–	–	923	923	–	923
–	–	–	(1,368)	–	–	–	(1,368)	–	(1,368)
–	**–**	**–**	**30,118**	**–**	**(5,214)**	**5,815**	**30,719**	**1,045**	**31,764**
–	–	–	(15,220)	–	–	–	(15,220)	(936)	(16,156)
–	–	2,643	(1,937)	–	–	–	778	–	778
–	–	–	2,147	–	–	–	2,147	–	2,147
–	–	–	(1,075)	–	–	–	(1,075)	–	(1,075)
–	–	–	93	1,835	–	–	1,928	(472)	1,456
2,746	**457**	**(5,183)**	**101,183**	**(11,510)**	**(5,066)**	**5,221**	**93,130**	**6,696**	**99,826**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2013

	Notes	**31 March 2013 Unaudited £000**	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Non-current assets				
Goodwill	10	**82,767**	73,691	76,309
Other intangible assets	11	**54,757**	57,923	54,707
Investments		**–**	400	–
Property, plant and equipment		**2,709**	2,264	2,346
Interests in associates	12	**15,213**	157	596
Venue advances and other loans		**3,249**	3,477	4,011
Derivative financial instruments	16	**345**	838	2,139
Deferred tax asset		**2,406**	2,033	1,763
		161,446	140,783	141,871
Current assets				
Trade and other receivables	13	**59,416**	52,891	50,320
Tax prepayment		**1,774**	1,938	1,377
Derivative financial instruments	16	**286**	1,007	2,128
Cash and cash equivalents		**47,276**	38,257	41,734
		108,752	94,093	95,559
Total assets		**270,198**	234,876	237,430
Current liabilities				
Bank loan and overdraft	15	**(17,447)**	(21,847)	(28,724)
Trade and other payables	14	**(18,772)**	(20,182)	(14,686)
Deferred income		**(106,468)**	(85,963)	(69,612)
Derivative financial instruments	16	**(5,434)**	(1,258)	(4,516)
Provisions		**(877)**	(1,095)	(589)
		(148,998)	(130,345)	(118,127)
Non-current liabilities				
Bank loan	15	**(8,151)**	–	–
Provisions		**(393)**	(471)	(597)
Deferred tax liabilities		**(12,998)**	(12,343)	(14,414)
Derivative financial instruments	16	**(6,912)**	(11,588)	(4,466)
		(28,454)	(24,402)	(19,477)
Total liabilities		**(177,452)**	(154,747)	(137,604)
Net assets		**92,746**	80,129	99,826

Condensed Consolidated Statement of Financial Position continued

	Notes	**31 March 2013 Unaudited £000**	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Equity				
Share capital	17	**2,491**	2,488	2,489
Share premium account		**2,793**	2,763	2,793
Merger reserve		**2,746**	2,746	2,746
Capital redemption reserve		**457**	457	457
ESOT reserve		**(4,410)**	(6,396)	(5,183)
Retained earnings		**94,297**	81,146	101,183
Translation reserve		**1,564**	2,451	(5,066)
Hedge reserve		**(521)**	2,021	5,221
Put option reserve		**(12,725)**	(13,539)	(11,510)
Equity attributable to equity holders of the parent		**86,692**	74,137	93,130
Non-controlling interest		**6,054**	5,992	6,696
Total equity		**92,746**	80,129	99,826

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 March 2013

	Six months to 31 March 2013 Unaudited £000	Six months to 31 March 2012 Unaudited £000	Year ended 30 September 2012 Audited £000
Cash flows from operating activities			
Operating profit from continuing operations	**2,634**	6,623	38,968
Adjustments for non-cash items:			
Depreciation and amortisation	**8,134**	6,697	14,621
Share-based payments	**984**	1,041	2,147
Share of associate profit	**(651)**	(57)	(701)
Increase/(decrease) in provisions	**48**	135	(245)
Gain on disposal of property, plant and equipment	**(21)**	–	(23)
Foreign exchange (gain)/loss on operating activities	**(186)**	616	(259)
Barter sales	**–**	(300)	–
Fair value of cash flow hedges recognised in the income statement	**(490)**	70	1,030
Operating cash flows before movements in working capital	**10,452**	14,825	55,538
(Increase)/decrease in receivables	**(10,896)**	1,140	(1,013)
Venue advances and loans	**(221)**	(5,860)	(6,215)
Utilisation of venue advances and loans	**2,720**	4,265	7,353
Increase in deferred income	**34,396**	18,096	2,578
Increase/(decrease) in payables	**3,293**	(1,298)	(2,374)
Cash generated from operations	**39,744**	31,168	55,867
Tax paid	**(2,469)**	(4,200)	(11,593)
Net cash from operating activities	**37,275**	26,968	44,274
Investing activities			
Interest received	**546**	548	951
Dividends received from associates	**420**	–	655
Acquisition of businesses – cash paid	**(19,319)**	(4,915)	(18,434)
Asset retained by vendor on acquisition of business	**–**	–	(434)
Cash acquired through acquisitions	**–**	–	131
Purchase of property, plant and equipment and computer software	**(909)**	(825)	(1,883)
Cash paid to acquire non-controlling interests	**–**	–	(739)
Net cash from investing activities	**(19,262)**	(5,192)	(19,753)
Financing activities			
Dividends paid	**(10,704)**	(10,109)	(15,205)
Dividends paid to non-controlling interests	**(521)**	(936)	(936)
Interest paid	**(479)**	(652)	(1,092)
Proceeds from the issue of share capital and exercise of share options	**331**	2	778
(Repayment)/drawdown of borrowings	**(3,126)**	(6,585)	293
Net cash flows from financing activities	**(14,499)**	(18,280)	(16,162)

Condensed Consolidated Cash Flow Statement continued

	Six months to 31 March 2013 Unaudited £000	Six months to 31 March 2012 Unaudited £000	Year ended 30 September 2012 Audited £000
Net increase in cash and cash equivalents	**3,514**	3,496	8,359
Net cash and cash equivalents at beginning of period	**41,734**	33,961	33,961
Effect of foreign exchange rates	**2,028**	800	(586)
Net cash and cash equivalents at end of period	**47,276**	38,257	41,734
Cash generated from the business			
Cash generated from operations	**39,744**	31,168	55,867
Interest received	**546**	548	951
Interest paid	**(479)**	(652)	(1,092)
	39,811	31,064	55,726
Free cash flow from the business			
Cash generated from the business	**39,811**	31,064	55,726
Tax paid	**(2,469)**	(4,200)	(11,593)
	37,342	26,864	44,133

NET CASH RECONCILIATION

For the six months ended 31 March 2013

	At 1 October 2012 £000	Reclassification from current £000	Cash flow £000	Foreign exchange £000	**At 31 March 2013 £000**
Cash	41,734	–	3,514	2,028	**47,276**
Debt due within one year	(28,724)	13,306	(2,029)	–	**(17,447)**
Debt due after one year	–	(13,306)	5,155	–	**(8,151)**
Net cash	**13,010**	**–**	**6,640**	**2,028**	**21,678**

The notes on pages 16 to 31 form an integral part of the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 31 March 2013

1. General information and basis of preparation
The information for the year ended 30 September 2012 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

Accounting policies
The interim financial statements have been prepared on the basis of the accounting policies and methods of computation applicable for the year ending 30 September 2013. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 September 2012 except as described below.

The following new standards, amendments to standards and interpretations are mandatory for the period ended 31 March 2013, and have been adopted but have had no impact on the 2013 Group interim statements:

Amendments to IAS 1 'Presentation of Financial Statements'
Amendments to IAS 12 'Income Taxes'

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendments to IAS 19 'Employee Benefits'
Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities'
Amendments to IFRS 1 'Government loans'
Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities'
IFRS 9 'Financial Instruments'
IFRS 10 'Consolidated Financial Statements'
IFRS 11 'Joint arrangements'
IFRS 12 'Disclosure of interests in other entities'
IFRS 13 'Fair value measurement'
Reissue of amended IAS 27 'Consolidated and Separate Financial Statements' as IAS 27 'Separate Financial Statements'
Reissue of amended IAS 28 'Investments in Associates' as IAS 28 'Investments in Associates'

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

2. Segmental information continued

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

ITE Group evaluates performance on the basis of profit or loss from operations before tax expense excluding non-recurring gains and losses and foreign exchange gains and losses.

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

Six months ended 31 March 2013 Unaudited	Russia £000	Central Asia & Caucasus £000	Eastern & Southern Europe £000	UK & Western Europe £000	Rest of World £000	Total Group £000
By geographical location of events/activities						
Revenue	**40,019**	**11,472**	**12,315**	**5,055**	**585**	**69,446**
Headline pre-tax profit	**12,193**	**2,851**	**1,918**	**(5,166)**	**(663)**	**11,133**
Operating profit	**11,971**	**2,882**	**1,512**	**(12,202)**	**(1,529)**	**2,634**
By origin of sale						
Revenue	**31,261**	**6,322**	**9,723**	**21,685**	**455**	**69,446**
Headline pre-tax profit	**5,902**	**1,298**	**480**	**2,775**	**678**	**11,133**
Operating profit	**1,677**	**1,233**	**(2,579)**	**2,701**	**(398)**	**2,634**
Operating profit						**2,634**
Investment revenue						**764**
Finance costs						**(759)**
Profit before tax						**2,639**
Tax						**(548)**
Profit after tax						**2,091**
Capital expenditure	**462**	**221**	**74**	**285**	**25**	**1,067**
Depreciation and amortisation	**4,265**	**183**	**2,719**	**727**	**240**	**8,134**
Balance Sheet						
Assets*	**99,365**	**18,605**	**54,883**	**84,642**	**8,523**	**266,018**
Liabilities*	**(54,166)**	**(9,371)**	**(22,522)**	**(73,675)**	**(2,750)**	**(162,484)**

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

The revenue in the period of £69.4 million includes £0.2 million of barter sales.

For the six months ended 31 March 2013

2. Segmental information continued

Six months ended 31 March 2012 Unaudited	Russia £000	Central Asia & Caucasus £000	Eastern & Southern Europe £000	UK & Western Europe £000	Rest of World £000	Total Group £000
By geographical location of events/activities						
Revenue	40,289	11,633	10,884	4,536	1,267	68,609
Headline pre-tax profit	12,996	3,455	2,052	(4,887)	(471)	13,145
Operating profit	12,724	3,482	1,448	(10,558)	(473)	6,623
By origin of sale						
Revenue	31,843	5,966	8,913	20,181	1,706	68,609
Headline pre-tax profit	7,607	1,254	592	3,002	690	13,145
Operating profit	3,373	1,247	(2,199)	3,636	566	6,623
Operating profit						6,623
Investment revenue						590
Finance costs						(882)
Profit before tax						6,331
Tax						(1,362)
Profit after tax						4,969
Capital expenditure	356	17	54	147	14	588
Depreciation and amortisation	4,243	50	2,189	91	124	6,697
Balance Sheet						
Assets*	105,082	11,331	53,654	57,312	2,460	229,839
Liabilities*	(55,193)	(7,659)	(27,465)	(48,898)	(201)	(139,416)

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

The revenue in the period of £68.6 million includes £0.3 million of barter sales.

2. Segmental information continued

Year ended 30 September 2012 Audited	Russia £000	Central Asia & Caucasus £000	Eastern & Southern Europe £000	UK & Western Europe £000	Rest of World £000	Total Group £000
By geographical location of events/activities						
Revenue	105,163	27,030	28,417	9,562	2,140	172,312
Headline pre-tax profit	42,240	8,908	9,086	(7,412)	181	53,003
Operating profits	42,172	8,969	8,325	(20,525)	27	38,968
By origin of sale						
Revenue	76,227	15,168	25,017	53,331	2,569	172,312
Headline pre-tax profit	30,840	3,612	8,440	9,141	970	53,003
Operating profit	22,918	3,524	2,519	9,481	526	38,968
Operating profit						38,968
Investment revenue						3,193
Finance costs						(1,687)
Profit before tax						40,474
Tax						(7,943)
Profit after tax						32,531
Capital expenditure	330	374	1,098	153	127	2,082
Depreciation and amortisation	514	384	8,203	5,198	322	14,621
Balance Sheet						
Assets*	60,470	11,685	92,515	63,095	6,525	234,290
Liabilities*	(49,404)	(5,639)	(45,208)	(20,533)	(845)	(121,629)

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

The revenue in the year of £172.3 million includes £0.5 million (2011: £0.5 million) of barter sales.

3. Investment revenue

	Six months to 31 March 2013 Unaudited £000	Six months to 31 March 2012 Unaudited £000	Year ended 30 September 2012 Audited £000
Interest receivable from bank deposits	**546**	548	951
Gain on revaluation of equity options	**161**	–	1,641
Gain on cash flow hedges	**57**	42	148
Gain on settlement of contingent consideration	**–**	–	453
	764	590	3,193

For the six months ended 31 March 2013

4. Finance costs

	Six months to 31 March 2013 Unaudited £000	Six months to 31 March 2012 Unaudited £000	Year ended 30 September 2012 Audited £000
Interest on bank loans and overdrafts	**243**	443	660
Bank charges	**236**	209	432
Loss on exercise of Ekin Fuar put option	**–**	–	93
Loss on contingent consideration	**31**	–	–
Loss on cash flow hedges	**16**	–	42
Imputed interest charge on discounted put option liabilities	**233**	230	460
	759	882	1,687

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

	Six months to 31 March 2013 Unaudited £000	Six months to 31 March 2012 Unaudited £000	Year ended 30 September 2012 Audited £000
Profit on ordinary activities before taxation	**2,639**	6,331	40,474
Operating items			
Amortisation of acquired intangibles	**7,350**	6,146	13,508
Tax on income from associates	**79**	–	–
Transaction costs (completed and pending)	**962**	438	640
Profit on sale of investments	**–**	–	(78)
Financing items			
Loss on exercise of Ekin Fuar put option	**–**	–	93
Gain on revaluation of equity options	**(161)**	–	(1,641)
Loss/(gain) on contingent consideration	**31**	–	(453)
Imputed interest charge on discounted put option liabilities	**233**	230	460
Headline pre-tax profit	**11,133**	13,145	53,003

6. Taxation

	Six months to 31 March 2013 Unaudited £000	Six months to 31 March 2012 Unaudited £000	Year ended 30 September 2012 Audited £000
Current tax			
UK corporation tax	**62**	570	320
Foreign tax	**2,373**	1,959	9,757
	2,435	2,529	10,077
Deferred tax	**(1,887)**	(1,167)	(2,134)
Tax on profit on ordinary activities	**548**	1,362	7,943

Tax rate at the interim is charged at 20% (2012: 21.5%) representing the best estimate of the weighted average annual corporation tax expected for the financial year.

7. Dividends

	Six months to 31 March 2013 Unaudited £000	Six months to 31 March 2012 Unaudited £000	Year ended 30 September 2012 Audited £000
Final dividend for the year ended 30 September 2012 of 4.4p (2011: 4.2p) per ordinary share	**10,717**	10,109	10,109
Interim dividend for the year ended 30 September 2012 of 2.1p per ordinary share	**–**	–	5,111
Proposed interim dividend for the year ending 30 September 2013 of 2.3p (2012: 2.1p) per ordinary share	**5,625**	5,087	–

The proposed interim dividend was approved by the Board on 16 May 2013 and has not been included as a liability as at 31 March 2013.

8. Earnings per share

The calculations of basic and diluted earnings per share are based on the profit for the financial year attributable to equity holders of the parent of £2.2 million (31 March 2012: £5.1 million; 30 September 2012: £31.5 million).

Headline diluted earnings per share is intended to provide a consistent measure of Group earnings on a year-on-year basis. Headline diluted earnings per share is calculated using profit attributable to equity holders of the parent for the financial year before amortisation of acquired intangibles, impairment of goodwill, profits or losses on disposal of Group undertakings, revaluation of financial liabilities in relation to minority put options, imputed interest charges on put option liabilities and direct costs relating to completed and pending acquisitions and disposals, as shown in the table below:

Audited	**Six months to 31 March 2013 Unaudited £000**	Six months to 31 March 2012 Unaudited £000	Year ended 30 September 2012 Audited £000
Profit for the financial period attributable to equity holders of the parent	**2,212**	5,099	31,486
Amortisation of acquired intangibles	**7,350**	6,146	13,508
Tax effect of amortisation	**(1,470)**	(1,321)	(2,651)
Transaction costs	**962**	438	640
Gain on revaluation of put options	**(161)**	–	(1,641)
(Profit)/loss on sale of investments	**–**	–	(78)
Loss on exercise of put option	**–**	–	93
Loss/(gain) on contingent consideration	**31**	–	(453)
Tax effect of other adjustments	**–**	–	15
Imputed interest charge on discounted put option liabilities	**233**	230	460
	9,157	10,592	41,379

The number of shares used in the calculation of earnings per share is presented below:

	Six months to 31 March 2013 Number of shares ('000)	Six months to 31 March 2012 Number of shares ('000)	Year to 30 September 2012 Number of shares ('000)
Weighted average number of shares:			
For basic earnings per share	**243,619**	240,954	242,124
Dilutive effect of exercise of share options	**4,080**	3,725	3,040
For diluted earnings per share	**247,699**	244,679	245,164

9. Acquisition of businesses

Tradelink

On 25 March 2013 one of the Group's UK subsidiaries acquired 75% of the share capital of Tradelink ITE SDN BHD ('Tradelink'), a company incorporated in Malaysia, for cash consideration paid of MYR 21.4 million (£4.4 million).

The acquisition of this company is consistent with ITE's strategy of expanding its business model into existing sectors in new markets.

The Group incurred transaction costs of £0.1 million in relation to this acquisition.

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

Assets acquired	Fair value £000
Intangible fixed assets – Trademarks	2,120
Intangible fixed assets – Customer relationships	1,691
Deferred tax liability	(952)
Net assets acquired	**2,859**
Goodwill arising on acquisition	1,570
Total cost of acquisition	**4,429**
Satisfied by net cash paid	4,429

The acquired business organises exhibitions in Malaysia, predominantly in the machine tool and metalworking sectors.

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

Goodwill arising on acquisition of £1.6 million represents the perceived value placed by the Group of having an established operating position in a new emerging market.

The acquired business has contributed £nil to Group revenue and profit since acquisition. If the acquisition had occurred on 1 October 2012 the contribution of the acquired business to Group results would be unchanged.

The Group holds a put and call option to acquire the remaining 25% of the company and has recognised a corresponding liability. See note 16 for details.

9. Acquisition of businesses continued

Other acquisitions

On 28 January 2013 the Group acquired 100% of the exhibition assets of Baird Publications Pty Ltd for consideration of AUD 600,000 (£400,000). The assets acquired comprise a small number of trade events in Hong Kong.

In February 2013 the Group settled the remaining deferred consideration on Expo.KZ LLP for £109,000.

10. Goodwill

	2013 £000
At 1 October 2012	76,309
Additions in the period	1,570
Exchange differences	4,888
At 31 March 2013	**82,767**

11. Other intangible assets

	2013 £000
At 1 October 2012	54,707
Additions in the period	4,211
Amortisation of acquired intangibles	(7,350)
Amortisation of computer software	(218)
Exchange differences	3,407
At 31 March 2013	**54,757**

12. Interests in associates

	Scoop £000	Summit £000	ABEC £000	Lentewenc £000	Total £000
At 1 October 2012	196	400	–	–	596
Additions	–	–	13,981	400	14,381
Share of results of associate	103	387	161	–	651
Dividends received	–	(420)	–	–	(420)
Foreign exchange	–	–	5	–	5
At 31 March 2013	**299**	**367**	**14,147**	**400**	**15,213**

On 3 December 2012, ITE's wholly owned subsidiary, Airgate Holdings Ltd, entered into binding agreements for the acquisition of a 28.3% holding in Asian Business Exhibition & Conferences Limited ('ABEC'), a company incorporated in Mumbai. Consideration of INR 1,227 million (£14.0 million) was settled in cash. The Group has written a put option over an additional 31.7% stake in ABEC.

13. Trade and other receivables

	31 March 2013 Unaudited £000	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Trade receivables	**32,968**	25,786	36,659
Other receivables	**3,267**	4,825	1,972
Venue advances and prepayments	**3,176**	8,176	4,913
Prepayments and accrued income	**20,005**	14,104	6,776
	59,416	52,891	50,320

14. Trade and other payables

	31 March 2013 Unaudited £000	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Trade payables	**731**	1,102	1,604
Taxation and social security	**5,617**	2,660	1,650
Other payables	**2,904**	3,651	2,339
Accruals	**8,716**	9,356	8,232
Deferred consideration	**293**	314	381
Contingent consideration	**511**	3,099	480
	18,772	20,182	14,686

15. Bank loan and overdraft

	31 March 2013 Unaudited £000	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Current liabilities			
Bank overdraft	**17,447**	7,822	15,418
Bank loan	**–**	14,025	13,306
	17,447	21,847	28,724
Non-current liabilities			
Bank loan	**8,151**	–	–
	8,151	–	–

15. Bank loan and overdraft continued

The bank overdraft is repayable on demand. The overdraft is denominated in Sterling, Euros and US Dollars. The overdraft is taken out to act as a partial hedge against the UK monetary assets in those currencies. At 31 March 2013 the Group had £2.6 million (March 2012: £7.2 million) of undrawn committed overdraft facilities. The bank loan is a £10.0 million multi-currency committed bank facility that provides revolving credit facilities through to 1 July 2015. At 31 March 2013 the Group had £1.8 million (March 2012: £1.0 million) of undrawn committed loan facility.

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

16. Derivative financial instruments

	31 March 2013 Unaudited £000	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Current assets			
Foreign currency forward contracts	**286**	1,007	2,128
	286	1,007	2,128
Non-current assets			
Foreign currency forward contracts	**293**	838	2,087
Equity option assets	**52**	–	52
	345	838	2,139

	31 March 2013 Unaudited £000	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Current liabilities			
Foreign currency forward contracts	**364**	–	–
Put options	**5,070**	1,258	4,516
	5,434	1,258	4,516
Non-current liabilities			
Foreign currency forward contracts	**1,211**	18	–
Put options	**5,701**	11,570	4,466
	6,912	11,588	4,466

16. Derivative financial instruments continued

The notional amounts outstanding under derivative instruments as at each reporting date are as follows:

Derivative assets	**31 March 2013 Unaudited £000**	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Foreign currency forward contracts	**29,941**	71,040	81,213
Equity option assets	**781**	–	781
	30,722	71,040	81,994

Derivative liabilities	**31 March 2013 Unaudited £000**	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Foreign currency forward contracts	**50,845**	8,739	–
Put option liabilities	**10,771**	12,828	8,982
	61,616	21,567	8,982

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

The foreign currency forward contracts as at 31 March 2013 cover exchange exposures over the next 36 months, with €73.5 million covering exposures after September 2013. These instruments have been designated in hedging relationships, with any changes in their fair value being recorded in equity.

At 31 March 2013, the fair value of these derivatives is estimated to be a net liability of approximately £1.0 million (31 March 2012: asset of £1.8 million; 30 September 2012: asset of £4.2 million). This is based on market valuations. This amount has been deferred in equity at 31 March 2013.

The Group is party to a number of put options to acquire the non-controlling interests arising from business combinations. These instruments are initially recognised at fair value on the balance sheet with all subsequent changes in fair value taken to the income statement.

16. Derivative financial instruments continued

	31 March 2013 Unaudited £000	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Put option for Ekin Fuar	**–**	777	–
Put option for Summit Trade Events Limited	**–**	999	–
Put option for Scoop	**–**	481	–
Put option for Yem Fuar	**9,556**	10,571	8,982
Put option for Tradelink	**1,215**	–	–
Put option for ABEC	**–**	–	–
	10,771	12,828	8,982

17. Share capital

	31 March 2013 Unaudited £000	31 March 2012 Unaudited £000	30 September 2012 Audited £000
Authorised			
375,000,000 ordinary shares of 1 penny each (31 March 2012: 375,000,000)	**3,750**	3,750	3,750
Allotted and fully-paid			
249,115,024 ordinary shares of 1 penny each (31 March 2012: 248,838,407)	**2,491**	2,488	2,489

During the period, the Company allotted 251,617 (2012: 269,658) ordinary shares of 1 penny each pursuant to the exercise of share options. The total consideration for the shares issued was £2,516 (2012: £40,722).

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

18. Events after the balance sheet date

On 22 April 2013 the Group exercised its put option to acquire an additional 20% of Yem Fuar for consideration of TRL 13.8 million (£5.0 million), taking its total stake to 80%. The Group retains a put option to acquire the remaining 20% of Yem Fuar, which is expected to be exercised in April 2014.

On 11 April 2013 the Group acquired a 50% stake in certain exhibition assets of ECMI Trade Fairs S.E.A Sdn Bhd ('ECMI'), a company incorporated in Malaysia, for initial consideration of MYR 8.1 million (c. £1.6 million). A deferred payment of approximately MYR 4.1 million (c. £800,000) is due in April 2014. In addition, the Group holds put and call options to acquire an additional 25% of the business in 2017, with further options held to acquire the remaining 25% of the business in 2019. Due to the proximity of these acquisitions to the date of signing these accounts, the acquisition accounting has not been finalised and the associated disclosures are therefore to be completed.

19. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with key management personnel will be disclosed in the Group's Annual Report for the year ended 30 September 2013.

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

Trading transactions

In Kazakhstan, ITECA, a Group subsidiary, has transacted with Datacom and Saban Holdings for the provision of web systems and office rental respectively. Edward Strachan, a Group Director, is a significant shareholder of Datacom and Saban Holdings. In total, the services charged to ITECA were £30,000 (31 March 2012: £35,000, 30 September 2012: £72,000).

In St Petersburg, Primexpo, a Group subsidiary, has transacted with Cavalry House for the provision of office rental. Edward Strachan, a Group Director, is a significant shareholder of Cavalry House. In total, the services charged to Primexpo were £102,000 (31 March 2012: £95,000, 30 September 2012: £192,000).

During the period ended 31 March 2013 consultancy fees of £70,000 (31 March 2012: £120,000, 30 September 2012: £238,000) were paid to Kyzyl Tan Eurasian Advisors Limited ('Kyzyl Tan'), of which Edward Strachan is a significant shareholder. No living away from home allowance was paid to Kyzyl Tan (31 March 2012: £19,000, 30 September 2012: £19,000). These payments were made under a contract for Kyzyl Tan to provide the services of Edward Strachan to the Group.

During the period the Group made a non-contractual, voluntary payment of £25,000 (31 March 2012: £nil, 30 September 2012: £5,000) to Kyzyl Tan Foundation, a charity of which Edward Strachan is a trustee.

During the period ended 31 March 2013 the Group purchased a 40% stake in Lentewenc, a company incorporated in Poland. Edward Strachan is a significant shareholder of Lentewenc. The Group did not transact with Lentewenc during the period.

20. Principal risks and uncertainties

The Group identifies and monitors the key risks and uncertainties affecting the Group and runs the business in a way that minimises the impact of such risks where possible. There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The principal risks and uncertainties are detailed below and in our most recent Annual Report.

Political uncertainty and regulatory risk

The Group's business is principally carried out in Russia and the CIS. Changes in law or the regulatory environment could have an effect on some or all of the exhibitions of the Group. ITE has reduced the risk by establishing its business as independent Russian and CIS companies fully contributing to the local economy, and the diversity of businesses across sectors and geography provides protection for the longer-term prospects of the Group.

Economic instability reduces demand for exhibition space

Reduced demand for exhibition space would reduce the profits of exhibitions. ITE operates across a wide range of sectors and countries to minimise the exposure to any single market. ITE, through its relationships with venues and staff, has a relatively flexible cost structure, allowing it to manage its event margins in the short and medium term. This was evidenced by the Group's performance during the recent recession.

Going concern

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

Commercial relationships

The Group has key commercial relationships with venues which secure the Group's rights to run its exhibitions in the future. A significant change in relationship could impact the Group's ability to operate its events. These key relationships are regularly reviewed and the Group seeks to maintain its exhibition rights for at least three years forward for significant exhibitions.

Venue availability

Damage to or unavailability of a particular venue could impact the Group's short-term trading position. Accordingly, the Group carries business interruption insurance which protects profits on its largest events against such an event in the short term. In the longer term the Group seeks to maintain good relationships with its principal venues to ensure the continuance of availability.

20. Principal risks and uncertainties continued

Competitor risk

Competition has existed in ITE's markets for some years. ITE faces competitive pressures on a market-by-market basis. In all of its overseas markets, ITE has a strong position as an international organiser, achieved through effective use of its international sales network and its established brands for major events. A single exhibition or sector in a market could have its prospects curtailed by a strong competitor launch; however, the breadth of ITE's portfolio of events, with its geographic and sector diversity, reduces the risk of a competitive threat to the Group's overall business.

People

ITE's employees have long-standing relationships with customers and venues, and a unique knowledge of the exhibitions business. Loss of key staff to a competitive event could impact the short-term prospects of a specific event or sector. ITE has sought to build loyalty in its staff by ensuring remuneration is competitive and through a wide distribution of the Group's long-term incentive plans. ITE has a good record of retaining its key staff through both growth and recessionary times.

Financial risk – foreign currency risk

The Group is exposed to movements in foreign currency exchange rates against Sterling for both trading transactions and for the translation of overseas operations. The principal exposures are to the Sterling/Euro exchange rate, which forms the basis of invoicing for most sales transactions within the Group. It is also exposed 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 and utilising currency overdraft and term loan facilities to hedge foreign currency balance sheet assets.

Recent guidance released by the Financial Reporting Council ('FRC') requires the Group to comment on its exposure to risks from the Eurozone crisis. The Group's liquidity risk (its ability to service short-term liabilities) is considered low in all scenarios bar a fundamental collapse of the financial markets. Whilst the Group's revolving credit facility is normally at least partially drawn in Euros (€9.6 million at 31 March 2013) this could alternatively be drawn in other currencies (Sterling or Dollars), and at 31 March 2013 there was headroom of £4.4 million on the Group's borrowing facilities. As at 31 March 2013 the Group also held Euro-denominated cash balances of €12.6 million with only €1.9 million held in banks within the Eurozone.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

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

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (Indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By the order of the Board

Russell Taylor
Chief Executive Officer
17 May 2013

INDEPENDENT REVIEW REPORT TO ITE GROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2013 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes 1 to 20. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

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

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

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
17 May 2013

DIRECTORS AND PROFESSIONAL ADVISERS

Directors	Marco Sodi, Non-executive Chairman Russell Taylor, Chief Executive Officer Neil England, Non-executive Director Michael Hartley, Non-executive Director Linda Jensen, Non-executive Director Neil Jones, Group Finance Director Edward Strachan, Executive Director
Company Secretary	John Price
Registered office	ITE Group plc 105 Salusbury Road London, NW6 6RG
Registration number	1927339
Auditor	Deloitte LLP London
Solicitor	Olswang 90 High Holborn London, WC1V 6XX
Principal Bankers	Barclays Bank plc 27 Soho Square London, W1D 3QR
Company Brokers	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London, EC4M 7LT
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Public Relations	FTI Consulting Holborn Gate 26 Southampton Buildings London, WC2A 1PB
Website	www.ite-exhibitions.com

FINANCIAL CALENDAR

Interim dividend	
Ex dividend date	3 July 2013
Record date	5 July 2013
Payment date	8 August 2013
Final dividend	
Ex dividend date	January 2014
Record date	January 2014
Payment date	February 2014

NOTES

Designed and produced by **Emperor Design Consultants Ltd**
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