Creating marketplaces for business…

ITE Group plc
Interim Report 2008

Over the first six months of this financial year ITE's business units have experienced continued good trading conditions in the Group's core markets of Russia and the CIS, and the Group's principal events have performed well.

The Group continues to implement its strategy of strengthening its position in core markets and industry sectors.

The second half has started well with the key Moscow events held since 31 March 2008 performing at least in line with our expectations.

Contents

Highlights

Steady growth in core markets

	Six months to 31 March 2008	Six months to 31 March 2007
Volume sales	**161,100m^2**	163,100m^2
Revenue	**£32.6m**	£31.3m
Operating profit*	**£6.6m**	£4.4m
Profit before tax	**£3.9m**	£4.7m
Headline pre-tax profit**	**£4.7m**	£5.5m
Basic earnings per share	**1.1p**	1.3p
Diluted earnings per share	**1.1p**	1.3p
Headline diluted earnings per share***	**1.3p**	1.5p
Interim dividend per share	**1.6p**	1.3p
Net cash	**£42.3m**	£37.4m
Net assets	**£39.5m**	£40.3m

Notes:

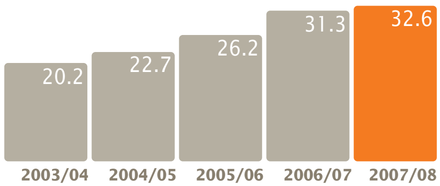
* Operating profit for 2007 has been restated for the presentation of financial instruments – see note 1 for details.

** Headline pre-tax profit is defined as profit before tax, amortisation of acquired intangibles and impairment of goodwill (including associates) and profits or losses arising on disposal of group undertakings – see note 5 for details.

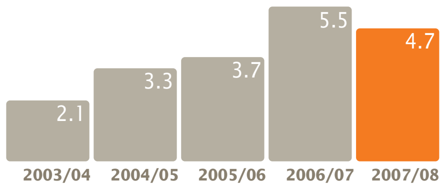
*** Headline diluted earnings per share is calculated using profit before amortisation of acquired intangibles and impairment of goodwill (including associates) and profits or losses arising on disposal of group undertakings – see note 8 for details.

- > Good organic growth driven by quality of exhibition portfolio in core markets
- > Like-for-like revenue up 9%
- > Headline pre-tax profit of £4.7 million achieved after a net foreign exchange charge of £2.8 million
- > Acquisitions of SFITEX and Siberian Fairs strengthens the Group's position in core markets
- > Strong balance sheet to support further investment in business
- > Interim dividend increase demonstrates confidence of Board
- > Forward sales for full year 2008 up 10%+ on a like-for-like basis

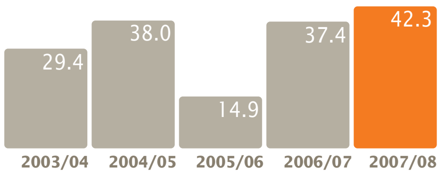
Revenue (£m)



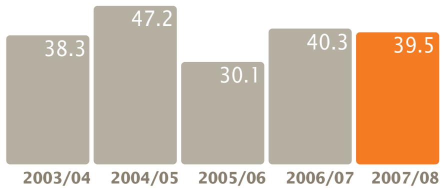
Headline pre-tax profit (£m)



Net cash (£m)



Net assets (£m)



The results for 2004 are based on UK GAAP. 2005 through to 2008 are based on IFRS.

Interim management report

Overview

Over the first six months of this financial year ITE's business units have experienced continued good trading conditions in the Group's core markets of Russia and the CIS, and the Group's principal events have performed well. The trading environment in Russia and the CIS has not been notably affected by the conditions of the financial markets in Western Europe and the United States and demand for our exhibitions continues to reflect the growth of the underlying economies in which we operate. The financial results for the first six months reflect changes in the timing of some exhibitions and charges for 'mark to market' provisions against derivative instruments arising from the recent appreciation of the Euro against Sterling.

The reported revenue of £32.6 million (2007: £31.3 million) for the first six months represents a 9% improvement on the like-for-like result for the same period last year ('like-for-like' is adjusted for timing effects for events being held in different periods). Headline pre-tax profit of £4.7 million (2007: £5.5 million) is stated after a net £2.8 million charge for foreign exchange (2007: £0.3 million gain). This net cost, which largely relates to the recent strength of the Euro against Sterling, is expected to be matched by an equal benefit to revenues and profits over the full year. There are a number of events which have moved dates, notably the TransRussia transport event, which will be reported in the second half this year. Reported pre-tax profit for the six months was £3.9 million (2007: £4.7 million).

The Group continues to implement its strategy of strengthening its position in core markets and industry sectors. In February 2008 the Group announced the acquisition of an annual security event in St Petersburg. Under ITE's ownership, this event will benefit from the Group's international marketing network. On 29 April 2008 the Group announced that it had acquired Siberian Fairs LLC which has a strong portfolio of exhibitions in Russia's third largest city, Novosibirsk. ITE's management has anticipated the growth of exhibitions in the regional cities of Russia for some time and the acquisition of Siberian Fairs LLC is the first step in ITE's ongoing regional expansion plan. ITE is presently working with parties who plan to build a new larger and purpose built exhibition facility in Novosibirsk for delivery by 2011. This, when completed, will provide opportunities for the future growth of the Siberian Fairs's portfolio of events.

In Central Asia ITE has advanced $1.5 million to support the building of a new 6,000m^2 exhibition facility in Atyrau, Kazakhstan. The facility which is planned to be completed in 2010 will facilitate the future development of ITE's exhibition business in Atyrau.

The Board remains committed to returning surplus cash to shareholders via dividends and the buyback of shares. As at 31 March 2008 the Group's balance sheet recorded net assets of £39.5 million (2007: £40.3 million) and net cash balances of £42.3 million (2007: £37.4 million). The Board intends to return surplus free cash flow of the business after dividends to shareholders, through a rolling share buyback programme in the second half.

Board and management

Following the unexpected departure of the Group's CEO, Bill Dye in January this year, the Group's Finance Director, Russell Taylor has been acting as Chief Executive Officer and together with Edward Strachan has been responsible for the execution of the Group's plans. The Nomination Committee has carried out an intensive search process and, following that process, has appointed Russell Taylor as the Group's CEO. A Group Finance Director will be appointed in due course but, in the meantime, Russell Taylor will continue to hold both functions.

Sir Jeremy Hanley retired from the Board after 10 years of duty at the Group's AGM in March. He was appointed when the Group first listed on the London Stock Exchange and the Board warmly thanks him for his contribution to the development of ITE Group plc over the last 10 years. Neil England has subsequently been appointed as a non-executive Director and brings to the Group extensive experience of sales and marketing in its core markets of Russia and the CIS regions.

Dividend

The Board has approved an interim dividend of 1.6p per share (2007: 1.3p per share). The increase in the interim dividend reflects the Board's commitment to a progressive dividend policy and its confidence in ITE's trading prospects.

Financial performance

Revenue for the first half increased 9% on a like-for-like basis compared to last year. The gross profit margin achieved over the first six months of 42% is an improvement over last year's comparable margin of 38%. This reflects the effect of the stronger Euro on revenues and the cessation of some less profitable events in ITE's portfolio. Operating profit of £6.6 million (2007: £4.4 million) is stated after administrative costs of £7.4 million (2007: £7.7 million) which include a foreign exchange gain of £0.7 million (2007: £0.5 million gain) and £0.8 million of amortisation charges (2007: £0.8 million).

Board remains confident of the prospects for the full year

At 1 October 2007 the Group held €47 million of derivative financial instruments extending forward to 31 March 2009. The strength of the Euro against Sterling at 31 March 2008 (€1.26: £1) has required the Group to make 'mark to market' provisions against these financial instruments. At 31 March 2008 the Group had outstanding commitments to sell €29 million over the next 12 months and carried a provision against these instruments of £3.1 million. Group receipts of Euros are expected to be in excess of €29 million over the same period.

Finance income of £1.1 million has increased over last year's figure of £0.9 million, due to higher average cash balances held over the first six months of the year. Finance costs of £3.9 million (2007: £0.5 million) for the first six months include £3.5 million of charges relating to unhedged derivative instruments (2007: £0.2 million). This includes the charges related to the £3.1 million 'mark to market' provision carried against future derivative instruments.

Headline pre-tax profits of £4.7 million (2007: £5.5 million) reflect a good underlying trading performance from the business. The trading result stated before foreign exchange charges (which largely relates to future liabilities) was an improvement of more than 25% in both operating and pre-tax profit over the comparable period for last year.

Trading highlights and review of operations

In the six months to 31 March 2008 ITE organised 67 events (2007: 62 events) including seven new launch events. Total square metres sold in the first half fell slightly from 163,100m^2 last year to 161,100m^2 this year, reflecting the Group's decision to withdraw from some marginal exhibitions and the effect of exhibitions changing dates between the first and second halves of the year. A summary analysis of the Group's sales and margins from its exhibitions business is set out below:

	Square metres sold 000s	Revenue £m	Gross profit £m
First half 2007	163.1	30.4	11.7
Timing differences	(3.8)	(1.3)	(0.5)
Net organic growth	1.8	2.7	2.2
First half 2008	**161.1**	**31.8**	**13.4**

The Group's overall yield for the six month period is £197 per m^2 (£186 per m^2 for the same period last year). The change in yield largely reflects the effect of translating Euro denominated revenues at a more beneficial exchange rate.

Russia

Overall the Russian business achieved similar space sales to last year but produced higher yields, revenues and profits following the withdrawal from some marginal activity and concentration on the growth of its core events. The results include a strong performance from the Moscow International Travel event, which at 20,800m^2 reported a 12% increase in space sales. The other principal event taking place in Russia over the first six months of the year, Ingredients Russia performed much as expected selling 5,600m^2 (2007: 6,300m^2), following a date clash this year with its biennial European competitor. In April TransRussia, which took place in March last year performed exceptionally well growing its space sales by over 30% following its move to larger facilities. The contribution from this event will be reported in the second half this year. There were other good performances from the smaller events in Moscow including the recent acquisition, Expoclean.

Central Asia & the Caucasus

Over the first six months space sales in Central Asia and the Caucasus were 14% higher than for the same period last year on a like-for-like basis, with revenues and profits improving by more than 15%. As reported previously the Kazakhstan Oil and Gas event reported a 15% growth in space sales and a matching revenue growth from the related conference. The Group expanded its portfolio of oil and gas conferences with the launch of an oil and gas conference in Turkmenistan, which was a significant success generating revenue of £0.7 million and hosting over 650 delegates. Other notable results from the Central Asia portfolio were the continuing strength of the construction events and ongoing growth from the food sector across the portfolio. WorldFood Kazakhstan recorded an increase in space sales of more than 15% and KazBuild Spring, now in its third year, achieved an increase of 13%. In Azerbaijan the main event in the first half was BakuBuild, which is venue constrained, managed a 5% growth in space over last year. The Group is still seeking to find a resolution to the venue issue in Baku which currently inhibits the development of the business in Azerbaijan.

The Group continues to implement its strategy of strengthening its position in core markets and industry sectors

Interim management report
continued

Southern and Eastern Europe

Overall the Kyiv business reported space sales 8% higher than for the same period last year. The first quarter saw uncertain trading in the autumn events with Worldfood Ukraine and the Information Communication Technology event both reporting space sales marginally behind last year's results. After a change in management the second quarter results resumed the strong growth patterns of previous years. The two largest events in Kyiv both take place in February, and both continued to show good growth over previous editions. AgriHort, the agricultural event, increased its space sales by circa 20% to 19,100m^2 and improved its yield simultaneously. ITE's construction event, KievBuild, improved space sales by over 30% to 10,400m^2. The last event in the calendar for the first half was the Ukraine International Travel & Tourism event, which in Ukraine's 'year of tourism' was opened by President Yuschenko and increased its size by 10% to 6,700m^2.

In Turkey, the financial results for the first half were affected by the strength of the Turkish Lira against the US Dollar. Most events in Turkey are priced in US Dollars and as a result reported yields were under pressure for all events. Our 100% owned business, EUF, which held two events in the first half performed well in the circumstances. The ITF business which is 50% owned was also affected by the currency issue but through better control over costs reported improved financial results from a broadly similar trading performance as last year.

UK and Rest of the World

MODA, the fashion and footwear business, has found itself in adverse market conditions in the first half. Fashion is a cyclical exhibition business and ITE's business is performing well against a general downturn in the UK fashion retail trade. The MODA spring event was an unexpected success, with results in line with last year's event despite space sales being 6% lower than last year at 17,200m^2. The event was well attended and there was real enthusiasm from visitors and exhibitors alike. The publishing business continued to struggle in the current market conditions.

Outlook

ITE has completed its busy programme of April events in Moscow. As anticipated last year the construction event, Mosbuild, had its growth suppressed this year by a date clash with a large German exhibition. Nonetheless the combined exhibitions of MosBuild and MosBuild+ grew from last year's 84,600m^2 to 87,200m^2 this year. The Moscow International Security event and TransRussia both benefited from a move to better and larger venue facilities, and grew to 7,600m^2 (13% increase) and 8,200m^2 (30% increase) respectively. The Moscow International Boat Show and Expoelectronica both recorded growth over last year in space sales and a more significant growth in their revenues. This pattern is repeated throughout the events held in April, which have all reported higher revenue growth than space sales, reflecting, inter alia, the effect of the stronger Euro on the Group's Sterling yields.

The trading pattern of the first half looks set to continue with ITE's more important events experiencing good demand from exhibitors. The continuing strength of the Euro against Sterling will have an increasingly beneficial effect on sales yields for the rest of the financial year. At current exchange rates we anticipate that the gains in revenue and profits realised over the full year will at least match the net costs incurred on foreign exchange at 31 March 2008. In the longer term a continuing strong Euro will have an overall positive effect on the revenues and profits of ITE's portfolio of events.

At 12 May 2008 ITE had booked revenue of £92.9 million for the full year (£85.8 million this time last year). On a like-for-like basis this represents more than a 10% increase over the same period last year. The second half has started well with the key Moscow events held since 31 March 2008 performing at least in line with our expectations. Sales visibility remains good, and the Board remains confident of the prospects for the full year.

By the order of the board

Chief Executive Officer & Group Finance Director
Russell Taylor
16 May 2008

Disclaimer
The interim management report has been prepared solely to provide additional information to shareholders as a body to assess the Company's strategies and the potential for those strategies to succeed. The interim management report should not be relied on by any other party or for any other purpose.

The interim report includes forward looking statements made by the directors in good faith based on the information available to us up to the time of approving the interim report. These statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

Consolidated income statement
For the six months ended 31 March 2008

	Notes	**Six months to 31 March 2008** **Unaudited** **£000**	Six months to 31 March 2007 Restated* Unaudited £000	Year ended 30 September 2007 Restated* Audited £000
Continuing operations				
Revenue		**32,592**	31,277	99,134
Cost of sales		**(18,973)**	(19,243)	(49,397)
Gross profit		**13,619**	12,034	49,737
Other operating income		**141**	123	253
Administrative expenses before amortisation		**(6,586)**	(6,933)	(15,599)
Amortisation of acquired intangibles		**(777)**	(794)	(1,603)
Total administrative expenses		**(7,363)**	(7,727)	(17,202)
Share of results of associate		**248**	(23)	266
Operating profit		**6,645**	4,407	33,054
Finance income	3	**1,107**	872	1,778
Finance costs	4	**(3,866)**	(538)	(1,096)
Profit on ordinary activities before taxation		**3,886**	4,741	33,736
Tax on profit on ordinary activities	6	**(1,181)**	(1,433)	(10,777)
Profit for the period		**2,705**	3,308	22,959
Attributable to:				
Equity holders of the parent		**2,705**	3,327	22,978
Minority interests		**–**	(19)	(19)
		2,705	3,308	22,959
Earnings per share (p)				
Basic	8	**1.1**	1.3	9.1
Diluted	8	**1.1**	1.3	9.0

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

* Restated for the presentation of financial instruments – see note 1 for details.

Consolidated statement of recognised income and expense

For the six months ended 31 March 2008

	Six months to 31 March 2008 Unaudited £000	Six months to 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000
Currency translation on net investment in subsidiary undertakings	**253**	(276)	(62)
(Loss)/gain on cash flow hedge	**–**	(18)	331
Tax on items taken directly to equity	**–**	–	1,921
Net income/(expense) recognised directly in equity	**253**	(294)	2,190
Transferred to profit or loss on cash flow hedges	**(51)**	(202)	(614)
Profit for the period attributable to the shareholders	**2,705**	3,308	22,959
Total recognised income and expense for the period	**2,907**	2,812	24,535
Attributable to:			
Equity holders of the parent	**2,907**	2,831	24,554
Minority interests	**–**	(19)	(19)
	2,907	2,812	24,535

Consolidated balance sheet
31 March 2008

	Notes	**31 March 2008 Unaudited £000**	31 March 2007 Restated Unaudited £000	30 September 2007 Restated Audited £000
Non-current assets				
Goodwill		**34,497**	34,391	34,424
Other intangible assets		**4,399**	5,021	4,295
Property, plant & equipment		**1,483**	1,415	1,412
Investments in associates		**1,570**	1,446	1,358
Venue advances and other loans		**1,564**	2,588	1,583
Deferred tax asset		**1,399**	2,323	1,690
Derivative financial instruments	12	**–**	–	48
		44,912	47,184	44,810
Current assets				
Trade and other receivables	9	**33,549**	26,890	37,324
Derivative financial instruments	12	**–**	104	–
Cash and cash equivalents		**43,991**	43,656	39,963
		77,540	70,650	77,287
Total assets		**122,452**	117,834	122,097
Current liabilities				
Bank overdraft	11	**(1,722)**	(6,237)	(13,306)
Trade and other payables	9	**(75,360)**	(66,513)	(59,483)
Derivative financial instruments	12	**(3,147)**	(86)	(610)
Provisions		**(550)**	(1,025)	(824)
		(80,779)	(73,861)	(74,223)
Non-current liabilities				
Provisions		**(674)**	(1,284)	(754)
Deferred tax liabilities		**(1,464)**	(2,215)	(1,671)
Derivative financial instruments	12	**–**	(140)	(49)
		(2,138)	(3,639)	(2,474)
Total liabilities		**(82,917)**	(77,500)	(76,697)
Net assets		**39,535**	40,334	45,400
Equity				
Share capital	13	**2,527**	2,609	2,503
Share premium account		**2,108**	727	871
Merger reserve		**2,746**	2,746	2,746
Capital redemption reserve		**403**	291	403
ESOT reserve		**(2,829)**	(1,658)	(597)
Retained earnings		**33,834**	38,795	38,930
Own shares held		**–**	(3,566)	–
Hedge and translation reserve		**746**	390	544
Total equity		**39,535**	40,334	45,400

Consolidated cash flow statement

For the six months ended 31 March 2008

	Six months to 31 March 2008 Unaudited £000	Six months to 31 March 2007 Restated Unaudited £000	Year ended 30 September 2007 Restated Audited £000
Cash flows from operating activities			
Operating profit from continuing operations	**6,645**	4,407	33,054
Adjustments for:			
Depreciation and amortisation	**1,079**	1,065	2,159
Share-based payments	**425**	591	1,550
Other non-cash expenses	**(860)**	791	47
Loss/(profit) on sale of fixed asset	**6**	–	(39)
Share of associate (profit)/loss	**(248)**	23	(266)
(Decrease)/increase in provisions	**(440)**	202	(1,072)
Operating cash flows before movements in working capital	**6,607**	7,079	35,433
Decrease/(increase) in receivables	**6,017**	2,819	(1,480)
Increase in payables	**15,837**	14,457	7,565
Cash generated from operations	**28,461**	24,355	41,518
Tax paid	**(1,435)**	(3,294)	(10,324)
Venue advances and loans	**(740)**	(728)	(929)
Net cash from operating activities	**26,286**	20,333	30,265
Investing activities			
Interest received	**1,107**	872	1,752
Derivative financial instruments	**(993)**	–	–
Dividends received from associates	**–**	–	444
Acquisition of business	**(680)**	(84)	(359)
Exercise of Moda put option	**–**	–	(1,030)
Purchase of property, plant & equipment and computer software	**(548)**	(342)	(783)
Disposal of property, plant and equipment	**–**	–	142
Net cash (used in)/from investing activities	**(1,114)**	446	166
Financing activities			
Dividends paid	**(7,967)**	(6,316)	(9,634)
Interest paid	**(387)**	(312)	(663)
Net cash flow in relation to ESOT shares	**(2,129)**	1,811	2,623
Purchase of own shares	**–**	–	(17,506)
Proceeds from issue of share capital	**1,243**	11	144
Net cash flows from financing activities	**(9,240)**	(4,806)	(25,036)
Net increase in cash and cash equivalents	**15,932**	15,973	5,395
Net cash and cash equivalents at beginning of period	**26,657**	21,166	21,166
Effect of foreign exchange rates	**(320)**	280	96
Net cash and cash equivalents at end of period	**42,269**	37,419	26,657

Consolidated cash flow statement
continued

	31 March 2008 Unaudited £000	31 March 2007 Unaudited £000	30 September 2007 Audited £000
Comprised of:			
Cash and cash equivalents	**43,991**	43,656	39,963
Bank overdrafts	**(1,722)**	(6,237)	(13,306)
	42,269	37,419	26,657

Notes to the interim financial statements

1 Basis of preparation

The condensed consolidated interim financial statements are the results for the six months ended 31 March 2008. The condensed consolidated interim financial statements ("interim financial statements") have been prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union, in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the Disclosure and Transparency Rules of the Financial Services Authority.

The interim financial statements do not constitute statutory accounts as defined in section 240 of the Companies Act 1985 as they do not include all of the information required for full statutory accounts. The interim financial statements should be read in conjunction with the statutory accounts for the year ended 30 September 2007, which were prepared in accordance with IFRS as adopted by the European Union and have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

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 2008. These accounting policies are consistent with those applied in the preparation of the accounts for the year ended 30 September 2007 except for the changes in accounting policy described below.

Change in accounting policies

IFRS 7 "Financial instruments: Disclosures"

In the current financial year, the Group will adopt IFRS 7 "Financial instruments: Disclosures" for the first time. As IFRS 7 is a disclosure standard, there is no impact of this change in accounting policy on the interim financial statements.

Gains and losses on derivatives not in designated and effective hedging relationships

During the 2007/2008 financial year, ITE Group plc has changed its accounting policy in relation to the income statement disclosure of fair value gains and losses on derivatives not in designated and effective hedging relationships. Previously, ITE Group plc reported these fair value gains and losses in "Administrative expenses" in the income statement. As a result of the change in policy, these fair value gains and losses are now disclosed as part of "Finance income/costs". Management judges that this policy provides a fairer presentation of administrative expenses and a clearer presentation of derivatives in the financial statements. The comparative interim financial statements for 2007 and the comparative prior year end financial statements for 2007 have been restated. The effects of these changes on the comparative figures are:

- 31 March 2007: Increase in "Finance costs" of £0.2 million and a resulting decrease in "Administration expenses".
- 30 September 2007: Increase in "Finance costs" of £0.4 million and a resulting decrease in "Administration expenses".

Notes to the interim financial statements
continued

1 Basis of preparation continued

Presentation of derivative financial instruments in the balance sheet

In light of the change of accounting policy above and the movement in the value of derivative instruments in the period, the Group has also amended the balance sheet presentation of derivative financial instruments. Previously, the fair value of derivatives was shown in "Other debtors/other creditors", but is now presented as a separate balance sheet caption on the face of the balance sheet. Management believes that this presentation provides a clearer picture of the derivative instruments used by the Group. This presentational change has resulted in a restatement of the comparative interim financial statements for 2007 and the comparative prior year end financial statements for 2007. The effect of these changes on the comparative figures are:

- 31 March 2007: Decrease in "Other debtors" of £0.1 million and a decrease in "Other creditors" of £0.2 million and a resulting increase in "Derivative finance instruments".
- 30 September 2007: Decrease in "Other creditors" of £0.7 million and a resulting increase in "Derivative finance instruments".

2 Segmental information

The turnover 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.

Unaudited **Six months ended 31 March 2008**	UK & Western Europe £000	Central Asia & Caucasus £000	Russia £000	Eastern & Southern Europe £000	Rest of World £000	**Total Group £000**
By geographical location of events/activities						
Turnover	3,801	10,700	10,770	6,986	335	**32,592**
Result	(4,129)	4,999	2,898	2,918	(289)	**6,397**
By origin of sale						
Turnover	20,552	4,094	4,645	3,172	129	**32,592**
Result	4,988	592	195	601	21	**6,397**
Share of results of associates						**248**
Operating profit						**6,645**
Finance income						**1,107**
Finance costs						**(3,866)**
Profit before tax						**3,886**
Tax						**(1,181)**
Profit after tax						**2,705**
Capital expenditure	308	51	186	3	–	**548**
Depreciation and amortisation	877	59	136	7	–	**1,079**
Balance Sheet						
Assets	83,704	6,968	27,188	2,972	50	**120,882**
Investment in associates						**1,570**
Consolidated total assets						**122,452**
Liabilities	(48,596)	(5,134)	(26,785)	(2,346)	(56)	**(82,917)**

2 Segmental information continued

Unaudited

Six months ended 31 March 2007 – Restated	UK & Western Europe £000	Central Asia & Caucasus £000	Russia £000	Eastern & Southern Europe £000	Rest of World £000	Total Group £000
By geographical location of events/activities						
Turnover	3,924	8,092	11,788	6,227	1,246	31,277
Result	(4,057)	3,267	2,501	2,610	109	4,430
By origin of sale						
Turnover	18,088	3,061	7,001	2,748	379	31,277
Result	4,318	449	(1,072)	640	95	4,430
Share of results of associates						(23)
Operating profit						4,407
Finance income						872
Finance costs						(538)
Profit before tax						4,741
Tax						(1,433)
Profit after tax						3,308
Capital expenditure	77	81	189	(5)	–	342
Depreciation and amortisation	924	31	105	5	–	1,065
Balance Sheet						
Assets	83,050	5,364	26,526	1,428	20	116,388
Investment in associates						1,446
Consolidated total assets						117,834
Liabilities	(48,133)	(4,257)	(24,276)	(767)	(67)	(77,500)

Notes to the interim financial statements
continued

2 Segmental information continued

Audited

Year ended 30 September 2007 – Restated	UK & Western Europe £000	Central Asia & Caucasus £000	Russia £000	Eastern & Southern Europe £000	Rest of World £000	Total Group £000
By geographical location of events/activities						
Turnover	10,624	18,082	61,706	7,069	1,653	99,134
Result	(6,672)	6,060	31,003	2,445	(48)	32,788
By origin of sale						
Turnover	51,290	8,928	34,492	3,972	452	99,134
Result	18,788	2,191	12,037	(304)	76	32,788
Share of results of associates						266
Operating profit						33,054
Finance income						1,778
Finance costs						(1,096)
Profit before tax						33,736
Tax						(10,777)
Profit after tax						22,959
Capital expenditure	255	154	361	13	–	783
Depreciation and amortisation	1,839	68	212	40	–	2,159
Balance Sheet						
Assets	95,335	6,137	17,910	1,389	(32)	120,739
Investment in associates						1,358
Consolidated total assets						122,097
Liabilities	(53,299)	(4,798)	(17,180)	(1,333)	(87)	(76,697)

3 Finance income

	Six months to 31 March 2008 Unaudited £000	Six months to 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000
Interest receivable from bank deposits	**1,100**	830	1,720
Interest receivable from Inland revenue repayments	**–**	28	28
Interest receivable on advances to venues	**7**	11	4
Unwind of fair value discount on venue advances	**–**	3	26
	1,107	872	1,778

4 Finance cost

	Six months to 31 March 2008 Unaudited £000	Six months to 31 March 2007 Restated Unaudited £000	Year ended 30 September 2007 Restated Audited £000
Interest on bank loans and overdrafts	**302**	231	453
Bank charges	**85**	81	210
Loss on derivative financial instruments	**3,479**	226	433
	3,866	538	1,096

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

	Six months to 31 March 2008 Unaudited £000	Six months to 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000
Profit on ordinary activities before taxation	**3,886**	4,741	33,736
Amortisation of acquired intangibles	**777**	794	1,603
Headline pre-tax profit	**4,663**	5,535	35,339

6 Taxation

	Six months to 31 March 2008 Unaudited £000	Six months to 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000
Current tax			
UK corporation tax	**585**	1,002	4,897
Foreign tax	**512**	646	6,026
	1,097	1,648	10,923
Deferred tax	**84**	(215)	(146)
Tax on profit on ordinary activities	**1,181**	1,433	10,777

Tax at the interim is charged at 30% (2007: 30%) representing the best estimate of the weighted average annual corporation tax expected for the financial year.

Notes to the interim financial statements
continued

7 Dividends

	Six months to 31 March 2008 Unaudited £000	Six months to 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000
Final dividend for the year ended 30 September 2007 of 3.2p (2006: 2.5p) per ordinary share	**8,045**	6,331	6,331
Interim dividend for the year ended 30 September 2007 of 1.3p per ordinary share			3,303
Proposed interim dividend for the year ended 30 September 2008 of 1.6p (2007: 1.3p)	**3,995**	3,312	

The proposed interim dividend was approved by the Board on 14 May 2008 and has not been included as a liability as at 31 March 2008.

8 Earnings per share

The calculations of earnings per share are based on the following results and numbers of shares.

	Headline diluted			Basic and diluted		
	Six months to 31 March 2008 Unaudited £000	Six months to 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000	**Six months to 31 March 2008 Unaudited £000**	Six months to 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000
Profit for the financial period	**2,705**	3,327	22,978	**2,705**	3,327	22,978
Amortisation of acquired intangibles	**777**	794	1,603	**–**	–	–
Tax effect of amortisation	**(214)**	(157)	(419)	**–**	–	–
	3,268	3,964	24,162	**2,705**	3,327	22,978

	Six months to 31 March 2008 Number of shares (000)	Six months to 31 March 2007 Number of shares (000)	Year ended 30 September 2007 Number of shares (000)
Weighted average number of shares:			
For basic earnings per share	**249,914**	253,505	251,276
Dilutive effect of exercise of share options	**2,552**	7,382	4,454
For diluted earnings per share	**252,466**	260,887	255,730

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 for the financial year before amortisation and impairment of goodwill and profits or losses arising on disposal of group undertakings.

9 Current assets and current liabilities

Trade and other receivables include trade debtors of £16.9 million (31 March 2007: £14.9 million; 30 September 2007: £26.8 million) and venue advances and other loans of £2.0 million (31 March 2007: £2.6 million; 30 September 2007: £2.0 million).

During the period, £3.8 million held in a trust account as a result of the capital reduction in July 2005, was released leaving £81,000 held in trust.

Trade and other payables include deferred income of £65.7 million (31 March 2007: £55.8 million; 30 September 2007: £46.2 million).

10 Acquisition of business

On the 29 February 2008 the Group completed the acquisition for a cash consideration of Roubles 30 million (£0.6 million) of a small fire and protection event in St Petersburg, Sfitex. This event is complementary to the Moscow International Protection and Security event already owned by ITE and strengthens the Group's portfolio in this growing sector. The event will next be held in October 2008 and no revenues or profits have been recognised in the consolidated income statement for the six months to March 2008. If the acquisition had taken place at the beginning of the financial year, it is estimated that Group revenues for the period would have been $0.9 million higher and the Group profit before tax would have been $0.3 million higher.

11 Bank overdraft

The bank overdraft is repayable on demand. 100% of the borrowing is denominated in US Dollars. The borrowings are arranged at floating interest rates, thus exposing the Group to cash flow interest risk. The overdraft is taken out to act as a partial hedge against the UK trade receivables in US Dollars.

12 Foreign currency derivatives

The Group utilises foreign currency derivatives to hedge significant future transactions and cash flows. The Group is party to foreign currency forward-plus 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-plus contract, the Group has a right but not an obligation, to sell Euros for Sterling at a specified rate range at specified dates. However, if the spot rate is at or below the specified barrier rate on any business day during the barrier period the right to sell Euros becomes an obligation, at the specified strike rate. As at 31 March 2008, the spot rate was below the barrier rate for all of the instruments.

As at 31 March 2008 the notional amounts of outstanding foreign currency forward-plus contracts that the Group has committed to are as follows:

	Six months to 31 March 2008 Unaudited €000	Six months to 31 March 2007 Unaudited €000	Year ended 30 September 2007 Audited €000
Foreign currency forward-plus contracts	**29,000**	18,000	41,000

These arrangements cover exchange exposures over the next 12 months, with €11 million covering exposures after September 2008. These instrument have either not been designated as hedging instruments, or are inefficient hedge instruments and, as such, any changes in its fair value are being recorded in the income statement.

At 31 March 2008, the fair value of these derivatives is estimated to be a liability of approximately £3.1 million (31 March 2007: asset of £0.1 million and liability of £0.2 million; 30 September 2007: liability of £0.7 million). This is based on market valuations. There are no amounts deferred in equity at 31 March 2008 for these instruments.

13 Share capital

	Six months to 31 March 2008 Unaudited £000	Six months to 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000
Authorised			
375,000,000 ordinary shares of 1 penny each (31 March 2007: 375,000,000)	**3,750**	3,750	3,750
Allotted and fully-paid			
252,689,987 ordinary shares of 1 penny each (31 March 2007: 260,931,821)	**2,527**	2,609	2,503

During the period, the Company allotted 2,365,646 ordinary shares of 1 penny each pursuant to the exercise of share options. 10,347 ordinary shares were issued in respect of Director's remuneration. The total consideration for the shares issued was £1,260,604.

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

14 Events after the balance sheet date

On 29 April 2008 the Group announced the acquisition for a total cash consideration of $12.1 million of 100% of the issued share capital of Siberian Fairs LLC, an exhibitions business based in Siberia. The acquisition further strengthens ITE's core activities in the growing markets of Russia and the CIS and is highly complementary to the sector profile of the Group's exhibition portfolio.

Siberian Fairs LLC is based in Novosibirsk, Siberia and owns a comprehensive portfolio of 30 exhibitions servicing business requirements of the Novosibirsk region. The largest exhibitions are in Construction, Furniture & Interiors, Motor, Food Products & Packaging and Agriculture. The business has around 160 employees and in 2007 it generated revenue of approximately US$10 million and profit before tax of approximately US$3.5 million. Gross assets of approximately US$1 million were acquired as part of the transaction.

15 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 key management personnel will be disclosed in the Group's Annual Report for the year ended 30 September 2008. Transactions between the Group and its associates, where relevant, are disclosed below.

Trading transactions

Ceyda Erem, a former director of ITE Group plc, has a controlling interest in CNR, a company that manages the largest exhibition halls in Istanbul. During the six months to 31 March 2008, ITF, the Group's associate, was charged £1.9 million by CNR for rent, hall services such as electricity, security and advertising and stand construction (2007: £2.4 million). At 31 March 2008, CNR owed ITF £0.5 million (31 March 2007: £1.4 million; 30 September 2007: £1.1 million).

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 £39,000 (31 March 2007: £22,000; 30 September 2007: £57,000).

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 £88,000 (31 March 2007: £68,000; 30 September 2007: £114,000).

16 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. These risks 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.

Commercial relationships

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

Venue availability

Damage or unavailability of a particular venue could impact the Group's short-term trading position. Accordingly, the Group carries business interruption insurance policies which protect profits of its major events against such an occurrence in the short term.

Competitor risk

Competition has existed in ITE's markets for some years. ITE faces competitive pressures on a market-by-market basis.

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.

Financial risk

The Group also faces financial risks; the key risk being foreign currency risk. The Group is exposed to movements in foreign exchange rates against Sterling for both trading transactions and for the translation of net assets and the profits and loss accounts of overseas operations. The principal exposure is to the Euro and Dollar exchange rates, which form the basis of invoicing for our international customers.

The bulk of the Group's business is in emerging and developing markets and to minimise the currency risk, the Group prices predominantly in Euros and US Dollars. A proportion of total invoicing amount is settled in local currency equivalent, translated at prevailing rates at the date of settling invoices. The Group uses derivative instruments and currency borrowings to protect itself against the effect of currency fluctuations on forward sales and its balance sheet.

Responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed set of 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

Chief Executive Officer & Group Finance Director
Russell Taylor
16 May 2008

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 2008 which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 16. 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 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 Kingdoms' 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 inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2008 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 & Touche LLP
Chartered Accountants and Registered Auditor
16 May 2008
London, UK

Directors and professional advisers

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Iain Paterson, non-executive Chairman
Russell Taylor, CEO & Group Finance Director
Michael Hartley, non-executive Director
Edward Strachan, executive Director
Malcolm Wall, non-executive Director
Neil England, non-executive Director

Company Secretary
Russell Taylor

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Financial calendar

Interim dividend

Record date	30 May 2008
Payment date	20 June 2008

Final dividend

Record date	February 2009
Payment date	March 2009

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