ITE Group plc
Annual Report 2006

Creating marketplaces for business

Creating marketplaces for business

The ITE Group is one of the world's leading organisers of trade exhibitions and conferences, creating marketplaces for business…

…in B2B sectors
ITE's exhibitions and conferences are predominantly 'business to business' in key international industry sectors such as construction & interiors, oil & gas, food & drink, fashion, travel & leisure and motor & transport.

…in emerging and developing markets
ITE specialises in organising events in emerging and developing markets, bringing international standards to regions where there are many growth opportunities.

…with strong support
The ITE Group of companies spans 15 countries and employs over 600 staff. No other organiser in ITE's markets offers this strength of expertise and support at both local and international levels.

…with strong brands
ITE's market leadership is based on a track record of sustained success in producing exhibitions and conferences that deliver results for clients.

Contents

Highlights

Financial

Turnover

2006	£82.4m
2005	£78.5m
2004	£60.8m
2003	£58.9m
2002	£52.4m

Net cash

2006	£21.2m
2005	£13.0m
2004	£33.5m
2003	£22.1m
2002	£17.7m

Headline pre-tax profit+

2006	£26.0m
2005	£25.3m
2004	£18.1m
2003	£15.5m
2002	£8.4m

Net assets+

2006	£43.6m
2005	£32.1m
2004	£44.4m
2003	£38.6m
2002	£34.1m

Note:
+ The results for 2002 through to 2004 are based on UK GAAP. 2005 and 2006 are based on IFRS.



	Year ended 30 September 2006	Year ended 30 September 2005
Volume sales	**425,600 m²**	340,900 m²
Turnover	**£82.4m**	£78.5m
Profit before tax	**£24.8**	£25.2m
Headline pre-tax profit*	**£26.0m**	£25.3m
Basic earnings per share	**6.9p**	6.7p
Diluted earnings per share	**6.7p**	6.6p
Headline diluted earnings per share**	**7.0p**	6.6p
Dividend per share	**3.5p**	2.75p
Net cash	**£21.2m**	£13.0m
Net assets	**£43.6m**	£32.1m

Notes:
* Headline pre-tax profit is defined as profit before tax, amortisation and impairment of goodwill (including associates) and profits or losses arising on disposal of group undertakings – see the Income statement for details
** Headline diluted earnings per share is calculated using profit before amortisation and impairment of goodwill (including associates) and profits or losses arising on disposal of group undertakings

Operational highlights

> Organic sales growth of 13% across the ITE Group

> Sales to the construction sector increased by 30% across the Group's industry exhibitions

> Purchase of two new Moscow events for 2007, Expoclean and Bytchimexpo

> Successful integration of 2005 acquisitions, Footwear (UK) and AgriHort (Ukraine) into existing office infrastructure. Both events increased sales in the first year as part of ITE

> New ITE backed pavilion in Almaty, Kazakhstan completed in September 2006 adding 5,000m² + gross space to Atakent facility

> Terms agreed for extension of venue agreement with IEC Kyiv up to 2014

> Additional exhibition space being constructed in Moscow and Kyiv – to be available in 2007-08

> Final 10% minority interest acquired in fashion and clothing events, MODA

> World Petroleum Congress relationship renewed for next event in Madrid 2008

Another year of
strong results

Chairman's statement

Group performance
The Group has produced another impressive trading and financial performance for the 2006 financial year.

Turnover of £82.4 million was a 5% improvement on last year's reported turnover of £78.5 million, and Headline profit before tax of £26.0 million was ahead of the restated result for last year (£25.3 million). This result was achieved despite lower interest income following last year's share buyback and the £4.9 million contribution in 2005 from non-annual events. Reported profit before tax was £24.8 million (2005: £25.2 million) and fully diluted earnings per share improved to 6.7p per share (2005: 6.6p).

Strategic progress
During the year the Group has continued to implement its strategy of pursuing organic growth and strengthening ITE's market leadership in key industry sectors supplemented through selective earning enhancing acquisitions. In addition, the excellent long-term relationships with our venues continue to be of significance to our business. In Moscow the construction event, MosBuild, grew into the newly constructed exhibition space at Crocus, and in Almaty, Kazakhstan, the KazBuild construction event was able to expand into the newly completed, ITE supported, pavilion. In Kyiv the larger events, KievBuild and AgriHort, were both able to grow into the second phase development at the IEC venue which was completed in January 2006.

It is through the proven and established success of our sales and organising teams that ITE is now the independent exhibition organiser of choice for venues in our markets. Looking forward, I see another year of continued growth built upon the relationships and contracts we have established.

Board and management
There have been a number of changes to the Board during the year. Marco Sodi stepped down in January following the sale by Veronis Suhler Stevenson of its remaining shareholding in the Company. Malcolm Wall joined the Board as a non-executive Director on 4 May 2006, and is a member of the Audit and Remuneration Committees. Malcolm brings extensive experience in the international B2B media and exhibitions business. Since the year-end Ceyda Erem has tendered her resignation as an ITE Board Director, although she will remain Managing Director of our associate business in Turkey.

Ian Tomkins has informed the Board that he wishes to relinquish his role as Chief Executive at the end of 2007 for personal reasons. The Nomination Committee will shortly be starting a process to find his successor and will be meeting both internal and external candidates. During his tenure Ian has made an immense contribution to the remarkable success of the Group.

I would like to express my thanks to the management and staff throughout the territories who have worked so hard to make this result achievable. We employ 650 people of whom over 75% are local nationals, employed and working in Russia, the CIS and Turkey.

Well placed to
drive our business forward

Dividend

The Board has proposed a final dividend of 2.5p per share, making a total dividend for the year of 3.5p. This reflects an increase of more than 25% over last year's total dividend and is in line with the Board's policy of increasing dividends in line with the underlying earnings growth.

Outlook

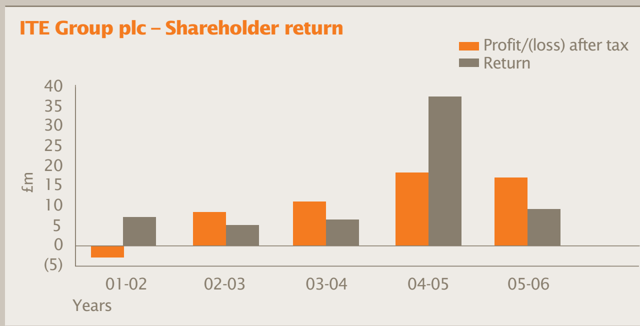
The continued expansion of the exhibition industry in Russia and the CIS which has fuelled ITE's growth over the last few years is set to continue. Strong economic conditions, ITE's recognised international brands, our market leading position and our dedicated and conscientious staff all place us in a very strong position to drive our business forward.

Iain Paterson
Chairman
4 December 2006

Shareholder performance

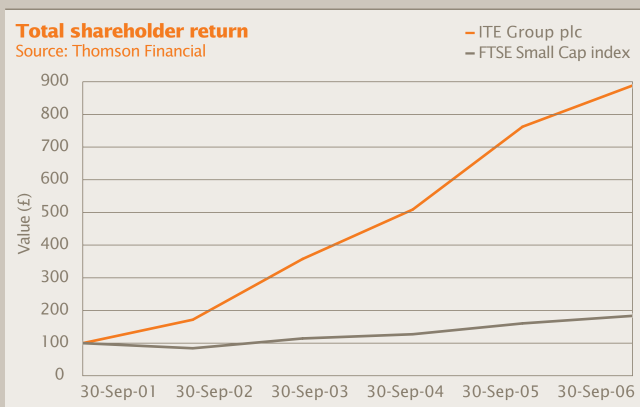
ITE is committed to maximising Headline earnings per share and through that, the return to shareholders. ITE has a strong record of growth in Headline profit before tax over the last five years, and through the Company's policy of increasing dividends in line with underlying growth, ITE has returned a significant proportion of its post tax profits to shareholders over this period. Last year the Company returned an additional £30 million to shareholders through a purchase and cancellation of its own share capital.

ITE's record in returning cash to shareholders through dividend distributions and through the purchase of its own shares is illustrated below together with the Group's post-tax profits for the same years. Over the five year period from 2001 to 2006, the Company has returned to shareholders £63 million in cash.



Notes:
(i) 01-02 dividend included an additional payment in relation to 00-01
(ii) 04-05 includes a share buy back

Through its strong trading performance and policy of increasing dividends in line with underlying growth, the ITE share price has increased from a low point of 15p during 2001-02 to a value of 122p at 30 September 2006. During the year ended 30 September 2006 the high point of the share price was 147p. ITE's share price has significantly outperformed its benchmark index, the FTSE Small Cap, over the five year period as set out in the graph below.



Note:
This graph shows the value, by 30 September 2006, of £100 invested in ITE Group plc on 30 September 2001 compared with the value of £100 invested in the FTSE Small Cap index. The other points plotted are the values at intervening financial year-ends

Chief Executive's business review

This business review has been prepared for ITE Group as a whole and highlights matters which are relevant in the context of the Group's business and financial results.

Results for 2006 financial year

Turnover for the year was £82.4 million (2005: £78.5 million). After making adjustment for the effect of biennial events this is a 16% improvement over last year's comparable turnover. This year's turnover includes an initial £2.7 million contribution of revenue from the Footwear and Kiev AgriHort acquisitions made in the last financial year. These events contributed £1.2 million to gross profits. The 'like for like' revenue growth (excluding the effect of biennial events and acquisitions in the year) achieved this year on our portfolio of events was 13%.

The direct costs of exhibitions were well controlled in 2006 and as a result the gross margin of 46.7% was circa 1% higher than the gross margin achieved on last year's portfolio of events.

Operating costs before amortisation charges of £14.1 million were 10% higher than the comparative charge for last year (2005: £12.8 million). Operating costs this year include the higher costs of expensing Performance Share Plans and Option Plans of £1.6 million (2005: £1.1 million), but this is partially offset by the release of a £0.3 million provision, originally made in 2003 against a venue loan.

The associate business in Turkey delivered a result of £0.6 million (2005: £0.4 million) despite a reduced contribution from its textile exhibitions.

Income from interest and finance was reduced following the £30 million share buyback executed in August 2005. Interest income was consequently reduced by approximately £1.3 million. Finance income includes the release of £0.4 million of 'notional imputed interest receipts' relating to certain venue loans under IFRS fair value accounting standards.

Headline profit before tax this year of £26.0 million was ahead of last year's headline profit before tax of £25.3 million and, after adjusting for the effect of biennial events, represents a 25% increase over the comparable result for 2005.

The Group's overall operating metrics for its events business (excluding publishing) are set out below:

		Square metres sold 000s	Revenue £m	Gross profit £m	Average yield £
2005	Results from Events	**340.9**	**77.3**	**35.6**	
	Non annual 2005	(23.9)	(10.0)	(4.9)	
2005	'Biennially adjusted'	**317.0**	**67.3**	**30.7**	**212**
	Acquisitions	20.9	2.7	1.2	
	'Like for like' growth	42.7	8.3	5.4	
2006	'Biennially adjusted'	**380.6**	**78.3**	**37.3**	**206**
	Non annual 2006	45.0	2.3	0.4	
2006	Results from Events	**425.6**	**80.6**	**37.7**	

In 2006 the Group organised 146 events (2005: 152 events) in fifteen countries (2005: sixteen countries) from its nineteen dedicated offices. There were sixteen new launches in the year contributing a total £2.0 million in revenue and £0.5 million in gross profits.

The Group sold 425,600m^2 of exhibition space in 2006 (2005: 340,900m^2). After adjusting for the effect of biennial events the Group achieved a 20% increase in volume sales, a 16% increase in revenues and a 21% improvement in gross profits from the events it organised in 2006.

The average yield across the Group achieved on comparable sales was 3% lower this year at £206 per m^2 (2005 comparable yield: £212 per m^2). This was expected as half of the dilution in yield was attributable to the average yields of the new acquisitions; a quarter of the dilution in yield related to the re-pricing of the Moscow International Motor Show, and the remaining quarter was caused by strong volume growth from regions outside Moscow, where in general, average yields are lower.

Operating at the heart of
a growing industry

Divisional review

'Like for like' growth (excluding the effect of biennial events and acquisitions) in revenue was 13% across ITE's total business. The strongest growth was in Central Asia where both profits and revenue increased by over 25%. Russia and Eastern & Southern Europe also performed above expectations. The table below sets out the biennially adjusted and 'like for like' growth in revenues across the regions of ITE's business.

	2006 £m	2005 £m	Actual change	Biennially adjusted	'Like for like' growth
Russia	49.9	48.4	3%	11%	11%
Central Asia & Caucasus	15.4	12.1	27%	27%	27%
Eastern & Southern Europe	8.3	5.0	66%	42%	32%
UK & Western Europe	7.8	6.0	30%	30%	(3%)
Rest of World	1.0	7.0	(86%)	(23%)	(23%)
	82.4	**78.5**	**5%**	**16%**	**13%**

Notes:
'Biennially adjusted' excludes the effect of biennial events
'Like for like' growth excludes the effect of biennial events and acquisitions in the year

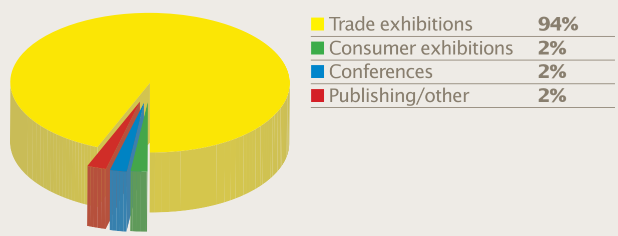
Business to business specialists

Business to business ('B2B') exhibitions and conferences are modern marketplaces for business. Face to face meetings to conduct business are a key marketing medium for international and local businesses to open sales channels in new territories.

B2B exhibitions and conferences generate the majority of their revenues in advance of the event and do not rely upon a consumer audience for their success.

ITE is a specialist in organising B2B exhibitions and conferences, and its focus on emerging and developing markets adds an extra dimension to its position in the media industry. These markets are by definition dynamic, and their fast moving, constantly changing nature means that trade events are in high demand as participants maximise their exposure to new commercial opportunities and stay one step ahead within their field.

ITE business type by revenue



Chief Executive's business review
continued

Russia
Offices: Moscow, St Petersburg

	2006	2005
Staff employed:	191	188
Exhibitions organised:	44	40
Square metres sold (000s):	206	194

The market conditions in Moscow and St Petersburg were strong with most exhibitions reflecting higher demand. In Moscow the second pavilion at Crocus, which was completed in 2005, added an extra 60,000m² of available gross space to the market's international quality exhibition space. Accordingly there was resultant change in the Moscow market with new launches and venue changes across the industry, as organisers responded to the increase in space and increased choice of venue. In St Petersburg there has been relative stability and little change in established trading patterns. However the draw of Moscow's large events for the major international exhibitors is causing St Petersburg to evolve into a more regional exhibition business.

In ITE's Moscow business the highlight of the year was the further expansion of the market leading construction event, MosBuild. At 68,300m² (2005: 54,400m²) across the two leading exhibition venues this event is now Moscow's, and Russia's, largest trade exhibition.

Of our other major international events in Moscow the Moscow International Travel and Tourism exhibition held in Expocentr was solid in response to competition this year from a new event launch at Crocus. It recorded marginal growth to 19,600m² (2005: 19,300m²) at a slightly reduced overall yield. The Moscow International Motor Show, focused on the B2B motor accessories, service and parts industries, took place for the first time in the new Crocus venue alongside the OICA consumer motor show, Autosalon. As part of this re-positioning the Moscow International Motor Show agreed a common pricing policy with the Autosalon event together with a lower venue cost to ITE. The event was bigger at 17,700m² (2005: 16,900m²) but yields were lower than the 2005 comparatives. However the new format was well received by visitors and exhibitors alike. Following the move to Crocus, pricing for the Moscow International Motor Show is likely to stabilise. Worldfood Moscow, held in Expocentr, continues to perform well and has become the leading specialist event in the trade food sector now occupying 22,200m² of space (2005: 20,300m²). Expoelectronica, the leading electrical components event, moved to the Crocus venue to secure more and better quality space. The event grew by over 20% to 9,000m² (2005: 7,400m²) and is now one of ITE's top five contributing events in Moscow.

There have been a number of successful new launches in Moscow this year. Babytime is a consumer focused event; MIBS Autumn an 'on the water' summer boat event supplementing our Spring Boat Show. Since the year end a new launch of an Autumn travel event, Select Travel, and the transfer of our pharmaceuticals event to Crocus have both proved successful initiatives. Additionally ITE acquired two new events in June this year. Expoclean Moscow has a focus on the industrial cleaning industry and Bytchimexpo focuses on household chemicals. Expoclean took place in November and performed ahead of expectations; Bytchimexpo will take place in March next year.

In St Petersburg most of the exhibitions reported steady growth. The major event in the calendar is BalticBuild which was unchanged in size at 10,200m² (the event is space constrained), but improved its revenues and profits. There was one small new launch, Subcontracting, supported by the City Government.

Looking forward there is a new pavilion being built at Expocentr which will provide much needed space for our Expocentr based events to expand. This will add a further 8,000m² gross space and is due for completion in early 2007. Crocus has also commenced construction of a third pavilion, designed to provide at least 60,000m² gross. With more new space available the Moscow exhibition business is well positioned to deliver further growth.

Local and global network provides
unrivalled expertise

Central Asia & Caucasus

Offices: Kazakhstan (Almaty, Astana, Atyrau) Azerbaijan (Baku), Uzbekistan (Tashkent), Georgia (Tbilisi), Kyrgyzstan (Bishkek), Tajikistan (Dushanbe)

	2006	2005
Staff employed:	183	134
Exhibitions organised:	59	63
Square metres sold (000s):	72	59

All offices in Central Asia experienced strong demand and excellent year on year revenue growth of more than 25% was achieved across the whole region. There have been no marked changes in the competitive environment. In Almaty, Atakent, the venue owner, successfully completed a new pavilion ready for our use in September 2006, but there have been no other significant changes in venue facilities elsewhere in Central Asia. A new office was opened in Kyrgyzstan in the year.

One highlight of the year was the new launch of KazBuild Spring in Almaty which delivered 4,100m^2. Our regular KazBuild (Autumn) event was able to utilise the newly constructed pavilion and grow to 10,800m^2 (2005: 8,300m^2). Total sales to the construction sector in Almaty have almost doubled in this financial year, testimony to the underlying strong demand. The strength of the construction sector was in evidence throughout the region with revenue growth at AtyrauBuild (10%), AstanaBuild (21%), BakuBuild (30%) and UzBuild (14%) all recording positive year on year growth.

In October 2005, the Kazakhstan International Oil & Gas exhibition and conference grew by 7% to 7,900m^2 (2005: 7,400m^2). Since the year-end the October 2006 edition has been held and grew by 20% into the newly constructed pavilion. Oil & gas events have again been strong performers throughout the region with the North Caspian event in Atyrau, Kazakhstan, Oil & Gas Uzbekistan and the Caspian Oil & Gas exhibition in Azerbaijan all recording good year on year revenue growth.

New launch activity continued its momentum. The eight small start up events and conferences across the regions will assist to secure ITE's future presence in these markets as the economic infrastructure evolves. Events were launched in construction, banking and financial services and the power industry (Kazakhstan); and telecoms and travel (Uzbekistan).

The current pattern of business growth in line with economic growth and assisted by venue development looks set to continue for the foreseeable future.

ITE staff leading the way

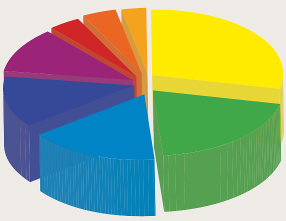
ITE was established in 1991 and since its early years has been a pioneer amongst trade event organisers through its expertise in launching and organising new events to international standards in places where the exhibition and conference industry is under developed.

ITE retains its innovative spirit today, but now the Company benefits from the depth of experience of its many staff who have worked at the forefront of their profession for several years.

ITE has a flat management structure and a philosophy of promoting responsibility throughout the workforce. Working for ITE is a rewarding experience and staff retention levels are high.

ITE's operational management is decentralised, with emphasis placed on local offices managing their own business with international support. This structure is designed to recognise the value of the expertise that has been developed throughout the Group and allows ITE to be more aware of, and responsive to, local market conditions.

ITE staff by region



1 Russia	29%
2 UK	20%
3 Kazakhstan	16%
4 Other – Central Asia	13%
5 Ukraine	11%
6 Turkey	4%
7 Germany	4%
8 Other	3%

Chief Executive's business review
continued

Eastern and Southern Europe
Offices: Ukraine (Kyiv), Turkey (Istanbul)

	2006	2005
Staff employed:	97	98
Exhibitions organised:	32	35
Square metres sold (000s):	104	49

In the Ukraine the second phase development of ITE's preferred venue, IEC, was completed in January 2006 allowing the newly acquired AgriHort event to expand into the new space. The 2006 edition of the event was 9,500m^2, significantly larger than the 2005 pre-acquisition edition. The construction event, KievBuild, also benefited from the new space and reported strong growth of 47% over last year's show to 7,750m^2. The Ukraine International Travel and Tourism event reported growth of 20% in revenue and profit in selling 5,100m^2 (2005: 4,200m^2). A strong overall result from the Ukrainian business was achieved in delivering 20% 'like for like' growth in revenues over the year.

In Turkey our wholly owned business delivered its best contribution to date. The construction plant and machinery exhibition, Ankomak was held, for the first time since 2003; this event is over 40,000m^2 but at relatively low yields. The Turkish business saw good growth in its other exhibitions and in its outbound sales activity into ITE events across the regions.

Our 50% owned associate business reported total sales of 200,000m^2 and made a contribution to ITE Group's profits after tax of £0.6 million. The furniture, house textiles and machinery tools events all grew well but the decline in the textile fabric exhibition, as previously advised, held back the overall result.

Western Europe and UK
Offices: UK (London, Huddersfield), Germany (Hamburg), Holland (Utrecht)

	2006	2005
Staff employed:	155	158
Exhibitions organised:	7	4
Square metres sold (000s):	36	25

The principal businesses carried out in the UK are the Spring and Autumn Fashion events, MODA, held at the NEC Birmingham and the related magazine publishing business. During the year the recently acquired Footwear UK events were integrated into the MODA UK business and operational structures. The core UK fashion events having enjoyed a successful February show, recorded a decline in demand in the Menswear section of its August event, reflecting seasonal patterns as well as circumstances in the UK retail market. The shortfall was more than compensated for by strong growth in the Footwear event over its pre-acquisition size. Magazine publishing also recorded a good result with revenues up 7% over the prior year on its portfolio of titles.

This ITE business unit has established a successful model of complementing magazine advertising and exhibition participation. The business has been quick to adapt to industry trends and to grow and consolidate exhibition and magazine revenue. 36 staff are employed in the North England office running the exhibition and magazine business.

Of the total staff employed in Western Europe and the UK, 28 are based in Germany contributing specialist sales onto Russia and the CIS. The London office of ITE employs 91 staff split evenly between sales teams and corporate 'head office'.

Rest of the World
Offices: Algeria (Algiers), China (Beijing)

The principal event running in Africa this year was in Algeria where we continued our relationship with U.N.C.T.A.D. Following on from our initial success we opened a small office in Algiers and entered into a joint venture with Sonatrach to organise the national oil & gas exhibition and conference in Oran in November 2006.

ITE has recently opened a small sales office in Beijing with a view to developing a greater participation from Chinese exhibitors into ITE's Russian and CIS events. Initial successes have been encouraging.

Successful track record builds
growing brand values

Strong brands in key sectors

Future outlook

ITE's strategy of focussing on achieving maximum organic revenue growth by leveraging its market leading position in markets where we have expertise advantage has yielded another strong set of results.

The growing strength and stability of the Russian and the CIS economies, underpin the growth of domestic and international trade business conducted within these regions. International and local businesses are increasingly looking to exhibit their goods and services at the exhibitions which ITE owns. Growth in the exhibition business has been constrained until recently, by the lack of suitable international quality exhibition space. In 2006 the completion of 75,000m^2 of new venue space across Moscow, Kazakhstan and Ukraine will help support growth of our exhibition portfolio into 2007 and beyond. We anticipate further additional space will become available for use in 2007 in Moscow and Ukraine. ITE has, in its markets, a series of recognised market leading brands across a number of international exhibition sectors. The Group's well established office and infrastructure network throughout the region means that it is well placed to fully participate in the anticipated growth of the exhibition business.

The new financial year has started well with trading in line with the Board's expectations. As of 1 December 2006 advance sales for the 2007 financial year were £54 million (2005: £43 million) an increase in excess of 10% on the comparable forward sales position this time last year. The Board remains confident of the prospect for the current financial year.

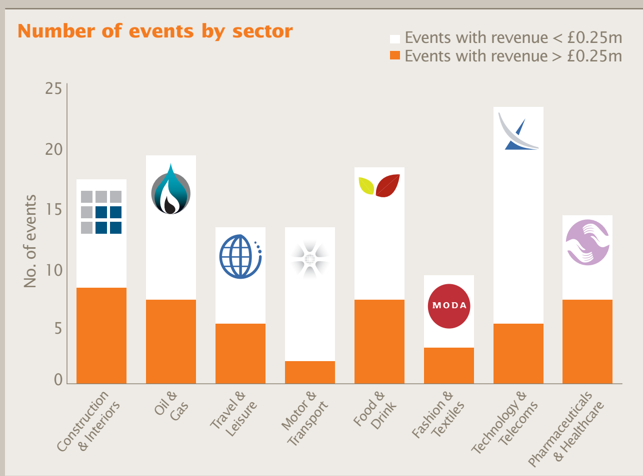
Ian Tomkins
Chief Executive Officer
4 December 2006

Brand strength at group and event level is a growing asset for ITE. This strength is built on a sustained record of presenting high quality events which meet customer expectations.

Acknowledged and growing brand recognition combined with positive brand values is helping ITE to realise the true potential of its leading exhibitions and conferences and leverage its leading brands to quickly develop new events across the Group's sectors and territories.

ITE events serve many key industries such as oil & gas, food & drink, construction & interiors, motor & transport, travel & leisure, medical & healthcare and IT & telecoms. Many of these sectors are critical to the continued development of the domestic economies where ITE operates.

Consequently, ITE occupies a favourable position organising market leading events in key industry sectors with significant long term prospects.






Business and financial review – Group business review

Nature of Company

ITE Group plc ('ITE') is an organiser of exhibitions and conferences throughout the world, specialising in emerging and developing markets. The Group operates in 15 countries categorised into five main geographic sectors: Russia, Central Asia, Southern & Eastern Europe, Western Europe and Rest of World. The main focus of operations is organising B2B trade exhibitions which accounted for 94% of its revenue in 2006. Consumer exhibitions accounted for 2% of ITE's revenue, conferences a further 2% and other activities related to the core exhibition business (mostly publishing) accounted for 2% of revenue.

The Group has 19 offices across the world, each of them employing local staff.

Region	Offices	Staff	Events	% of 2006 Group revenues
Russia	2	191	44	61%
Central Asia	8	183	59	19%
Southern & Eastern Europe	2	97	32	10%
Western Europe	4	155	7	9%
Other	3	21	4	1%
Total	**19**	**647**	**146**	**100%**

ITE's objectives and strategy

The Group's principal objectives are:

(1) To maximise diluted Headline earning per share
(2) To maximise 'organic' revenue growth
(3) To be the 'market leaders' in trade exhibitions in ITE's key industry sectors in each of its principal trading offices

The Group's strategy for achieving these objectives is:

(1) To prioritise management effort on increasing revenues from our existing offices, both through expansion of existing exhibitions and through the launch of new exhibitions
(2) To increase volume sales and maintain the rate achieved per unit ('yield') by office
(3) To make incremental 'bolt on' acquisitions where they support the achievement of our objectives
(4) To secure forward venue rights for significant exhibitions.

The Group's key performance indicators by which it measures its performance are:

	2006	2005
Fully diluted Headline earnings per share	**7.0p**	6.6p
Like for like 'organic' revenue growth	**13%**	11%
Volume Sales (excluding non-annual events) 000m^2	**381**	317
Average yield per m^2 (excluding non-annual events)	**£206**	£212

Fully diluted Headline earnings per share	Headline earnings per share excludes amortisation of intangible assets and profits or losses arising on the disposal of business.
'Like for like' revenue growth	% revenue growth generated from exhibitions, conferences and new launches excluding significant biennial events and acquisitions.
Volume sales	total m^2 sold excluding significant biennial events, including acquisitions.
Average yield	total revenue from exhibitions and conferences activities per m^2 sold.

Expertise in some of the world's most
sought after markets

Specialists in growth economies

Market leadership

Across the ITE Group portfolio the key market sectors and the proportion of revenue they represent are:

	2006 % of revenue	2006 number of events
Construction & Interiors	**35%**	17
Food & Drink	**12%**	18
Travel & Leisure	**11%**	13
Oil & Gas	**10%**	19
Fashion	**8%**	9
IT & Telecoms	**6%**	23
Motor & Transport	**6%**	13
Medical & Healthcare	**5%**	14
Other	**7%**	20
	100%	146

ITE looks to develop its brands and leverage their strength by using its strong network of offices and local knowledge to replicate events throughout the territories in which we operate.

ITE is one of the most significant organisers of exhibitions in the key territories of Russia, Central Asia and Ukraine.

In Russia ITE is the leading international organiser of events. ITE has been an established exhibition organiser in Moscow and St Petersburg for more than 10 years. In Moscow ITE organises over 40 events each year including market leading events in the construction, travel & leisure, oil & gas, motor & transport and food sectors. The St Petersburg office organises the leading event for the construction sector.

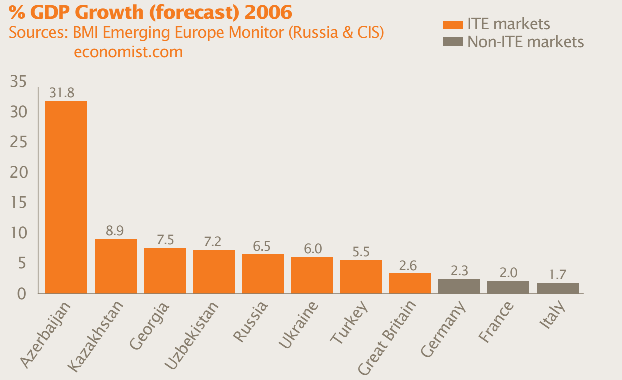
In Central Asia ITE has offices in 6 countries, organising 59 events. ITE has been organising events in these regions for more than 10 years and remains the largest international organiser in these markets. ITE organises the leading events in the construction, oil & gas and food sectors.

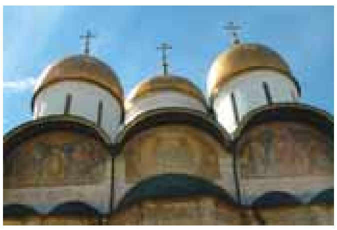
ITE occupies an enviable position in the media marketplace. It blends the dependability, energy and expertise of a progressive international company with the dynamism and growth of emerging and developing markets.

Many of ITE's markets are rich in natural resources and characterised by increasing investment and growing consumer demand. These are ideal conditions for companies with the vision and ambition to establish and expand their business in markets that can produce impressive returns.

A strategic focus on B2B events in growth economies, underpinned by the strength of the Russian market and the rapid development of markets in countries such as Azerbaijan and Kazakhstan is helping ITE to deliver exceptional results.

% GDP Growth (forecast) 2006
Sources: BMI Emerging Europe Monitor (Russia & CIS)
economist.com





Business and financial review – Group business review
continued

ITE's top 50 events (by revenue) categorised by market and by sector

	Construction & Interiors	Oil & Gas	Travel & Leisure	Motor & Transport	Food & Drink	Technology & Telecoms	Fashion & Textiles	Pharmaceuticals & Healthcare	Other	Total
Moscow	■	■□	■■□	■■	■■□	■□		■■	■□□□	19
St Petersburg	■				□			□		3
Kazakhstan	■■■	■□	□		□	■		□	□	10
Azerbaijan	□	■						□		3
Uzbekistan		■					□			2
Ukraine	■		■		■□	□		■		6
Turkey	■					□		□	■	4
UK							■■			2
Africa		■								1
TOTAL	8	7	5	2	7	6	3	7	6	50

Key:
■ > £0.5 million revenue
□ £0.25 million – £0.5 million revenue

In Ukraine ITE's office organises a portfolio of 23 events. The exhibitions include leading events in the construction, agriculture and travel sectors. The Ukraine business has grown significantly in recent years, from 14,000m² in 2003 to 43,000m² in 2006.

ITE has a growing operation in Istanbul, Turkey.

In the UK ITE owns the leading fashion exhibition, covering Womenswear, Menswear, Footwear and the Accessories markets. Under ITE's stewardship this event, which takes place twice a year has grown from 2,000m² to over 12,000m² over a five year period.

Organic growth
In the last year the Group launched 16 new events, generating a profit of £0.5 million. Notable new launches in 2006 were 'KazBuild Spring' in Kazakhstan which offered an alternative Spring dateline to the established September event; 'Subcontracting' a new event launched in St Petersburg; Babytime – a consumer exhibition targeting the infant and baby equipment buyer in Moscow, and after the year-end Select Travel, an experience based travel exhibition in Moscow. This activity complements ITE's established events and is driven by its strong local knowledge and presence, from a network of offices in touch with local developments and opportunities. Out of the portfolio of 146 events in 2006 over 50 have been launched by ITE in the last five years.

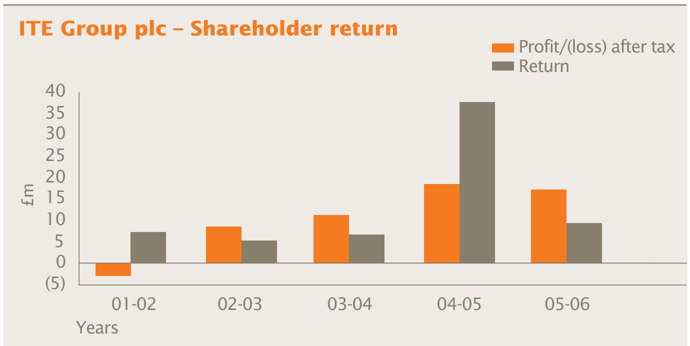
Every new launch is planned to break even in its first year of operation, with profit growth being established over subsequent events. Whilst new launches typically have lower profits and gross margins initially, this strategy helps renew the event portfolio in response to changes in market demand and is a proven and cost effective way of developing the business and identifying profitable events. The Group's local presence allows us to launch new events quickly and so react to changes in local circumstances. ITE's extensive office network helps the Group attract international exhibitors to new markets and events, which is important for the growth and future of these events.

Acquisitions
ITE pursues potential acquisitions that have a fit with either market or geographic sector, if not both. Each acquisition must meet minimum return on a range of investment criteria including Internal rates of return and payback. ITE pursues opportunities where the Group can add value through its existing infrastructure and skills, and so increase profits post acquisition. In 2006 ITE acquired a Gift & Décor event in Ukraine and two events in Moscow, Expoclean and Bytchimexpo (which will both make their first contribution in the financial year 2007). The Gift & Décor events (bi-annual) performed consistently with their pre-acquisition results, but have potential for good growth in the future.

ITE's acquisitions in the prior year are showing strong results with the Caspian Oil & Gas event growing revenues by 14% in its second year with ITE. The Footwear UK events increased revenues by over 10% and has strengthened the overall MODA brand and offering. Kiev AgriHort in Ukraine also increased its volume sales significantly. In all three of these acquisitions ITE was able to increase profitability by leveraging its existing relationships with service and venue suppliers and reducing costs.

Return to shareholders

ITE is committed to maximising shareholder return and is a leading performer in its sector. ITE's progressive dividend policy has resulted in total dividends in 2006 of 3.5 pence per share, up more than 25% over 2005 (2.75p). Since 2002 the dividend has increased on a compound basis by more than 20% per year. Set out below is a graph showing total cash returned to shareholders (including the share buyback in August 2005) against the post tax profits earned by ITE over the last five years.



Notes:
(i) 01-02 dividend included an additional payment in relation to 00-01
(ii) 04-05 includes a share buy back

Risks and uncertainties

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. A regulatory change effecting the trading prospects of a particular sector could effect short term prospects, but ITE's diversity of businesses across sectors and geography provides protection for the longer term prospects of the Group.

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 against such an event 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. Recent increases in venue space available in Moscow has increased the potential for new market entrants in the Moscow exhibition business. In Central Asia, ITE has a strong position in all its markets as the largest international organiser. In Kyiv, Ukraine, there are a number of exhibition venues and directly competitive events exist in most of ITE's favoured sectors.

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

Foreign currency

ITE's business is priced in Euros, Dollars and Sterling but collected in a range of currencies, including the 'soft' currencies of the regions in which it operates. The Group maintains short term hedging and forward option positions to protect foreseeable 'hard' currency receipts. Significant cash balances held in Russian and CIS trading companies are translated into Euro, Sterling or dollar deposits which are held in approved banks until remitted to the UK.

People

ITE's employees have longstanding relationships with customers and unique knowledge of their 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 well by ensuring remuneration is competitive and through a wide distribution of the Group's long term incentive plans. ITE has a good record to date of retaining its key staff.



Business and financial review – Group financial review
continued

International Financial Reporting Standards ('IFRS')
The 2006 Financial Statements are reported under IFRS. The comparative figures for 2005 have been re-stated onto a consistent basis as required. A full statement reconciling the reported 2005 Financial Statements to the re-stated 2005 Financial Statements is available on the Company's website: www.ite-exhibitions.com.

Revenue and gross profit
A detailed analysis of the main changes in revenues and gross profits of the business is set out in the Chief Executive's review of the business, on pages 4 to 9.

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

Finance income
Finance income for the year was £1.4 million (2005: £2.1 million). This includes £0.4 million of 'notional interest' imputed in applying IFRS fair value principles to certain venue loans. A further amount of £0.05 million of 'notional interest' remains to be credited to the income statement in the next financial year. The interest from bank deposits reduced to £0.8 million in the year (2005: £2.0 million) following ITE's £30 million buyback of its own shares in August 2005. The Group held average net cash balances of £14.8 million through the year (2005: £32.9 million).

Finance costs
Finance costs of £0.6 million (2005: £0.6 million) represent the interest cost of the Group's borrowings in Euro and US Dollar. The Group enters into these borrowing arrangements as part of its currency hedging activity. At 30 September 2006 the Group had borrowings of €13.0 million, and US$3.7 million.

Tax charge
The tax charge of £7.4 million represents 30% of profit before tax. In this financial year tax losses of €7 million which the Group had previously treated as being available to offset future tax charges, were disallowed by the Dutch tax authority, leading to an increase in the deferred tax liability in the period. There has been a reduction in the Group's overall level of tax provisions. The Group anticipates that for the next year the tax rate will be in line with the UK Corporation tax rate of 30%, whereby the lower tax rates typically experienced in our major overseas markets are offset by withholding tax charges on dividends back to the UK.

Earnings per share
Basic earnings per share increased to 6.9p (2005: 6.7p). Fully diluted earnings per share increased to 6.7p from 6.6p in the prior year.

The Group achieved Headline diluted earnings per share of 7.0p per share compared with 6.6p for the year to 30 September 2005. Headline diluted earnings per share is based upon profit for the financial year before amortisation of acquired intangible assets and any profits or losses on disposal of Group undertakings.

Dividends
The Group has recommended a final dividend of 2.5p for 2006, to bring the total dividend for the year to 3.5p (2005: 2.75p).

Cash flow
Cash generated from operations in the year was £34.2 million (2005: £29.4 million). The principal applications of cash were of £7.4 million applied to venue loans and advances (2005: net receipt £0.4 million); £9.1 million was paid in tax; (2005: £8.4 million); £3.0 million was applied to acquisitions in the year (2005:£5.8 million) and £7.1 million was distributed as dividends (2005: £7.1 million). The net increase in cash balances at 30 September 2006 was £8.1 million.

Net cash at 30 September 2006 was £21.2 million (2005: £13.0 million). Of the £21.2 million of cash £4.5 million was held in a trust account, which will be released as certain creditors are paid in full. At 30 September 2006 £0.5 million of the cash in trust was expected to be released within one year.

Acquisitions & disposals

On 1 March 2006 ITE acquired the Kiev Gift & Décor exhibition from Expo UA for consideration of £0.4 million. The event is held in the Spring and Autumn each year.

On 29 June 2006 ITE acquired the Expoclean and Bytchimexpo exhibitions in Moscow from PIK Maxima for a consideration of £1.8 million. Both events will be held by ITE for the first time in the year ending 30 September 2007.

On 20 September 2006, ITE bought the remaining 10% minority shareholding in ITE Moda Limited for consideration of £1.0 million. ITE now owns 100% of the Moda fashion and publishing business.

On 29 September 2006 ITE disposed of a subsidiary in Azerbaijan, Caspian Freight Services LLC, for £0.2 million to Meritex International Freight Services Limited. The company provided freight services to the Group's exhibitions in Azerbaijan. The consideration will be received over the 12 months ending 30 September 2007.

The final deferred receipts of £0.1 million from the sale of ITE's interests in ACG have been received in the year. No further amounts remain outstanding.

Balance sheet

The Group's consolidated balance sheet at 30 September 2006 is summarised in the table below:

	Assets £m	Liabilities £m	Net assets £m
Goodwill and intangibles	40.3	–	40.3
Property, plant and equipment	1.3	–	1.3
Associates	1.4	–	1.4
Venue advances	7.1	–	7.1
Cash	31.9	(10.7)	21.2
Current assets and liabilities excluding cash and venue advances	25.5	(50.7)	(25.2)
Provisions	–	(2.3)	(2.3)
Deferred tax	2.0	(2.1)	(0.1)
Total as at 30 September 2006	**109.5**	**(65.8)**	**43.6**
Total as at 30 September 2005	91.3	(59.2)	32.1

Net assets increased to £43.6 million. The main changes are in goodwill (increase of £1.6 million), venue advances (increase of £3.3 million) and net cash (increase of £8.1 million).

Investment and capital expenditure

The Group's capital expenditure on plant and equipment for the year was £0.4 million (2005: £0.4 million) and included exhibition equipment, computer equipment and associated software.

The Group funds the development of venues and facilities where improved facilities will enhance the prospects and profitability of our organising business. The funding can take the form of a prepayment of future venue fees ('advance payments'), or a loan which can be repaid by cash or by offset against future venue fees ('venue loan'). Generally the funding brings rights over future venue use and advantageous pricing arrangements. Venue loans and advance payments are included under non-current and current assets in the balance sheet.

Business and financial review – Group financial review
continued

At 30 September 2006 the Group's Sterling value of the outstanding balances of advance payments and venue loans was £7.1 million (2005: £3.8 million) as follows:

	30 September 2005 £m	New £m	Repayments £m	30 September 2006 £m
Moscow	–	5.8	(3.0)	2.8
Kyiv	1.3	1.1	(0.6)	1.8
Almaty	0.8	1.1	(0.9)	1.0
St Petersburg	1.4	–	(0.4)	1.0
Uzbekistan	0.2	0.3	(0.3)	0.2
Bulgaria	0.1	0.3[1]	(0.1)	0.3
Total	**3.8**	**8.6**	**(5.3)**	**7.1**

Note:
[1] Release of provision

These balances will be recovered from future venue use within three years except in Bulgaria and St Petersburg. In St Petersburg part of the advance repayments relate to future events taking place between 2007 and 2011. ITE is not presently active in Bulgaria and the loan is being repaid in instalments.

Capital

Following the cancellation of the share premium account and buy back and cancellation of its own shares last year, the Company has a Share Premium account of £698,000 as at 30 September 2006. During the year the Company has purchased 975,833 shares to be held in Treasury. The Company has also issued 1,013,194 ordinary shares of 1p in the year. Of the total new issues 983,000 were pursuant to the exercise of options and yielded aggregate consideration of £0.6 million. The remaining shares were issued as part of Directors' remuneration.

The Employees Share Option Trust ('ESOT') held 9,372,100 (3.6%) of the Company's issued share capital at the year end (2005: 11,127,000; 4.3%).

Post balance sheet events

There have been no significant post balance sheet events.

Financial risk

The main financial risk facing the Group is foreign currency risk. The Board has reviewed and agreed policies to manage financial risk as follows:

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. During the year the Group experienced net foreign exchange losses of £0.2 million (2005: £0.7 million). The exchange rate for the Euro at 30 September 2006 was €1.48: £1 (30 September 2005: €1.46:£1); the exchange rate for the US Dollar at the year end was $1.88:£1 (30 September 2005: $1.76:£1).

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. In 2006 64% of the Group's sales were priced in Euros and 22% in US Dollars. Overall 61% of the Group's cash receipts in financial year ending 30 September 2006 were in hard currency and 39% was in various local currencies. The Group has a large proportion of its revenues and costs denominated in non-Sterling currencies. Sterling costs exceed Sterling revenues due to the level of UK based costs – in particular London sales and head office costs.

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

- it will only hedge up to 80% of the value of anticipated cash flows; and
- it will not enter into derivative transactions more than 18 months ahead.

At 30 September 2006 the Group had options to sell €15 million spread over the 12 months to 30 September 2007 at a rate of €1.43:£1 (the 'Option Rate'). Were the exchange rate for the Euro to fall below €1.38:£1 then the Group would be obliged to sell Euros at the Option Rate.

Over the course of the year the Group has entered into currency borrowing arrangements to minimise it's exposure to foreign exchange risk. The currency borrowings can be offset against the matching Sterling deposits. At 30 September 2006 the Group had borrowings of €13.0 million, and US$3.7 million. The cash balance of £21.2 million at 30 September 2006 is presented net of these borrowings.

Interest rate risk

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

For short term debt, such as overdraft facilities or debt with a term of less than six months, fixed or floating rates of interest are used. For debt with a term of greater than six months, it is policy that at least 75% must have fixed rates of interest so as to minimise the Group exposure to interest rate movements.

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

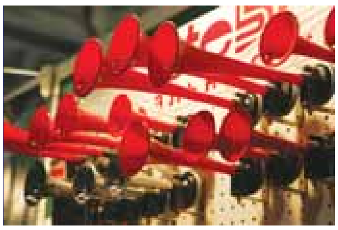
Liquidity risk

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

Going concern

After considering the current financial projections for the Group, the Directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Russell Taylor
Finance Director
4 December 2006




Directors

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1 Iain Paterson (59)
Non-executive Chairman
Remuneration & Nomination Committees
Iain Paterson was appointed a Director and non-executive Chairman of the Company in May 2002. He has over 30 years of international management experience at a senior level, most particularly in the oil industry. He was a Board Member and International Director of Enterprise Oil plc. Previously he spent 14 years at British Petroleum plc. He is currently Chairman of Sondex plc and holds non-executive Directorships at MOL Rt. (the Hungarian Energy Company), Hunting plc and Armor Group International plc.

2 Ian Tomkins (42)
Chief Executive Officer
In October 2002 Ian Tomkins was appointed Chief Executive Officer having originally joined the Company in July 1998. Previously Ian had been appointed Finance Director and Company Secretary in May 2000. Ian qualified as a Chartered Accountant with Price Waterhouse in Australia in 1988 and completed six years of service with the firm. He subsequently served as Financial Controller with Village Roadshow Ltd, a publicly listed Australian cinema exhibition, media and leisure company. He holds a Bachelor of Commerce degree from the University of Melbourne.

3 The Rt. Hon. Sir Jeremy Hanley, KCMG (61)
Non-executive Director
Audit, Remuneration & Nomination Committees
Sir Jeremy Hanley was appointed a non-executive Director of the Company in March 1998. He is a Chartered Accountant. His other directorships include Willis Group Holdings Inc, NYMEX Europe Limited and Langbar International Limited. He is also a Director of the Arab-British Chamber of Commerce, a consultant to Lottomatica Spa and a member of the Advisory Board of Blue Hackle Limited. Sir Jeremy was a Member of Parliament for Richmond and Barnes from 1983 to 1997 and held a number of ministerial positions including Under Secretary of State for Northern Ireland, Minister of State for the Armed Forces, Cabinet Minister without Portfolio whilst Chairman of the Conservative Party and Minister of State for Foreign & Commonwealth Affairs. He retired from politics in 1998 to concentrate on his Director's duties. Sir Jeremy is the Senior Independent non-executive Director.

4 Michael Hartley (57)
Non-executive Director
Audit, Remuneration & Nomination Committees
Michael Hartley was appointed a non-executive Director of the Company on 21 October 2003. He brings extensive international management experience to the Board, having spent 10 years with Coats Viyella plc, for the last three years as Chief Executive of the Viyella division. Mr Hartley is currently Chairman of Dawson International plc and Chairman of Servocell plc. He has worked extensively in Asia, Australia and Africa. Mr Hartley has also held several chief executive and marketing roles in the retail sector, including at Tootal Group plc, Lewis Meeson Ltd, Trinity International Holdings plc and Marks & Spencer plc. Mr Hartley holds an MBA from Manchester Business School.

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5 Edward Strachan (42)
Executive Director
Edward Strachan joined ITE in 1993 when he launched ITE's business in Kazakhstan. Since then he has opened and managed ITE's operations in St Petersburg, Central Asia and Caucasus regions and currently lives abroad in the CIS. He also has responsibility for EUF, ITE's 100% owned subsidiary in Turkey. He brings to the Board his extensive experience of the exhibition industry in Russia and the CIS regions.

6 Russell Taylor (48)
Finance Director, Company Secretary
Russell Taylor was appointed Finance Director on 24 March 2003. He was previously Finance Director of Air Miles International Group, where he managed all financial and commercial aspects of the international loyalty schemes business. He brings extensive experience of all sectors of the exhibition industry, having spent seven years at Earls Court Olympia Group, where he was Group Finance Director and subsequently Managing Director of Earls Court & Olympia Halls. A qualified Chartered Accountant, he trained at Touche Ross & Co where he became a Manager in the Corporate Finance Department. He holds a BA in Economics from Lancaster University.

7 Malcolm Wall (50)
Non-executive Director
Audit, Remuneration & Nomination Committees
Malcolm Wall was appointed as a non-executive Director of the ITE Group in May 2006. He has enjoyed a highly successful career in the media sector and brings senior level board experience and extensive knowledge of the B2B market and the exhibitions business. Mr Wall is currently Chief Executive of the Content Division of NTL Telewest. Previous posts include a 10 year spell with United Business Media during which, as Chief Operating Officer he had direct responsibility for the professional media business unit that included B2B publications and the exhibition business.

Directors' report

The Directors present their annual report on the affairs of the Group, together with the accounts and auditors' report, for the year ended 30 September 2006.

Principal activities and review of business

The principal activities of the Group comprise the organisation of trade exhibitions and conferences. The main subsidiary and associate undertakings which affect the profits or net assets of the Group in the year are listed in note 4 to the financial statements of the Company.

Details of the Group's performance during the year and expected future developments are contained in the Chief Executive's business review on pages 4 to 9. Details of the Group's financial risk management policies are contained on pages 16 and 17.

Results and dividends

The audited accounts for the year ended 30 September 2006 are set out on pages 36 to 65. The Group profit for the year, after taxation and minority interests, was £17.4 million (2005: £18.4 million).

The Directors recommend a final dividend of 2.5p (2005: 1.85p). The total dividend for the year, including the proposed final dividend, is 3.5p (2005: 2.75p).

Directors

The Directors, who served throughout the year except as noted, are as follows:

Executive Directors	Non-executive Directors
Ian Tomkins – Chief Executive Officer	Iain Paterson – Chairman
Ceyda Erem – Resigned 16 November 2006	Sir Jeremy Hanley
Edward Strachan	Michael Hartley
Russell Taylor	Marco Sodi – Resigned 23 January 2006
	Malcolm Wall – Appointed 4 May 2006

In accordance with Company Law and the Articles of Association, Ian Tomkins, Edward Strachan, and Sir Jeremy Hanley will retire by rotation at the next annual general meeting and, being eligible, offer themselves for re-election. Sir Jeremy Hanley's appointment will be for one year only as he will have served nine years as a non-executive Director by March 2008. Malcolm Wall having been appointed on 4 May 2006 retires at the next annual general meeting and, being eligible, offers himself for re-election.

Substantial shareholdings

At 1 December 2006, the Company had been notified, in accordance with sections 198 to 208 of the Companies Act 1985, of the following interests in the ordinary share capital of the Company.

Name of holder	Number of shares	Percentage held
Aberforth Smaller Companies Trust	34,513,651	13%
Schroder Investment Management Limited	33,718,473	13%
Ceyda Erem	17,590,065	7%
Barclays Plc	13,686,954	5%
Fidelity Investments	15,434,383	6%
Kyzyl Tan Consultants Limited	10,000,000	4%
ITE Group Employee's Share Trust	9,322,100	4%

Directors' share interests

The Directors who held office at 30 September 2006 had the following interests in the shares of Group undertakings:

Name of Director	**30 September 2006**	30 September 2005
Executive		
Ian Tomkins	**10,000**	10,000
Ceyda Erem	**17,590,065**	19,090,065
Russell Taylor	**15,000**	15,000
Edward Strachan[1]	**10,433,481**	13,821,416
Non-executive		
Sir Jeremy Hanley	**24,090**	24,090
Iain Paterson	**257,058**	226,864
Michael Hartley	**10,000**	10,000
Malcolm Wall	**–**	–

Note:
1 Edward Strachan is a shareholder of Kyzyl Tan Consultants, which holds 10,000,000 shares in the Company. These are included in the 10,433,481 above

The Directors, as employees and potential beneficiaries, have an interest in the 9,372,100 shares held by the ITE Group Employee's Share Trust at 30 September 2006.

Between 30 September and 1 December 2006 the ITE Employee's Share Option Trust (ESOT) reduced its holding by 50,000 shares in satisfying the exercise of options. Otherwise there were no changes in the interests of Directors between 30 September 2006 and 1 December 2006.

Right to purchase the Company's shares

At the Annual General Meeting on 23 February 2006, the Shareholders authorised the Company to make one or more market purchases of up to 25,989,182 of the Company's Ordinary Shares at a price between 1p (exclusive of expenses) and 105% of the average middle market price of a share for the five business days immediately preceding the date on which the share is purchased.

Since that date the Company has purchased 975,833 of its own shares which are held in treasury. The shares have a nominal value of £9,758.33p representing 0.4% of the issued share capital and were purchased for a consideration of £1.1m. The reason for the purchase was to reduce surplus cash balances and enhance earnings per share. The Company has a remaining authority to purchase a further 25,013,349 of its own shares which will expire at the next annual general meeting on 22 February 2007.

Donations

The Group made charitable donations of £3,000 (2005: £5,000) during the year. No political donations were made.

Employees

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

It is the Group's policy to consider fully applications for employment by disabled persons, bearing in mind the aptitude of the applicant concerned. In the event of a member of staff becoming disabled, every effort would be made to ensure their continued employment and progression in the Group. It is Group policy that training, career development and promotion of disabled employees match that of other employees as far as possible.

The Group places great importance in the development of its staff to support the business in meeting its objectives. This is reflected in the training initiatives in place for staff, both internally and externally. The Group keeps employees informed on matters effecting them and on matters effecting the Group's performance through regular newsletters and through meetings, both formal and informal. Employees are able and are encouraged to move around the Group in order to experience the business environment in other offices. The Group actively encourages the participation of employees in activities of offices other than their own. The Group distributes long term incentives widely to staff in all offices. At 2006 approximately 60% of staff held long term incentives in some form. As a result the, the Group's employees identify strongly with ITE's overall objectives.

Directors' report
continued

Supplier payment policy
The Company's policy, which is also applied to the Group, is to agree payment terms with suppliers when entering into each transaction to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. The Company has no trade creditors.

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

The Company has a policy of encouraging employees, and especially those from the locations in emerging markets, to move around the offices of the Group thus providing development opportunities for all staff. In addition, employees are assisted in their career development through an annual appraisal scheme. All staff are eligible for issues of share options or awards under the Employee's Performance Share Plan as the Board feels that it is important for them to take an active part in the success of the Company.

Ethics
The Company actively promotes integrity in its dealings with its employees, customers and suppliers and with the authorities of the countries in which it operates and recognises that a reputation is a valuable and fragile asset gained over a substantial period. The leadership position of its exhibitions and the continued growth of its core shows is evidence of the success of its practices.

The Company maintains high ethical standards in carrying out its business activities and has clear guidelines for dealing with gifts, hospitality, corruption, fraud and the use of inside information.

Environment
As a media services company, the Group acknowledges that its business has an impact on the environment, albeit relatively minor. The Company does not manufacture or sell any tangible products. The Company actively controls its energy costs and the office and other waste generated by its business.

As a media services business the Group's activities do not directly effect the environment through emissions to air, water or land. The Group's activities, mostly through its customers and suppliers have an impact on waste and natural resources usage through materials used in assembling exhibition stands and participating in the exhibition. Presently, practice in controlling waste at different exhibitions centres varies widely through the different regions in which the Group operates.

Annual General Meeting
Shareholders will see from the Notice of the Annual General Meeting on pages 74 to 75 that they are to consider and, if thought fit, to pass three resolutions as special business. These resolutions have become routine business at the annual general meeting of most public companies. The resolutions relate to:

- renewal of the authority for the Directors to allot relevant securities
- renewal of the powers of the Directors to allot equity securities as if pre-emption rights did not apply
- renewal of the authority for the Company to purchase certain of its own shares, and to hold them as treasury shares

Auditors

The Directors will place a resolution before the Annual General Meeting to reappoint Deloitte & Touche LLP as auditors for the ensuing year.

In the case of each of the persons who are directors of the Company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

Statement of Directors' responsibilities for the Group financial statements

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) and have chosen to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

In the case of UK GAAP company financial statements, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

In the case of IFRS financial statements, International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report and Directors' remuneration report which comply with the requirements of the Companies Act 1985.

The report of the Directors has been approved by the Board and signed on its behalf by:

Russell Taylor
Company Secretary
4 December 2006

Report on corporate governance

Statement of compliance with the revised Combined Code on corporate governance

The Company is committed to the principles of corporate governance contained in the Combined Code.

During the financial year the Company complied in all material respects with the provisions set out in section 1 of the 2003 FRC Combined Code ('Combined Code') insofar as it applies to the Company.

Statement about applying the Principles of Good Governance

The Company has applied the principles of good corporate governance as set out in the Combined Code. The explanation of how the principles have been applied is set out below and in connection with Directors' remuneration, in the Report on remuneration.

Board of Directors

The Board of Directors meets not less than seven times a year. The Board considers a range of matters for its approval, including setting Group strategy, acquisition policy, the budgets, major capital expenditure and material contracts. The Board monitors the performance of the businesses against appropriate forecasts and key performance indicators. The Board is supplied with financial and operational information on a timely basis to enable it to discharge its duties and carry out its responsibilities. All Directors have access to the Company Secretary and there is a procedure to enable them to take additional independent professional advice at the expense of the Company. The Senior Independent non-executive Director is Sir Jeremy Hanley.

In addition to the Chairman the Board comprised two or three non-executive Directors and four executive Directors during the year. The Board currently has four non-executive Directors (including the Chairman) and three executive Directors which it considers to be an appropriate balance of executive and non-executive Directors. The roles of Chairman and Chief Executive are separate, and each has defined roles and responsibilities approved by the Board.

The Nomination Committee considers all appointments made to the Board. The only appointment in the year was Malcolm Wall on 4 May 2006, for an initial period of three years subject to one month's notice by either party. The full terms and conditions of the appointment are available for inspection at the Company's registered office and will be available for review before the Annual General Meeting. The Nomination Committee and Chief Executive agreed the specifications for the position and an external search company was appointed to provide a shortlist of candidates. The candidates were all interviewed by the Chairman and the Chief Executive and the recommended candidate was seen by all members of the Nomination Committee, who then collectively recommended his appointment to the Board.

The Directors' diversity of experience and knowledge of the markets in which ITE operates are key to the development of a robust strategy for the Group and to its execution. The non-executive Directors contribute an independent and objective view to the management of the Company and play a full and active part in the various Board committees. The names and biographies of the Directors are on pages 18 and 19.

The Board considers Iain Paterson, Michael Hartley, Sir Jeremy Hanley and Malcolm Wall to be independent. Until his resignation in January 2006, Marco Sodi had been appointed by Veronis Suhler Stevenson pursuant to the terms of its subscription agreement, who were a major shareholder of the Company. For his time in office the Board did not consider that Mr Sodi was independent in all matters but did consider that his independent judgment as a Board member and his participation on the Nomination Committee was not affected by his relationship with Veronis Suhler Stevenson.

Any Directors appointed since the last General Meeting are required to offer themselves for re-election at the first available annual general meeting. In accordance with the Articles of the Company all Directors are required to stand for re-election at least every three years.

The non-executive Directors met formally without the executives present twice during the year. On one of those occasions the non-executives carried out a formal evaluation of the Board and of its Committees. In addition, the Chairman met individually with each of the directors. The Chairman's performance was evaluated by the Senior Independent Director. A number of matters were discussed at these meetings which served to enhance further the satisfactory performance of the Board.

The following table sets out the number of meetings of the Board, and of the principal committees of the Board during the financial year together with details of attendance.

	Board	Audit	Remuneration	Nomination
Number of meetings	7	6	7	2
Attendance:				
Iain Paterson	7		7	2
Ian Tomkins	7			
Ceyda Erem	4			
Sir Jeremy Hanley	7	6	7	2
Michael Hartley	7	6	7	2
Marco Sodi[1]	2			1
Edward Strachan	7			
Russell Taylor	7			
Malcolm Wall[2]	2		1	

Notes:
1 Marco Sodi resigned from the Board on 23 January 2006
2 Malcolm Wall was appointed to the Board on 4 May 2006

Communication with shareholders

The Board considers communication with all shareholders to be extremely important. Shareholders are provided with full year and interim accounts to help them keep up to date with the performance of the Group and are given the opportunity to ask questions directly of the Board at the Annual General Meeting. The Chairmen of the Audit, Remuneration and Nomination Committees are available at the Annual General Meeting to answer questions. The Chairman and the Senior Independent Director are generally available to discuss shareholders' concerns as and when required. The Group's website (www.ite-exhibitions.com) is regularly updated with copies of all Group press releases and presentations given to shareholders.

The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by making strategic presentations to institutional investors every six months following the publication of the half year and annual results, by meeting shareholders to discuss long-term issues and obtain their feedback and by communicating regularly throughout the year.

Board Committees

The Board has established three committees all of which have written terms of reference. The terms of reference for the committees are available on the Company's website at www.ite-exhibitions.com.

The Audit Committee

The Audit Committee comprises only non-executive Directors. The Committee is chaired by Sir Jeremy Hanley whom the Board considers has appropriate financial expertise to fulfil this role. The other members are Michael Hartley and Malcolm Wall. The meetings are also attended by the Chairman, the Finance Director, the deputy Finance Director and the auditors together with any other member of staff considered necessary by the Committee to complete its work. The Committee meets at least four times a year and at the end of each meeting, meets with the auditors without any executives or other members of staff present to discuss matters relating to its remit and any issues arising.

The Committee is responsible for reviewing accounting procedures and the internal control environment. The Committee also reviews announcements of the Company's results and monitors compliance with accounting standards and Company law. In addition the Committee considers the appointment of the Auditors, the scope of the audit and any issues arising, their fees and the nature, extent and costs of any non audit services provided by them. The Committee has access to any employee and is able to obtain external advice on any matter as required. The auditors are able to request additional meetings at any time.

The Remuneration Committee

The Remuneration Committee comprises only non-executive Directors. The Committee, which is chaired by Michael Hartley, meets at least three times a year. The other members are Iain Paterson, Sir Jeremy Hanley and Malcolm Wall. The meetings are attended by the Chief Executive Officer and external advisers as appropriate.

Further information about the Committee is set out in the Report on remuneration on page 27.

Report on corporate governance
continued

The Nomination Committee
The Nomination Committee comprises the non-executive Directors Iain Paterson, Sir Jeremy Hanley, Michael Hartley and Malcolm Wall and, up until his resignation on 23 January, Marco Sodi. The Committee, which is chaired by Iain Paterson, is responsible, if requested by the Board, for nominating candidates to the whole Board for approval, recommending the re-appointment or continuation in office of any Director, and for considering and making recommendations to the Board on its composition and balance.

The Company Secretary is secretary to each of the above Committees.

Independence of external auditors
The Audit Committee has established clear guidelines concerning the levels of discretionary non-audit fees it considers are appropriate to safeguard the independence of the auditors. The Committee has implemented review and approval processes relating to the provision of non-audit services by the auditors, and undertakes an annual assessment of the auditors' independence and effectiveness. The Audit Committee is satisfied that there are sufficient safeguards in place to ensure auditor independence.

Whistle blowing arrangements
The Company has a set policy to enable and encourage staff to report in confidence any possible improprieties in matters of financial reporting or otherwise. The procedure for reporting any such matter has been communicated to all staff.

Internal audit function
The Company does not currently have an internal audit function. The Audit Committee annually considers whether an internal audit function is appropriate and makes an appropriate recommendation to the Board. The central finance function is responsible for checking, monitoring and reporting on the control environment in the Group's accounting centres. The Committee considers that at present the central finance function has sufficient independence to report objectively on the control environment in the accounting centres. The Board has concluded that an internal audit function is not currently required. The Audit Committee will continue to monitor this matter and make appropriate recommendations to the Board.

Review of Internal controls and of risk management process
The Directors recognise that they have overall responsibility for ensuring that the Group maintains a system of controls, including financial, operational and compliance controls and risk management to provide them with reasonable assurance regarding effective and efficient operations, internal control and compliance with laws and regulations.

A system of internal controls has been established to allow the Board, in conjunction with management, to identify, evaluate and manage the significant risks faced by the Company on an on-going and pro-active basis. The system also seeks to monitor the Company's overall financial, operational and compliance positions and to help safeguard shareholders investments and to protect the Company's assets. The Board is responsible for this process and for ensuring that it remains effective and, in order to facilitate it, it has established a single organisational structure with clearly drawn lines of accountability, appropriate delegation of authority and open lines of communication.

The Company has a comprehensive system of financial reporting. There is a thorough budgeting system for all lines of income and expenditure, with an annual budget approved by the Board. Historical financial performance and revised forecasts for the full year are reported against budget and considered by the Board at each meeting. The Board pays particular attention to those matters which, by their nature, expose the Company to significant risks and uncertainties, including exchange rates which can be subject to considerable volatility and can have a material impact on the Company's operating results.

The Company has established procedures to deal with authorisations for expenditure. The Board is committed to ensuring that the Company's data and infrastructure, and its information technology systems, are as secure as is reasonably practicable. Security controls and procedures are in place to prevent unauthorised access to the Company's premises. Hardware and software controls have also been instigated to prevent unauthorised access to the Company's computer system and network. Regular back-ups of electronic information are taken with copies being stored offsite.

This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

This system of internal control has been in place throughout the year and up to the date of approval. It is reviewed regularly by the Board and complies with the Turnbull guidance. The Board has performed a specific assessment of internal controls for the purpose of this Annual Report. The Audit Committee assists the Board in discharging its review responsibilities.

Report on remuneration

Unaudited information

The Remuneration Committee

The members of the Remuneration Committee are Michael Hartley (Chairman), Sir Jeremy Hanley , Iain Paterson and Malcolm Wall. All the members are non-executive Directors. The Board considers Michael Hartley, Sir Jeremy Hanley and Malcolm Wall to be independent Directors.

The Remuneration Committee is responsible for:

- recommending to the Board the remuneration and terms and conditions of employment of the Chairman, executive Directors and key members of senior management;
- measuring subsequent performance as a prelude to determining the executive Directors' and key managers' total remuneration on behalf of the whole Board; and
- granting awards under the ITE Group's Performance Share Plans and options under the various ITE Group Share Option Schemes detailed below.

During the year the Committee consulted with New Bridge Street Consultants LLP to advise on executive remuneration and the operation of the various ITE group share option schemes. New Bridge Street Consultants LLP have provided no other advice to the Company, having been appointed by the Committee.

Remuneration policy

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

In formulating its policies the Committee has regard to and balances the following factors:

a) the remuneration packages offered to executives in companies competing in the same markets as the Company;
b) the remuneration practice in the markets in which the executive is principally based;
c) the need to align the interests of the executive with those of the shareholders;
d) the performance of the individual executive and of the Company as a whole; and
e) any amounts payable to executives in respect of services performed for the Associates of the Company.

The remuneration packages of the executives comprise base salary and benefits, a performance related bonus (save for Ceyda Erem) and longer term share-based incentive arrangements. A significant proportion of executive Directors' remuneration is performance-related.

The fees of the non-executive Directors are proposed by the Chief Executive and approved by the Board, taking account of practice adopted in other companies and the time commitment required. The fees of the Chairman are determined by the Committee taking account of the role and the time commitment required. The Chairman does not take part in those discussions.

Policy criteria for various components

Base salary

Base salaries are reviewed annually by the Committee. Base salary levels are set by the Committee taking into account each executive Director's role, experience, performance and the markets in which they perform their duties. For the year commencing 1 October 2006 the base salaries for Ian Tomkins and Russell Taylor, and the consultancy remuneration for Edward Strachan were set following a benchmarking exercise. Comparators were a 'Sector Group' drawn from the FTSE All-Share Media sector with market capitalisations between half to double that of ITE (median £223m); and a 'General Group' drawn from the FTSE All-Share who share the following characteristics: Market capitalisation between £150m and £600m (median £241m); turnover up to £200m (median £111m); and at least 50% of turnover generated outside the UK (median 69%). Details of the executive Directors' base salaries for the year commencing 1 October 2006 are set out under 'Directors' service contracts'.

The Committee have revised the Group's policy on additional fees earned by executive Directors from associate companies, and from 1 October 2006 any such fees will be for the benefit of the Company.

Report on remuneration
continued

Variable bonus
Certain of the executive Directors and senior management participate in performance-related annual bonus schemes, which recognise Company objectives in cumulative compound growth of Headline profit before tax. For the financial year commencing on 1 October 2006, Ian Tomkins' and Russell Taylor's maximum annual bonus opportunity provided under the Executive Bonus Plan will be 100% and 65% of base salary respectively. Edward Strachan's annual bonus opportunity through the Company's consultancy agreement with Kyzyl Tan Consultants Limited ('Kyzyl Tan') is on a similar basis to the Executive Bonus Plan, and for the financial year commencing on 1 October 2006 is capped at 85% of the Kyzyl Tan consultancy fee and his remuneration as a Director. In addition to this annual bonus Edward Strachan (through his contract with Kyzyl Tan) is entitled to a bonus based upon the profitability of certain events in the financial years commencing 1 October 2005 and 2006. This bonus scheme which was established in Kyzyl Tan's preceding consultancy agreement, will be in its last year of operation for the year ending 30 September 2007 and will not be effective thereafter. Ceyda Erem did not participate in an annual bonus scheme as her remuneration (other than her Board fees of £15,000 per annum) was paid by ITE's 50% owned associate company, and her remuneration package was agreed by its board of directors in accordance with the terms of the shareholders' agreement, to which ITE is party.

The bonus caps for the year commencing on 1 October 2006 are unchanged from the caps that applied previously. In the financial year ending 30 September 2006, maximum bonus was achieved by Ian Tomkins, Russell Taylor and Edward Strachan under the Executive Bonus Plan.

The Executive Bonus Plan applying to Ian Tomkins, Russell Taylor and Edward Strachan (through Kyzyl Tan) for the 2006-07 financial year is based upon achievement of a sliding scale of compound growth targets based upon Headline profits before tax (as it was last year). No bonus is payable unless the minimum growth target is achieved.

Long term incentives
The Company has in the past operated Performance Share Plans and Share Option Schemes. It is the Committee's present intention to issue only Performance Share Plan awards in the future and to restrict the use of options except where exceptional circumstances merit their use.

The Committee will regularly review the Company's share-based long-term incentive policy in light of market practice, best practice and the Company's particular circumstances.

Performance Share Plans
The Company operates the ITE Group plc Employees Performance Share Plan 2004 and the ITE Group plc Key Contractors' Performance Share Plan 2004. Awards can be made to executives and senior management over shares worth up to 100% of base salary each year, and under the latter scheme to key individuals who are not technically Group employees. There is no intention to issue new awards to executive Directors in the financial year commencing 1 October 2006.

The performance targets set for awards to be made in the financial year commencing 1 October 2006 are set out below.

Aggregate Headline EPS for the financial years ending 30 September 2007, 2008 and 2009	Percentage of award that vests
Below 22.7p	Nil
22.7p	30%
22.7p – 25.3p	Between 30% and 100%

These performance conditions have been chosen by the Committee to take account of the Company's biennial business cycle and to incentivise management to deliver sustained EPS performance over the relevant three year period. The Committee will, for the purposes of third party verification, confirm the extent to which these targets are met with external advisers. For the purposes of these targets, the Company's aggregate fully diluted Headline EPS will be used (awards granted in 2004 and 2005 used an 'adjusted' fully diluted Headline EPS which excluded the costs associated with awards made under the Plan and any other Share awards).

Executive Directors will be required to retain shares of a value equal to 25% of the after-tax gain made on the vesting of awards under the Plans, until they have built up a shareholding equal to 1 x salary.

Share Option Plans

The Company has previously operated the following option schemes: the ITE Group 1998 Company Share Option Plan; the ITE Group 1998 Discretionary Share Option Scheme; the ITE Group 1998 Key Contractor Share Option Scheme, and the ITE Group Employee Share Trust Unapproved Share Option Scheme.

Options can be granted under the ITE Group 1998 Company Share Option Plan and the ITE Group 1998 Discretionary Share Option Scheme to ITE Group employees. Options can be granted under the ITE Group 1998 Key Contractor Share Option Scheme to key individuals who are not Group employees. The ITE Group Employee Share Trust Unapproved Share Option Scheme can grant options to ITE Group employees over shares held in the ITE Group Employees' Share Trust (the 'ESOT').

As stated above, it is the Committee's present intention not to grant further options under these arrangements, save in exceptional circumstances. The last grant of options made by the Company under these schemes was in January 2005.

Pensions

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

Directors' service contracts

Executive Directors

Ian Tomkins (Chief Executive) and Russell Taylor (Finance Director) have UK contracts of employment which reflect market and best practice for senior management serving in the UK and have no fixed term, save for the specific arrangements agreed with Ian Tomkins at the time of his appointment in relation to termination following a change of control. Notice periods and base salary details for all directors are outlined in the tables set out below. There are no contributions to pension schemes or fringe benefits such as company cars.

Ian Tomkins' contract provides that if within 12 months of a change in control of the Company his contract is terminated without payment of his contractual notice period then the Company shall pay him in lieu of such notice (less statutory deductions) an amount equal to 95% of salary, contractual benefits and bonus that he would have received had he remained in employment during the notice period. For the purposes of calculating the bonus amount it will be assumed that the maximum target has been achieved.

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

Edward Strachan's remuneration as a Director from 1 October 2006 is £37,000. In addition Edward Strachan is remunerated as a consultant through the Company's agreement with Kyzyl Tan. The agreement with Kyzyl Tan is a 3 year contract to provide the services of Edward Strachan to the Company from 1 October 2005 to 30 September 2008. The base consultancy fee under this agreement for the year commencing on 1 October 2006 is £303,000. Kyzyl Tan is entitled to a bonus based upon the same targets and criteria as Ian Tomkins and Russell Taylor, which is capped at 85% of Kyzyl Tan's base consultancy fee and Edward Strachan's remuneration as a director i.e £340,000 for the year ending 30 September 2007. In addition for the financial years ending 30 September 2006 and 2007 Kyzyl Tan is entitled to a bonus based upon the profitability of certain events. Edward Strachan is required to reside in the markets where his management responsibilities are based and Kyzyl Tan is entitled to a living away from home allowance of $90,000 for its employee for each year of the contract, all of which may be payable in advance.

The Remuneration Committee considers that Edward Strachan's unique knowledge and skills of managing the exhibition business in the regions for which he is responsible together with the requirement for him to reside abroad warrants the Company entering into a consultancy contract with a fixed term in excess of one year. The Committee firmly believes that this contract is in the best interest of the Company. The arrangement will be reviewed on its termination to ascertain whether this basic approach remains, at that time, in the interests of shareholders.

Consistent with market practice, other than Edward Strachan's arrangements that have been established to take account of his specific circumstances and criticality to the Company, there are no service contracts or other employment arrangements with any of the executive Directors with fixed terms or notice periods in excess of one year or terms which would expose the Company to compensation payments in excess of one year's total remuneration.

Report on remuneration
continued

The dates of each contract, the relevant notice period and base salary for 2006-2007 are as follows:

Name	Date of contract	Notice period	Base salary 2006-2007
Ian Tomkins	1 July 1998	12 months	£400,000
Russell Taylor	25 March 2003	12 months	£225,000
Ceyda Erem	1 October 2002	*	$311,000

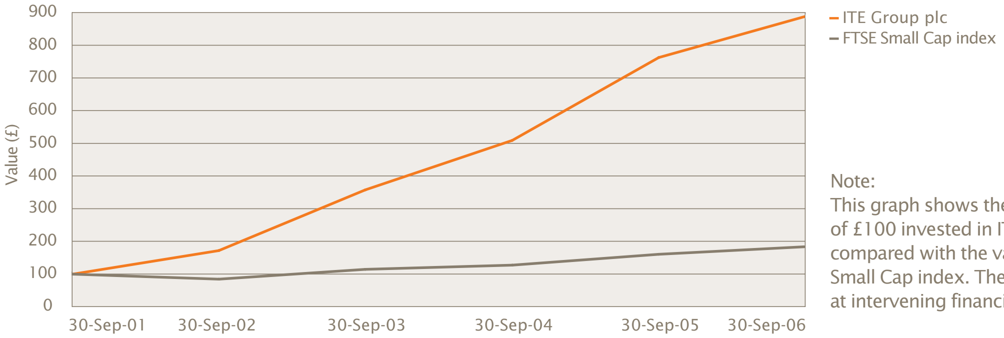
Note:
*Ceyda Erem's employment as Managing Director of ITE's associate, ITF, is governed by the terms of a shareholders' agreement

Ian Tomkins' and Russell Taylor's increases in base salary include the absorption of their Directors' fees previously paid separately by ITE's associate Company, which fees are now for the benefit of the Company. These fees were US$32,000 for the year ending 30 September 2006 and therefore account for approximately £18,000 of the increase in their base salaries for the year ending 30 September 2007. Ceyda Erem's remuneration as a Director of ITE Group plc in addition to the above salary was, up to the date of her resignation, £15,000 p.a.

Non-executive Directors
The Chairman and non-executive Directors are entitled to one months' written notice to terminate their contracts but no further rights to compensation payments on termination. The dates of the contracts are for Iain Paterson 27 May 2002, for Sir Jeremy Hanley 26 February 2004, for Michael Hartley 20 October 2003 and for Malcolm Wall 4 May 2006.

Performance graph
Total shareholder return of ITE Group plc over the last five financial years compared with the FTSE Small Cap index.

Total shareholder return
Source: Thomson Financial



Note:
This graph shows the value, by 30 September 2006, of £100 invested in ITE Group plc on 30 September 2001 compared with the value of £100 invested in the FTSE Small Cap index. The other points plotted are the values at intervening financial year-ends.

This graph illustrates the performance of the Company compared to "The FTSE Small Cap index" over the past five years. The Company is a constituent of the FTSE Small Cap index and that index is considered the most appropriate form of "broad equity market index" against which the Company's performance should be measured. Performance is measured by Total Shareholder Return (share price growth plus dividends paid).

Audited information

Aggregate Directors' remuneration

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

	2006 £000	2005 £000
Emoluments	**2,185**	2,392
Gains on exercise of share options (see page 32 for details)	**273**	798
Total	**2,458**	3,190

Directors' emoluments

Name of Director	Notes	Fees/basic Salary £000	Annual Bonuses £000	Benefits in kind £000	Compensation for loss of office £000	**2006 total £000**	2005 total £000
Executive							
Ian Tomkins	1	368	350	–	–	**718**	681
Ceyda Erem	1	188	–	–	–	**188**	186
Edward Strachan	3	298	373	50	–	**721**	610
Russell Taylor	1	208	124	–	–	**332**	320
Former Director		–	–	–	–	**–**	325
Non-executive							
Iain Paterson	4	120	–	–	–	**120**	120
Sir Jeremy Hanley		53	–	–	–	**53**	62
Michael Hartley		33	–	–	–	**33**	30
Marco Sodi	2,5	8	–	–	–	**8**	30
Malcolm Wall	2	12	–	–	–	**12**	–
Former Director	5	–	–	–	–	**–**	28
Aggregate emoluments		1,288	847	50	–	**2,185**	2,392

Notes:

1. Ian Tomkins was paid $32,000 (approximately £18,000) in the years ending 30 September 2005 and 2006 for being a director of ITF, ITE's associate company. Ceyda Erem was paid $311,000 (approximately £173,000) for her services as Managing Director of ITF in the years ending 30 September 2005 and 2006. Russell Taylor was paid $32,000 (approximately £18,000) in the years ending 30 September 2005 and 2006 for being a director of ITF, ITE's associate company. These amounts are included in the table above.
2. The Director served for only part of the year ended 30 September 2006.
3. Edward Strachan is a shareholder of Kyzyl Tan Consultants Limited ('Kyzyl Tan'), which received consultancy fees for services provided to the Group of £268,000 per annum. In addition Kyzyl Tan earned total performance-related bonuses of £373,000 for the year. Kyzyl Tan was paid £50,000 in the year to 30 September 2006 for living away from home allowance and other allowances in accordance with its consultancy agreement. These amounts are all included in the table above.
4. Iain Paterson receives half of his remuneration in shares issued at an average mid market price over the year.
5. Amounts were paid to Veronis Suhler Stevenson International Limited for the provision of the services of this Director.

Total compensation for loss of office in the year was nil (2005: nil).

Report on remuneration
continued

Directors' share options
Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of the options are as follows:

Director	Scheme	01-Oct-05 or date of appointment	Granted during the year	Option price	Exercised during the year	Market price at exercise date	30-Sep-06	Exercisable from	Exercisable to	Gain on exercise £000
Ian Tomkins	1998	40,000	–	70.75p	40,000	145p	–	–	–	30
	Discretionary	310,000	–	66.5p	310,000	145p	–	–	–	243
	Scheme	1,000,000	–	34.25p	–	–	1,000,000	18-03-2007	17-03-2012	
		2,000,000	–	34.25p	–	–	2,000,000	20-12-2007	19-12-2012	
	2004	470,588	–	1p	–	–	470,588	26-02-2007	25-02-2014	
	Employees'	328,070	–	nil[1]	–	–	328,070	13-01-2008	12-01-2015	
	Performance	–	196,000	nil[1]	–	–	196,000	18-01-2009	17-01-2016	
	Share Plan									
Edward Strachan	1998	100,000	–	47.5p	–	–	100,000	17-11-2001	16-11-2008	
	Discretionary	1,000,000	–	26.5p	–	–	1,000,000	01-10-2007	30-09-2012	
	Scheme									
	2004	31,372	–	1p	–	–	31,372	26-02-2007	25-02-2014	
	Employees'	23,392	–	nil[1]	–	–	23,392	13-01-2008	12-01-2015	
	Performance	–	16,800	nil[1]	–	–	16,800	18-01-2009	17-01-2016	
	Share Plan									
	2004 Key	282,353	–	1p	–	–	282,353	26-2-2007	25-02-2014	
	Contractors'	225,146	–	1p	–	–	225,146	13-1-2008	12-01-2015	
	Performance	–	149,800	1p	–	–	149,800	18-01-2009	17-01-2016	
	Share Plan									
Russell Taylor	1998	1,000,000	–	35.5p	–	–	1,000,000	26-03-2008	25-03-2013	
	Discretionary									
	Scheme									
	2004	258,823	–	1p	–	–	258,823	26-02-2007	25-02-2014	
	Employees'	180,439	–	nil[1]	–	–	180,439	13-01-2008	12-01-2015	
	Performance	–	106,400	nil[1]	–	–	106,400	18-01-2009	17-01-2016	
	Share Plan									

Note:
1 contingent award

The market price of the ordinary shares at 30 September 2006 was 122p and the range during the year was 109p to 147p.

58,825 of the 2004 Employee's Performance Share plan nominal 1p options lapsed during the year.

The 1998 Discretionary Scheme and Employee Share Trust options are not subject to any performance conditions governing their exercise.

For the 2004 Employees' and Key Contractors' Performance Share Plans, the performance conditions to be met for the awards made on 26 February 2004 require the Company's aggregate Headline diluted earnings per share for the three years ending 30 September 2004, 2005 and 2006 (excluding the costs associated with such awards or any other share awards) to be equal to or have exceeded 12.2p, in which case the awards vest as follows:

Aggregate Headline EPS for the financial years ending 30 September 2004, 2005 and 2006	Percentage of Award that vests
Below 12.2p	Nil
12.2p	30%
Between 12.2p and 13.7p	Between 30% and 100% calculated on a straight line basis

The market price of an Ordinary share on 26 February 2004 was 63.75p.

For the 2004 Employees' and Key Contractors' Performance Share Plans, the performance conditions to be met for the awards made on 13 January 2005 require the Company's aggregate Headline diluted earnings per share for the three years ending 30 September 2005, 2006 and 2007 (excluding the costs associated with such awards or any other share awards) to be equal to or have exceeded 17.1p, in which case the awards vest as set out below:

Aggregate Headline EPS for the financial years ending 30 September 2005, 2006 and 2007	Percentage of Award that vests
Below 17.1p	Nil
17.1p	30%
Between 17.1p and 18.6p	Between 30% and 100% calculated on a straight line basis

The market price of an Ordinary share on 13 January 2005 was 85.5p.

For the 2004 Employees' and Key Contractors' Performance Share Plans, the performance conditions to be met for the awards made on 17 January 2006 require the Company's aggregate Headline diluted earnings per share (including the costs associated with such awards or any other share awards) for the three years ending 30 September 2006, 2007 and 2008 to be equal to or have exceeded 19.0p, in which case the awards vest as set out below:

Aggregate Headline EPS for the financial years ending 30 September 2006, 2007 and 2008	Percentage of Award that vests
Below 19.0p	Nil
19.0p	30%
Between 19.0p and 21.0p	Between 30% and 100% calculated on a straight line basis

The market price of an Ordinary share on 17 January 2006 was 126.5p.

The Committee will take account of the transition to international accounting standards when determining the extent to which the above targets are met, with its primary aim of achieving a consistent measurement of performance over the relevant period.

The cost of all share awards charged to the profit and loss account for the year ending 30 September 2006 was £1.6m (2005: £1.1m).

The maximum number of new share issues possible under the dilution limits in the option trust deeds is 12,392,592 . The current headroom for making further share awards to be satisfied by the issue of new shares is 243,160 new share awards. Additionally the Employee's Share Trust ('ESOT') can hold up to 5% of the Company's issued share capital against share awards.

On behalf of the Board

Michael Hartley
Chairman of the Remuneration Committee
4 December 2006

Independent auditors' report

We have audited the group financial statements of ITE Group plc for the year ended 30 September 2006 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of recognised income and expenses and the related notes 1 to 28. These group financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

We have reported separately on the individual company financial statements of ITE Group for the year ended 30 September 2006.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report, the directors' remuneration report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the group financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the group financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We report to you whether in our opinion the information given in the directors' report is consistent with the group financial statements. We also report to you if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' transactions with the company and other members of the group is not disclosed.

We also report to you if, in our opinion, the company has not complied with any of the four directors' remuneration disclosure requirements specified for our review by the Listing Rules of the Financial Services Authority. These comprise the amount of each element in the remuneration package and information on share options, details of long term incentive schemes, and money purchase and defined benefit schemes. We give a statement, to the extent possible, of details of any non-compliance.

We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statement on internal control covers all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration report and we consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements and the part of the directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the group financial statements and the part of the directors' remuneration report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the group financial statements and the part of the directors' remuneration report described as having been audited.

Opinion
In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the group's affairs as at 30 September 2006 and of its profit for the year then ended;
- the group financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the information given in the directors' report is consistent with the group financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
4 December 2006

Consolidated income statement

For the year ended 30 September 2006

	Notes	2006 £000	2005 £000
Continuing operations			
Revenue	1	**82,368**	78,547
Cost of sales		**(43,885)**	(42,552)
Gross profit		**38,483**	35,995
Other operating income		**278**	316
Administrative expenses before amortisation		**(14,112)**	(12,848)
Amortisation of acquired intangibles	5	**(1,330)**	(378)
Total administrative expenses		**(15,442)**	(13,226)
Profit on disposal of group undertakings	4	**158**	221
Share of results of associate	15	**564**	393
Operating profit		**24,041**	23,699
Finance income	2	**1,368**	2,068
Finance costs	3	**(621)**	(596)
Profit on ordinary activities before taxation	5	**24,788**	25,171
Tax	7	**(7,351)**	(6,781)
Profit for the period from continuing operations		**17,437**	18,390
Attributable to:			
Equity holders of the parent		**17,401**	18,423
Minority interests		**36**	(33)
		17,437	18,390
Earnings per share (p)			
Basic	9	**6.9**	6.7
Diluted	9	**6.7**	6.6

Consolidated statement of recognised income and expense

For the year ended 30 September 2006

	Notes	**2006 £000**	2005 £000
Currency translation difference on net investment in subsidiary undertakings		**(197)**	750
Gain on cash flow hedge	23	**356**	–
Tax on items taken directly to equity		**159**	151
Net income recognised directly in equity		**318**	901
Transferred to profit or loss on cash flow hedges	23	**(22)**	–
Implementation of IAS 39	23	**(500)**	–
Profit for the period attributable to the shareholders		**17,437**	18,390
Total recognised income and expense for the period		**17,233**	19,291
Attributable to:			
Equity holders of the parent		**17,197**	19,324
Minority interests		**36**	(33)
		17,233	19,291

Consolidated balance sheet

30 September 2006

	Notes	2006 £000	2005 £000
Non-current assets			
Goodwill	10	**34,406**	32,771
Other intangible assets	12	**5,869**	5,989
Property, plant and equipment	13	**1,269**	1,126
Investments in associates	15	**1,438**	1,410
Venue advances and other loans	16	**3,015**	2,216
Deferred tax asset	20	**2,022**	1,395
		48,019	44,907
Current assets			
Trade and other receivables	16	**29,594**	22,722
Cash and cash equivalents	16	**31,883**	23,705
		61,477	46,427
Total assets		**109,496**	91,334
Current liabilities			
Bank overdraft	17	**(10,717)**	(10,686)
Trade and other payables	18	**(50,711)**	(43,844)
Provisions	19	**(907)**	(1,064)
		(62,335)	(55,594)
Non-current liabilities			
Provisions	19	**(1,367)**	(1,974)
Deferred tax liabilities	20	**(2,145)**	(1,671)
		(3,512)	(3,645)
Total liabilities		**(65,847)**	(59,239)
Net assets		**43,649**	32,095
Capital and reserves			
Share capital	22	**2,609**	2,599
Share premium account	23	**698**	38
Merger reserve	23	**2,746**	2,746
Capital redemption reserve	23	**291**	291
ESOT reserve	23	**(3,016)**	(3,562)
Retained earnings	23	**40,555**	29,038
Own shares held	23	**(1,142)**	–
Hedge and translation reserve	23	**889**	751
Equity attributable to equity holders of the parent		**43,630**	31,901
Minority interests	24	**19**	194
Total equity		**43,649**	32,095

The financial statements were approved by the Board of Directors and authorised for issue on 4 December 2006. They were signed on their behalf by:

Ian Tomkins
Chief Executive Officer

Russell Taylor
Finance Director

Consolidated cash flow statement

For the year ended 30 September 2006

	2006 £000	2005 £000
Cash flows from operating activities		
Operating profit from continuing operations	**24,041**	23,699
Adjustments for:		
Depreciation and amortisation	**1,895**	826
Other non-cash expenses	**208**	926
Share of associate profit	**(564)**	(393)
Gain on disposal of subsidiary	**(158)**	(221)
(Decrease)/increase in provisions	**(213)**	1,531
Operating cash flows before movements in working capital	**25,209**	26,368
(Increase)/decrease in receivables	**(233)**	1,666
Increase in payables	**9,244**	1,355
Cash generated from operations	**34,220**	29,389
Tax paid	**(9,064)**	(8,378)
Venue advances and loans	**(7,422)**	436
Net cash from operating activities	**17,734**	21,447
Investing activities		
Interest received	**925**	2,085
Dividends received from associates	**422**	437
Acquisition of businesses	**(3,026)**	(5,785)
Purchase of property, plant and equipment	**(422)**	(430)
Net cash used in investing activities	**(2,101)**	(3,693)
Financing activities		
Dividends paid	**(7,143)**	(7,088)
Interest paid	**(621)**	(596)
Share cancellation	**–**	(30,185)
Net cash flow in relation to ESOT shares	**541**	(724)
Purchase of own shares	**(1,142)**	–
Proceeds from issue of share capital	**634**	927
Net cash flows from financing activities	**(7,731)**	(37,666)
Net increase/(decrease) in cash and cash equivalents	**7,902**	(19,912)
Net cash and cash equivalents at beginning of period	**13,019**	33,546
Effect of foreign exchange rate changes	**245**	(615)
Net cash and cash equivalents at end of period	**21,166**	13,019
Comprised of:		
Cash and cash equivalents	**31,883**	23,705
Bank overdrafts	**(10,717)**	(10,686)
	21,166	13,019

Notes to the consolidated accounts

General information
ITE Group plc is a company incorporated in the United Kingdom. The address of the registered office is given on page 76. The nature of the Group's operations and its principal activities are set out in note 1 and in the Business and financial review on pages 10 to 13.

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

At the date of authorisation of these financial statements, the following key Standards and Interpretations which have not been applied in these financial statements were in issue not yet effective:

IFRS 7 Financial instruments: Disclosures; and the related amendment to IAS 1 on capital disclosures.

The directors anticipate that the adoption of this Standard in future periods will have no material impact on the financial statements of the Group when the standard comes into effect for periods commencing on or after 1 January 2007.

Basis of accounting
ITE Group plc is a UK listed company and together with its subsidiary operations is hereafter referred to as 'the Company'. The Group is required to prepare its consolidated financial statements in accordance with International Reporting Standards ('IFRS') as endorsed by the European Union for its accounting period beginning on 1 October 2005. As the Company is also required to publish comparative information for this period on a consistent basis its effective transition date to IFRS is 1 October 2004. A reconciliation between the financial statements reported for the year ended 30 September 2005 under UK GAAP and IFRS is set out in note 28.

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

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

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

IFRS 1 exemptions
IFRS 1 (First-time adoption of International Financial Reporting Standards) allows a number of exemptions from the full requirements of IFRS for those companies adopting IFRS for the first time. ITE has taken advantage of certain of these exemptions as follows:

Business combinations
The Group has elected not to apply IFRS 3 (Business combinations) retrospectively to business combinations prior to 1 October 2004. Goodwill arising on consolidation prior to October 2004 has not been restated for currency impacts.

Share-based payments
The Group has not applied IFRS 2 (Share-based payment) to share-based payments granted prior to 7 November 2002 that have not vested by 1 January 2005.

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

Valuation of property, plant or equipment
ITE has elected not to use the fair value of an item of property, plant and equipment at the transition date as its deemed cost.

Financial Instruments

The Group has elected not to apply IAS 39 (Financial Instruments: Recognition and Measurement) and IAS 32 (Financial Instruments: Disclosure and presentation) in respect of the year ended 30 September 2005. UK GAAP has continued to be applied in accounting for financial instruments in this period. The Group adopted IAS 39 and IAS 32 with effect from 1 October 2005 and consequently restated the balance sheet at that date in accordance with the requirements of these standards, which will generally mean a recognition of financial instruments at fair value.

The Company adopted IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) prospectively from 1 October 2005. As a consequence of adopting IAS 32 and IAS 39, the Company recognised a loss of £0.5 million in equity at that date. Additionally certain put options have been reclassified as financial liabilities resulting in a £1.0 million reduction in reserves (see note 23).

Basis of consolidation

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

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

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

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

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

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 (Non-current assets held for sale and discontinued operations), which are recognised and measured at fair value less costs to sell.

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

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

Goodwill

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

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

Notes to the consolidated accounts
continued

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

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

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

Intangible assets
Computer software, trademarks, brands and customer lists are measured initially at purchase cost. Computer software, trademarks, brands and customer lists have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost over their estimated useful life. The estimated useful lives are typically between 3 and 5 years.

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

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

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

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

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

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

Leasehold improvements	– term of lease
Plant and equipment	– 4 years

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

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

Associates

Associates are entities over which the Group has a significant influence but not control or joint control. In the Group accounts the results and assets and liabilities of associates are accounted for using the equity method. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment. The consolidated income statement includes the Group's share of associates' profits less losses. The share of profits of associates included in the income statement is the net profit after interest, tax and minority interests of the associate. Losses of associates in excess of the Group's interest in those associates are not recognised.

Any excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill within the Group's investment in associates.

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

Venue advances

Where the Group has advanced funds to venue owners that can be repaid by either off-setting against future venue hire or by cash repayment, the fair value is recognised based on the discounted value of future cash receipts. The loan balance is subsequently measured at amortised cost using the 'effective interest rate method'. As the Group has taken advantage of the exemption in IFRS 1 (First-time adoption of International Financial Reporting Standards) that enables the Group to apply these standards from 1 October 2005, an adjustment to reserves has been recognised at 1 October 2005.

Advances that are prepayments of future venue hire and do not permit the repayment of the principal in cash are recognised at cost as prepayments within debtors due within one year.

Provisions

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

Financial Instruments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables and payables

Trade receivables and payables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Bank borrowings

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

Hedging instruments

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts and options to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes.

Cash flow hedges are carried at fair value in the balance sheet. Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised directly in the hedging reserve and any ineffective portion is recognised in profit or loss.

Notes to the consolidated accounts
continued

Fair value hedges are carried at fair value in the balance sheet. Changes in the fair value of derivatives that are designated and qualify as effective fair value hedges are recognised in the income statement, along with any changes in fair value of the hedged item that is attributable to the hedged risk. Any ineffective portion is also recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

The Group's use of financial derivatives is governed by the Group's financial policies. Further details on these policies can be found in the Business Review on pages 16 and 17.

Revenue

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

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

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

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

Barter transactions

Where barter transactions occur between advertising and exhibition space, revenue is only recognised if it can be demonstrated that the transaction would have occurred regardless of the barter agreement. If this cannot be shown no revenue or cost is recognised in the profit and loss account.

Operating profit

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

Taxation

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

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

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

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

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

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

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

Foreign currencies

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

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

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

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

Employee Share Trust

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

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

Share-based payments

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

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

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

Notes to the consolidated accounts
continued

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

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

Impairment of goodwill and intangible assets
Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of cash-generating units to which goodwill or intangible assets have been allocated. The value in use calculation requires an estimation of future cash flows expected from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying value of goodwill and intangible assets at 30 September 2006 is £34.4 million and £5.9 million respectively.

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

1 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.

Year ended 30 September 2006	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	7,778	15,397	49,942	8,316	935	**82,368**
Result	(7,243)	4,724	23,167	2,498	172	**23,319**
By origin of sale						
Turnover	48,385	6,834	22,423	4,646	80	**82,368**
Result	12,641	2,165	7,730	733	50	**23,319**
Share of results of associates						**564**
Profit on disposal of group undertakings						**158**
Operating profit						**24,041**
Finance income						**1,368**
Finance costs						**(621)**
Profit before tax						**24,788**
Tax						**(7,351)**
Profit after tax						**17,437**
Capital expenditure	177	191	157	–	–	**525**
Depreciation and amortisation	1,716	51	119	9	–	**1,895**
Balance sheet						
Assets	87,056	4,309	15,670	985	38	**108,058**
Interest in associates						**1,438**
Consolidated total assets						**109,496**
Liabilities	50,081	3,088	11,559	925	194	**65,847**

Notes to the consolidated accounts
continued

1 Segmental information (continued)

Year ended 30 September 2005	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	6,031	12,121	48,381	5,047	6,967	78,547
Result	(7,741)	4,087	23,405	1,301	2,033	23,085
By origin of sale						
Turnover	51,701	4,765	13,316	2,870	5,895	78,547
Result	18,545	1,043	3,014	(268)	751	23,085
Share of results of associate						393
Profit on disposal of group undertakings						221
Operating profit						23,699
Finance income						2,068
Finance costs						(596)
Profit before tax						25,171
Tax						(6,781)
Profit after tax						18,390
Capital expenditure	298	20	53	21	–	392
Depreciation and amortisation	757	3	61	5	–	826
Balance sheet						
Assets	73,090	2,483	13,149	1,187	15	89,924
Interest in associates						1,410
Consolidated total assets						91,334
Liabilities	46,192	2,113	9,813	1,095	26	59,239

2 Finance income

	2006 £000	2005 £000
Interest receivable from bank deposits	**787**	2,002
Interest receivable from Inland Revenue repayments	**115**	–
Interest receivable on advances to venues	**17**	34
Interest receivable on loan to Incheba Praha	**5**	32
Unwind of fair value discount on venue advances	**444**	–
	1,368	2,068

3 Finance costs

	2006 £000	2005 £000
Interest on bank loans and overdrafts	**428**	426
Bank charges	**193**	170
	621	596

4 Profit on disposal of Group undertakings

The profit on disposal of £158,000 is from the disposal of a subsidiary in Azerbaijan, Caspian Freight Services LLC, for $300,000 to Meritex International Freight Services Limited. The company was involved in organising freight services for clients of the Group's exhibitions within Azerbaijan. The consideration is fully receivable by 31 December 2007. Net assets disposed of were $2,000.

5 Profit on ordinary activities before taxation

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

	2006 £000	2005 £000
Staff costs (note 6)	**16,143**	14,788
Depreciation of property, plant and equipment	**277**	245
Amortisation of computer software	**290**	203
Amortisation of purchased intangible assets	**1,330**	378
Operating lease rentals – other	**1,173**	1,195
Loss on disposal of fixed assets	**21**	79
Net foreign exchange loss	**168**	703
Release of provision against venue advances	**(309)**	–
Profit or loss on disposal of Group undertaking	**158**	221
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**148**	144
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries' pursuant to legislation	**125**	94
– Other services pursuant to legislation	**46**	41
– Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Company or any of its associates	**21**	–
Tax services	**259**	243
Total auditors' remuneration	**599**	522

6 Staff costs

The average monthly number of employees (including Directors) was:

	2006 Number	2005 Number
Administration	**258**	211
Technical and sales	**368**	355
	626	566

	£000	£000
Their aggregate remuneration comprised:		
Wages and salaries	**14,245**	12,730
Social security costs	**1,596**	1,832
Other pension costs	**302**	226
	16,143	14,788

Details of audited Directors' remuneration are shown in the Report on Remuneration on pages 27 to 33.

Notes to the consolidated accounts
continued

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

	2006 £000	2005 £000
Group taxation on current year profit		
UK corporation tax on profit for the year	**4,925**	5,835
Adjustment to UK tax in respect of previous years	**(966)**	(443)
	3,959	5,392
Overseas taxation – current year	**3,445**	1,759
Overseas taxation – previous years	**(57)**	(8)
	3,388	1,751
Total current tax	**7,347**	7,143
Deferred tax		
Origination and reversal of timing differences	**4**	(362)
Total tax	**7,351**	6,781

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

	2006 £000	2005 £000
Profit on ordinary activities before tax	**24,788**	25,171
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	**7,436**	7,551
Effects of:		
Expenses not deductible for tax purposes	**206**	91
Capital allowances in excess of depreciation	**58**	(7)
Non-utilisation of tax losses	**–**	75
Withholding tax and other irrecoverable taxes	**945**	145
Adjustments to tax charge in respect of previous years	**(1,023)**	(451)
Tax effect of losses not previously recognised	**94**	(196)
Non-taxable income	**(61)**	(65)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(597)**	–
Effect of timing differences	**462**	(362)
Associate tax	**(169)**	–
	7,351	6,781

8 Dividends

	2006 £000	2005 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2005 of 1.85p (2004 – 1.65p) per ordinary share	**4,602**	4,533
Interim dividend for the year ended 30 September 2006 of 1.0p (2005 – 0.9p) per ordinary share	**2,535**	2,544
	7,137	7,077
Proposed final dividend for the year ended 30 September 2006 of 2.5p (2005 – 1.85p) per ordinary share	**6,264**	4,602

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

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 9,372,100 (2005: 11,127,000) ordinary shares representing 4% of the Company's called-up ordinary share capital, has agreed to waive all dividends due to it. Further, no dividends will be paid in respect of own shares held in treasury.

9 Earnings per share

The calculations of basic and diluted earnings per share are based on the profit for the financial year of £17.4 million (2005: £18.4 million) and the following numbers of shares.

Number of shares

	2006 Number of shares (000)	2005 Number of shares (000)
Weighted average number of shares:		
For basic earnings per share	**250,485**	273,134
Effect of dilutive potential ordinary shares	**8,727**	6,788
For diluted earnings per share	**259,212**	279,922

Headline earnings per share

Headline diluted earnings per share is intended to provide a consistent measure of Group earnings on a year on year basis and is 7.0p per share (2005: 6.6p). The Headline diluted earnings per share is based on the following earnings and the diluted number of shares in the table above.

Earnings for Headline diluted earnings per share

	2006 £000	2005 £000
Profit for the financial year attributable to equity holders	**17,401**	18,423
Amortisation of acquired intangible assets	**1,330**	378
Tax effect of amortisation of acquired intangible assets	**(315)**	(83)
Profit on disposal of group undertakings	**(158)**	(221)
	18,258	18,497

Notes to the consolidated accounts
continued

10 Goodwill

	2006 £000	2005 £000
Cost		
At 1 October	**46,139**	42,716
Acquired through business combinations	**1,637**	3,423
Exchange differences	**(2)**	–
At 30 September	**47,774**	46,139
Accumulated impairment losses		
At 1 October	**13,368**	13,368
At 30 September	**13,368**	13,368
Carrying amount		
At 30 September	**34,406**	32,771

11 Goodwill acquired through business combinations

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

	2006 £000	2005 £000
UK & Western Europe	**10,740**	9,886
Central Asia & Caucasus	**6,080**	6,080
Russia	**15,122**	14,341
Eastern & Southern Europe	**2,464**	2,464
	34,406	32,771

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

The recoverable amounts of the cash generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to cash flows during the period. Management estimates discount rates using pre-tax rates that reflect the current market assessments of the time value of money and risks specific to the cash generating units. The growth rates are based on management forecasts. The Group prepares cash flow forecasts based upon the most recent financial plans approved by the Board and extrapolates the planned cash flows. Assumed growth rates of between 2% and 9% are applied for the first three years beyond the detailed plans, which rates do not exceed the average long term growth rate for our business in the relevant markets, and a rate of 3% is applied thereafter.

The discount rates applied to the cash generating units are between 10% and 15%.

Additions in the year can be analysed as follows:

	2006 £000	2005 £000
Acquisition of further shares in subsidiary	**833**	3,423
Acquisition of businesses	**804**	–
	1,637	3,423

The acquisition of further shares in subsidiary represents the purchase of the remaining 10% minority stake in ITE Moda Limited. A call option over the minority shares was exercised on 20 September 2006 and payment was made in October 2006. The consideration was £1.0 million. The Group now owns 100% of ITE Moda Limited and RAS Publishing.

11 Goodwill acquired through business combinations (continued)

The acquisition of businesses relates to the purchase of two events from Maxima Inc in June 2006, for a total cash consideration of £1.8 million. The fair value of assets acquired amounted to £1.1 million, being brand names and customer relationships. Goodwill arising of £0.7 million is attributable to the anticipated future profitability that ITE can bring to the events. The two events are Bytchimexpo and Expoclean and will both be organised by ITE for the first time in the year ended 30 September 2007.

If the acquisition had taken place on the first day of the financial year, it is estimated that Group revenues for the year would have been $1.4 million higher and the Group profit attributable to equity holders of the parent would have been $0.65 million.

The additional acquisition of businesses cost of £0.1 million relates to additional costs in relation to the purchase of ITE Exhibitions BV and ITE Moda Footwear Limited.

12 Other intangible assets

	Customer relationships & trademarks £000	Computer software £000	**Total £000**
Cost			
At 1 October 2004	80	1,060	**1,140**
Additions	5,677	167	**5,844**
At 1 October 2005	5,757	1,227	**6,984**
Additions	1,497	104	**1,601**
Foreign exchange	(82)	–	**(82)**
Disposals	(24)	–	**(24)**
At 30 September 2006	7,148	1,331	**8,479**
Amortisation			
At 1 October 2004	5	409	**414**
Charge for the year	378	203	**581**
At 1 October 2005	383	612	**995**
Charge for the year	1,330	290	**1,620**
Foreign exchange	(2)	–	**(2)**
Disposals	(3)	–	**(3)**
At 30 September 2006	1,708	902	**2,610**
Carrying amount			
At 30 September 2006	5,440	429	**5,869**
At 30 September 2005	5,374	615	**5,989**

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

The additions to customer relationships and trademarks of £1.5 million relates to the purchase of the Gift & Décor event in the Ukraine and the Bytchimexpo and Expoclean events in Russia. The Gift & Décor event was purchased in March 2006 for £0.4 million from Expo UA. The event is biannual, held in Kyiv, Ukraine. The event has been held once since acquisition, making a profit of £40,000. The fair value of the customer relationships and trademarks was £0.4 million.

The Bytchimexpo and Expoclean events were purchased from Maxima Inc in June 2006, for a total consideration of £1.8 million. The fair value of the customer relationships and trademarks was £1.1 million, with £0.7 million being recognised in goodwill. Neither event has been held since acquisition.

Notes to the consolidated accounts
continued

13 Property, plant and equipment

Group	Land and buildings £000	Plant and equipment £000	**Total £000**
Cost			
At 1 October 2004	967	930	**1,897**
Additions	–	225	**225**
Disposals	–	(411)	**(411)**
At 1 October 2005	967	744	**1,711**
Additions	–	421	**421**
Disposals	–	(9)	**(9)**
At 30 September 2006	967	1,156	**2,123**
Depreciation			
At 1 October 2004	249	437	**686**
Charge for the year	49	196	**245**
Disposals	–	(346)	**(346)**
At 1 October 2005	298	287	**585**
Charge for the year	49	228	**277**
Disposals	–	(8)	**(8)**
At 30 September 2006	347	507	**854**
Net book value			
At 30 September 2006	620	649	**1,269**
At 30 September 2005	669	457	**1,126**

14 Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 4 to the Company's separate financial statements.

15 Interests in associates

	2006 £000	2005 £000
Aggregated amounts relating to associates		
Total assets	**3,236**	2,880
Total liabilities	**(1,798)**	(1,470)
	1,438	1,410

Included within total assets is goodwill of £764,000 (2005: £764,000).

Profit after tax	**564**	393

	Country of incorporation or principal business address	Effective Holding	%
Istanbul Fuarcilik AS	Turkey	Ordinary shares	50

16 Current assets

	2006 £000	2005 £000
Trade and other receivables		
Trade receivables	**21,975**	17,637
Other receivables	**719**	302
Loan to Incheba Praha	**–**	744
Venue advances and other loans – current	**4,128**	1,786
Prepayments and accrued income	**2,524**	2,253
Derivative financial instruments	**248**	–
	29,594	22,722
Cash and cash equivalents		
Cash at bank and in hand	**27,401**	17,179
Cash held on trust	**4,482**	6,526
	31,883	23,705
Venue advances and other loans – non-current		
Venue advances and other loans	**3,015**	2,216
	3,015	2,216

An allowance has been made for estimated irrecoverable amounts from trade receivables of £0.4 million. The directors consider that the carrying amount of other receivables approximates their fair value. The trade receivables are held in different currencies with £1.7 million in Sterling, £3.8 million is US Dollars, £16.2 million in Euros and £0.3 million in other currencies.

The cash at bank and in hand comprises cash held by the Group and short-term deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value. The cash balance is represented by £22.3 million of Sterling, £1.4 million of Euros, £1.0 million of US Dollars, £1.2 million of Roubles and £1.5 million of other currencies. Surplus funds are placed on short term deposit with floating interest rates.

As a result of the capital reduction in August 2005, £4.5 million is held in a trust account, which will be released as certain creditors are paid in full. At 30 September 2006 £0.5 million of the cash in trust was expected to be released within one year and £4.0 million was expected to be released after 30 September 2007 at approximately £0.5 million a year.

The venue advances and other loans of £3.0 million due after one year is all due within five years (2005: £0.3 million due after more than five years). The venue loans repayable by cash are measured at fair value using a discounted cash flow model. The venue prepayments are held at cost. All venue advances are stated net of allowance for doubtful receivables. The venue advances are denominated in either Euros or US Dollars and are analysed as follows:

	2006 £000	2005 £000
Venue loans		
Denominated in Euros	**300**	121
Denominated in US Dollars	**3,684**	3,652
Denominated in other currencies	**109**	–
	4,093	3,773
Venue prepayments		
Denominated in Roubles	**1,632**	–
Denominated in US Dollars	**1,418**	229
	3,050	229
Total venue loans and prepayments	**7,143**	4,002

Notes to the consolidated accounts
continued

16 Current assets (continued)
Credit risk
The Group's principal financial assets are bank balances, trade receivables, prepayments and venue advances. The Group's credit risk is primarily attributable to its trade receivables and venue advances. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

17 Bank overdraft
The bank overdrafts are all repayable on demand. Of the total borrowing, £8.8 million (2005: £6.8 million) is denominated in Euros, £1.9 million (2005: £3.9 million) is denominated in US Dollars. The borrowings are arranged at floating interest rates, thus exposing the Group to cash flow interest rate risk. The Euro and US Dollar borrowings are taken out to act as a partial hedge against the UK trade receivables in those currencies.

The overdraft has been secured by a guarantee between ITE Group plc, ITE Exhibitions & Conferences Limited, International Trade and Exhibitions (JV) Limited, ITE Overseas Limited and ITE Enterprises Limited and a charge over the account of International Trade and Exhibitions (JV) Limited. The average interest rate on the bank overdrafts approximates 3.6% per annum (2005: 2.6%) and are determined by reference to base rate plus 0.5%. The directors estimate the carrying value of the overdrafts approximates their fair value.

At 30 September 2006 the Group had £9.3 million (2005: £9.3 million) of gross undrawn committed borrowing facilities.

18 Trade and other payables

	2006 £000	2005 £000
Trade payables	**184**	351
Taxation and social security	**2,961**	3,867
Proposed dividends	**–**	5
Other payables	**4,608**	3,412
Accruals and deferred income	**42,958**	36,209
	50,711	43,844

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and deferred income.

The Directors consider that the carrying value of trade payables approximates their fair value.

19 Provisions

	National Insurance on share options £000	Leases £000	Contingent consideration £000	**Total £000**
At 1 October 2005	1,068	737	1,233	**3,038**
Charged/(credited) to income statement	104	(68)	–	**36**
Utilised in the period	(46)	–	–	**(46)**
Additions in the year	–	–	170	**170**
Payments in the year	–	–	(924)	**(924)**
At 30 September 2006	1,126	669	479	**2,274**
Included in current liabilities				**907**
Included in non-current liabilities				**1,367**
				2,274

The provision for National Insurance on share options is calculated by reference to the employers National Insurance cost on the potential gain based on the difference between the exercise price and share price for those share options where the share price exceeds the exercise price at 30 September 2006.

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

The contingent consideration relates to the acquisitions of ITE Exhibitions BV, Photo Fair and Gift & Décor event, and is dependent on the future profitability of each event.

20 Deferred tax

	Accelerated tax depreciation £000	Intangibles £000	Tax losses £000	Provisions and accruals £000	Share-based payments £000	Repatriation of profit £000	Total £000
At 1 October 2004	(79)	–	20	465	459	(80)	785
Charge to income	3	83	–	(51)	341	(14)	362
Charge to equity	–	–	–	–	151	–	151
Acquisition of subsidiaries	–	(1,575)	–	–	–	–	(1,575)
At 1 October 2005	(76)	(1,492)	20	414	950	(94)	(278)
Charge to income	(802)	315	(20)	52	448	3	(4)
Charge to equity	–	–	–	–	159	–	159
At 30 September 2006	**(878)**	**(1,177)**	**–**	**466**	**1,557**	**(91)**	**(123)**

Notes to the consolidated accounts

continued

20 Deferred tax (continued)

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

	2006 £000	2005 £000
Deferred tax liabilities	**(2,145)**	(1,673)
Deferred tax assets	**2,022**	1,395
	(123)	(278)

At the balance sheet date, the Group has unused tax losses of £1.3 million (2005: £1.3 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses in either year due to the unpredictability of future profit streams. These losses may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £5.1 million (2005: £3.5 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

21 Derivative financial instruments

Currency derivatives

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is party to a foreign currency forward plus contract 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 strike rate 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 30 September 2006 the notional amounts of outstanding foreign currency forward-plus contracts that the Group has committed to are as follows:

	2006 €000	2005 €000
Foreign currency forward plus contracts	**15,000**	16,000

These arrangements are designed to address significant exchange exposures for the year ended 30 September 2007 and are renewed on a revolving basis as required, subject to not committing the Group to less than 6 months or more than 18 months in the future.

At 30 September 2006 the fair value of these derivatives is estimated to be approximately £0.3 million. These amounts are based on market valuations. Amounts of (£0.1) million and £0.3 million have been transferred to the income statement and reserves respectively during the period.

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

22 Share capital

	2006 £000	2005 £000
Authorised		
375,000,000 ordinary shares of 1 pence each (2005: 375,000,000)	**3,750**	3,750
Allotted and fully-paid		
260,905,023 ordinary shares of 1 pence each (2005: 259,891,829)	**2,609**	2,599

During the year the company allotted 983,000 (2005: 3,802,537) ordinary shares of 1 penny each pursuant to the exercise of share options. 30,194 ordinary shares were issued in respect of Directors remuneration (2005: 44,864). The total consideration for the shares issued was £670,000 (2005: £950,000).

As detailed in note 22, the Company purchased 975,833 shares to be held in Treasury during the period.

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

23 Reserves

	Share premium account £000	Merger reserve £000	Capital Redemption reserve £000	ESOT reserve £000	Retained earnings £000	Treasury shares £000	Hedge and Translation Reserve £000	Put option reserve £000	Total £000
1 October 2004	29,036	2,746	–	(2,792)	16,637	–	–	–	45,627
Exercise of options	912	–	–	99	(23)	–	–	–	988
Net profit for the year	–	–	–	–	18,953	–	–	–	18,953
Dividends paid	–	–	–	–	(7,077)	–	–	–	(7,077)
Gain on foreign currency translation of overseas operations	–	–	–	–	–	–	751	–	751
Share-based payments	–	–	–	–	592	–	–	–	592
Shares issued for remuneration	35	–	–	–	–	–	–	–	35
Deferred tax reserve	–	–	–	–	151	–	–	–	151
Purchase of shares by ESOT	–	–	–	(869)	–	–	–	–	(869)
Gain on exercise of ESOT options	–	–	–	–	48	–	–	–	48
Capital reduction	(29,945)	–	–	–	29,945	–	–	–	–
Purchase and cancellation of shares	–	–	291	–	(30,188)	–	–	–	(29,897)
1 October 2005	38	2,746	291	(3,562)	29,038	–	751	–	29,302
Adoption of IAS 39	–	–	–	–	(500)	–	–	(1,044)	(1,544)
Revised 1 October 2005	38	2,746	291	(3,562)	28,538	–	751	(1,044)	27,758

Notes to the consolidated accounts
continued

23 Reserves (continued)

	Share premium account £000	Merger reserve £000	Capital Redemption reserve £000	ESOT reserve £000	Retained earnings £000	Treasury shares £000	Hedge and Translation Reserve £000	Put option reserve £000	Total £000
Revised 1 October 2005	38	2,746	291	(3,562)	28,538	–	751	(1,044)	27,758
Exercise of options	625	–	–	546	117	–	–	–	1,288
Net profit for the year	–	–	–	–	17,401	–	–	–	17,401
Dividends paid	–	–	–	–	(7,137)	–	–	–	(7,137)
Loss on foreign currency translation of overseas operations	–	–	–	–	–	–	(197)	–	(197)
Share-based payments	–	–	–	–	1,492	–	–	–	1,492
Shares issued for remuneration	35	–	–	–	–	–	–	–	35
Deferred tax reserve	–	–	–	–	159	–	–	–	159
Increase in fair value of hedging derivatives	–	–	–	–	–	–	356	–	356
Transfer to income	–	–	–	–	–	–	(22)	–	(22)
Costs related to capital reduction	–	–	–	–	(15)	–	–	–	(15)
Exercise of put option	–	–	–	–	–	–	–	1,044	1,044
Own shares held in treasury	–	–	–	–	–	(1,142)	–	–	(1,142)
30 September 2006	**698**	**2,746**	**291**	**(3,016)**	**40,555**	**(1,142)**	**889**	**–**	**41,021**

IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) have been applied with effect from 1 October 2005. As a result of these standards a number of financial instruments have been revalued as at 1 October 2005 decreasing retained earnings by £0.5 million. Additionally certain put options have been reclassified as financial liabilities resulting in a £1.0 million reduction in reserves. Subsequently this has reversed on exercise of the put option.

At the Extraordinary General Meeting held on 17 November 1998, shareholders approved the establishment of the ITE Group Employee Share Ownership Trust (ESOT). The terms of the ESOT allow the trustees to transfer shares to employees who exercise options under the Company's Share Option Schemes, to grant options to employees and to accumulate shares by buying in the market or subscribing for shares at market value. The ESOT is capable of holding a maximum of 5% of the Company's issued ordinary share capital. The ESOT reserve arises in connection with the Employee Share Ownership Trust. The amount of the reserve represents the deduction in arriving at shareholders funds for the consideration paid for the Company's shares purchased by the Trust which had not vested unconditionally in employees at the Balance Sheet date.

The ESOT held 9,372,100 shares in ITE Group plc at 30 September 2006 (2005: 11,127,000 shares). No grants of share options have been made during the financial year. The market value of the ordinary shares held by the ESOT at 30 September 2006 was £11.4 million (2005: £11.9 million).

The Company has agreed to make available to the ESOT an interest-free loan of up to £7.5 million for the purpose of buying shares. At 30 September 2006, the amount of the loan drawn down was £2.6 million. The ITE Group plc company only profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2006.

The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. 1,704,900 options were exercised during the year. Of the total shares held by the ESOT, all are under option as at 30 September 2006. Details of the options in issue and their exercise dates can be seen at note 26 to the accounts.

The Company purchased 975,833 shares at a cost of £1,142,000 to be held in Treasury during the period.

24 Minority interests

	2006 £000	2005 £000
1 October	**194**	228
Loss/(profit) on ordinary activities after taxation	**36**	(33)
Acquisition of minority interest	**(211)**	–
30 September	**19**	194

25 Operating lease arrangements

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

	2006 £000	2005 £000
Minimum lease payments under operating leases recognised in income for the year	**1,173**	1,195

At 30 September 2006 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2006 £000	2005 £000
Within one year	**1,094**	1,106
Between two and five years	**2,871**	2,295
After five years	**3,414**	3,854
	7,379	7,255

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of two years.

The Group also earned rental income of £180,000 during the year. At the balance sheet date the Group has contracted with the tenant for a lease term of one year.

26 Share-based payments

The Company operates two share option schemes.

Share option plans

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

Performance share plans

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

Notes to the consolidated accounts
continued

26 Share-based payments (continued)
Details of the share options outstanding as at 30 September 2006 are as follows:

	2006 Number of share options	**2006 Weighted average exercise price (p)**	2005 Number of share options	2005 Weighted average exercise price (p)
Share option plans				
Outstanding at beginning of period	**14,013,000**	**51.0**	15,340,405	38.1
Granted during the period	**–**	**–**	2,850,000	85.5
Lapsed during the period	**(259,500)**	**(69.3)**	(374,868)	(55.0)
Exercised during the period	**(2,433,000)**	**(48.9)**	(3,802,537)	(24.2)
	11,320,500		14,013,000	
Performance Share Plans				
Outstanding at beginning of period	**2,807,176**	**0.7**	1,605,683	1.0
Granted during the period	**1,349,500**	**0.1**	1,201,493	1.0
Lapsed during the period	**(123,151)**	**(0.5)**	–	–
Exercised during the period	**(254,900)**	**(1.0)**	–	–
	3,778,625		2,807,176	

The weighted average share price at the date of exercise for share options exercised during the period was 124p. The options outstanding at 30 September 2006 had a weighted average exercise price of 23p, and a weighted average remaining contractual life of 345 days. In 2006, Performance Share Plan options were granted on 17 January 2006. The aggregate of the estimated fair value of these options is £1.4 million. In 2005 share options were granted on 7 December 2004 and Performance Share Plan options were granted on 13 January 2005. The aggregate of the estimated value of the options granted on those dates is £1.9 million.

The inputs into the Black-Scholes model are as follows:

	2006 Performance share plan	2005 Performance share plan	2005 Share options
Weighted average share price	**126.5p**	85.5p	85.5p
Weighted average exercise price	**1.0p**	1.0p	85.5p
Expected volatility	**25%**	30.4%	50.7%
Expected life	**3 years**	3 years	6 years
Risk free rate	**4.15%**	4.4%	4.5%
Dividend yield	**2.17%**	2.6%	2.6%

The Group recognised total expenses of £1.6 million (2005: £1.1 million) related to equity-settled share-based payment transactions.

27 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates, where relevant, are disclosed below.

Trading transactions

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 year ITF, the Group's associate, was charged £3.7 million by CNR for rent, hall services such as electricity, security and advertising and stand construction (2005: £3.5 million). At 30 September 2006 CNR owed ITF £1.0 million (2005: £0.9 million).

In Kazakhstan, ITECA, a Group subsidiary, has transacted with Datacom, Expo Design and Saban Holdings for the provision of web systems, stand construction services and office rental respectively. Edward Strachan, a Group director, is a significant shareholder of Datacom and Saban Holdings and was a significant shareholder in Expo Design for part of the year. In total the services charged to ITECA were £69,000 (2005: £148,000).

Remuneration of key management personnel

The remuneration of directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related party disclosures. Further information about the remuneration of individual directors is provided in the audited part of the Report on remuneration on pages 31 to 33.

	2006 £000	2005 £000
Emoluments	**2,249**	2,378
Share-based payment	**464**	302
	2,713	2,680

28 Transition to IFRS

This is the first year that the Company has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 30 September 2005 and the date of transition was 1 October 2004.

Reconciliation of income statement for year ended 30 September 2005

	UK GAAP £000	Share-based payments £000	Leases £000	Amortisation £000	Associates £000	Deferred tax £000	Holiday pay £000	IFRS £000
Revenue	78,547	–	–	–	–	–	–	78,547
Cost of sales	(42,552)	–	–	–	–	–	–	(42,552)
Gross profit	35,995	–	–	–	–	–	–	35,995
Net administrative expenses before amortisation	(12,063)	(531)	52	–	–	–	10	(12,532)
Amortisation	(3,142)	–	–	2,764	–	–	–	(378)
Total administrative expenses	(15,205)	(531)	52	2,764	–	–	10	(12,910)
Operating profit (UK GAAP)	20,790	(531)	52	2,764	–	–	10	23,085
Share of associates' operating profit	459	–	–	153	(219)	–	–	393
Profit on disposal of group undertakings	221	–	–	–	–	–	–	221
Income from investments	2,085	–	–	–	(17)	–	–	2,068
Finance costs	(596)	–	–	–	–	–	–	(596)
Profit on ordinary activities before taxation	22,959	(531)	52	2,917	(236)	–	10	25,171
Tax on profit on ordinary activities	(7,429)	–	–	–	236	412	–	(6,781)
Profit for the period	15,530	(531)	52	2,917	–	412	10	18,390

Notes to the consolidated accounts
continued

28 Transition to IFRS (continued)
Reconciliation of Balance Sheet at 30 September 2005

	UK GAAP £000	Leases £000	Amortisation £000	Deferred tax £000	Holiday pay £000	Dividends £000	IFRS £000
Capital and reserves							
Called-up share capital	2,599	–	–	–	–	–	2,599
Share premium account	38	–	–	–	–	–	38
Merger reserve	2,746	–	–	–	–	–	2,746
ESOT reserve	(3,562)	–	–	–	–	–	(3,562)
Profit and loss account	22,184	(722)	2,916	1,211	(112)	4,603	30,080
Equity attributable to equity holders of the parent	24,005	(722)	2,916	1,211	(112)	4,603	31,901
Minority interests	194	–	–	–	–	–	194
Total equity	24,199	(722)	2,916	1,211	(112)	4,603	32,095

Reconciliation of Balance Sheet at 1 October 2004

	UK GAAP £000	Leases £000	Deferred tax £000	Holiday pay £000	Dividends £000	IFRS £000
Capital and reserves						
Called-up share capital	2,852	–	–	–	–	2,852
Share premium account	29,036	–	–	–	–	29,036
Merger reserve	2,746	–	–	–	–	2,746
ESOT reserve	(2,792)	–	–	–	–	(2,792)
Profit and loss account	12,352	(774)	648	(122)	4,533	16,637
Equity attributable to equity holders of the parent	44,194	(774)	648	(122)	4,533	48,479
Minority interests	228	–	–	–	–	228
Total equity	44,422	(774)	648	(122)	4,533	48,707

The analysis below sets out the most significant adjustments arising from the transition to IFRS.

Share-based payments
IFRS 2 (Share-based payment) states that an expense for equity instruments granted should be recognised in the financial statements based on their 'fair value' at the date of grant. This expense, which is in relation to employee option and performance share plans, is then recognised over the vesting period of the relevant scheme. IFRS 2 has been applied to all options granted after 7 November 2002 and not fully vested by 1 January 2005.

Leases
IAS 17 (Leases) requires that the expense is recognised on a straight line basis over the lease term, including any rent-free or reduced rent periods given at the inception of a lease. The income statement has been adjusted to take into account the amortisation of lease incentives over a longer period than the UK GAAP, which recognises incentives over the period to the first rent review date.

Goodwill and acquired intangible assets
IAS 38 (Intangible assets) states that goodwill is not amortised. Instead goodwill is subject to an annual impairment review. As the Group has elected not to apply IFRS 3 retrospectively to business combinations prior to 1 October 2004, the original UK GAAP goodwill balance at 1 October 2004 (£29.3m) has been included in the opening IFRS consolidated balance sheet and is no longer amortised, but continues to be subject to impairment reviews.

Business combinations since 1 October 2004 have been accounted for in accordance with IFRS 3 (Business combinations), with intangible assets recognised and amortised over their useful economic lives where they are separable or arise from a contractual or legal right. Intangible assets relating to customer lists and databases and brand trademarks, are being amortised over their estimated useful lives.

28 Transition to IFRS (continued)

Under UK GAAP, capitalised computer software is included within tangible fixed assets on the balance sheet as property, plant and equipment. Under IAS 38 only computer software that is integral to a related item of hardware can be included as property, plant and equipment. All other computer software is recorded as an intangible asset.

Income from associates

IAS 1 (Presentation of Financial Statements) requires the aggregated profit or loss of an associate to be disclosed as a single line item within the income statement. Under UK GAAP, the Group separately presented its share of operating profit, interest, tax and minority interest from associate undertakings.

Deferred and current taxes

IAS 12 (Income taxes) requires deferred tax to be provided on all temporary differences rather than just timing differences under UK GAAP. IAS 12 also requires deferred tax to be provided in respect of the Group's employee benefits such as share option schemes.

Holiday pay accrual

IAS 19 (Employee benefits) requires a liability to be recognised for the amount of accrued holiday pay of employees at the balance sheet date in respect of any holiday amounts which they are still entitled to at that time.

Dividends

IAS 10 (Events after the Balance Sheet date) requires that dividends declared after the balance sheet date should not be recognised as a liability at that balance sheet date as the liability does not represent a present obligation as defined by IAS 37 (Provisions, Contingent liabilities and Contingent assets).

There are no material adjustments to the cash flow statement.

Independent auditors' report

We have audited the individual company financial statements of ITE Group plc for the year ended 30 September 2006 which comprise the balance sheet and the related notes 1 to 8. These individual company financial statements have been prepared under the accounting policies set out therein.

The corporate governance statement and the directors' remuneration report are included in the group annual report of ITE Group plc for the year ended 30 September 2006. We have reported separately on the group financial statements of ITE Group plc for the year ended 30 September 2006 and on the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the individual company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the individual company financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the individual company financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the individual company financial statements have been properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the individual company financial statements. We also report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the individual company financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the individual company financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the individual company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the individual company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the individual company financial statements.

Opinion

In our opinion:

- the individual company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006;
- the individual company financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
4 December 2006

Company balance sheet

30 September 2006

	Notes	2006 £000	2005 Restated[1] £000
Fixed assets			
Investments in subsidiaries	4	**1,000**	1,000
Intangible assets	4	**29**	40
		1,029	1,040
Current assets			
Debtors due within one year	5	**21,919**	23,980
Cash at bank and in hand		**4,582**	6,616
		26,501	30,596
Creditors: amounts falling due within one year	6	**(1,644)**	(9,126)
Net current assets		**24,857**	21,470
Total assets less current liabilities		**25,886**	22,510
Net assets		**25,886**	22,510
Capital and reserves			
Called up share capital	7	**2,609**	2,599
Share premium account	8	**698**	38
Capital redemption reserve	8	**291**	291
Merger reserve	8	**2,746**	2,746
ESOT reserve	8	**(3,016)**	(3,562)
Shares held in treasury	8	**(1,142)**	–
Profit and loss account	8	**23,700**	20,398
Equity shareholders' funds		**25,886**	22,510

Note:
1 The financial statements for the year ended 30 September 2005 have been restated in accordance with FRS 21

The accounts on pages 67 to 73 were approved by the Board of Directors and signed on its behalf by:

Ian Tomkins
Chief Executive Officer
4 December 2006

Russell Taylor
Finance Director

The accompanying notes are an integral part of this balance sheet.

Notes

Basis of accounting
The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards and have been applied consistently, with the exception of the restatement of dividends under the revised requirements of FRS 21.

Changes in accounting policies
In accordance with FRS 21 (Events after the Balance Sheet Date), the Company now recognises dividends in the period they are declared. Dividends declared after the balance sheet date are no longer included in the accounts. Adopting FRS 21 has resulted in a prior year adjustment. The total effect of this has been to increase opening shareholders' funds by £4.6 million, but there has been no effect on reported profit.

During the year the Company has also adopted FRS 23 (The effect of changes in foreign exchange rates), FRS 25 (Financial instruments: disclosure and presentation), and FRS 26 (Financial instruments: recognition and measurement). This has had no effect on the financial statements.

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

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

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

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

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

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

Hedging instruments
Cash flow hedges are carried at fair value in the balance sheet. Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised directly in the hedging reserve and any ineffective portion is recognised in profit or loss.

Fair value hedges are carried at fair value in the balance sheet. Changes in the fair value of derivatives that are designated and qualify as effective fair value hedges are recognised in the income statement, along with any changes in fair value of the hedged item that is attributable to the hedged risk. Any ineffective portion is also recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

The Company's use of financial derivatives is governed by the Group's financial policies.

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that does not effect the tax profit or the accounting profit.

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

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

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

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

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

1 Profit for the year
The profit before dividends for the year ended 30 September 2006 was £10.3 million (2005: £17.8 million). As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the Company.

The audit fee for the Company was £40,000 (2005: £38,000).

Notes
continued

2 Staff costs

a) Number of employees

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

	Number 2006	Number 2005
Directors	**8**	10

b) Employee costs

Their aggregate remuneration comprised:

	2006 £000	2005 £000
Wages and salaries	**1,285**	1,274
Social security costs	**164**	163
Gross total	**1,449**	1,437
Highest paid director	**700**	660

3 Dividends

	2006 £000	2005 Restated £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2005 of 1.85p per ordinary share	**4,602**	–
Interim dividend for the year ended 30 September 2006 of 1.0p (2005 – 0.9p) per ordinary share	**2,535**	2,544
	7,137	2,544
Proposed final dividend for the year ended 30 September 2006 of 2.5p (2005 – 1.85p) per ordinary share	**6,264**	4,602

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

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 9,372,100 (2005: 11,127,000) ordinary shares representing 4% of the Company's called-up ordinary share capital, has agreed to waive all dividends due to it.

4 Fixed asset investments

	2006 £000	2005 £000
Investment in subsidiaries	**1,000**	1,000
Intangible assets	**29**	40
	1,029	1,040

4 Fixed asset investments (continued)

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

	Country of incorporation or principal business address	Effective Holding	%
Subsidiary undertakings			
International Trade and Exhibitions (JV) Limited	England	Ordinary shares	100
ITE Exhibitions & Conferences Limited	England	Ordinary shares	100
IEG International Limited[1]	England	Ordinary shares	100
Intermedia Exhibitions and Conferences Limited	England	Ordinary shares	100
IEG-Gima International Exhibition Group GmbH & Co KG	Germany	Ordinary shares	100
International Trade and Exhibitions (ITE) Worldwide B.V.	Netherlands	Ordinary shares	100
E Uluslararasi Fuar Tantitim Hizmetleri A.S.	Turkey	Ordinary shares	100
Premier Expo	Ukraine	Ordinary shares	100
ITE LLC	Russia	Ordinary shares	100
ITE Expo LLC	Russia	Ordinary shares	100
OOO Primexpo	Russia	Ordinary shares	100
ITECA	Kazakhstan	Ordinary shares	100
Iteca Caspian LLC	Azerbaijan	Ordinary shares	100
ITE Uzbekistan	Uzbekistan	Ordinary shares	100
ITE Moda Limited	England	Ordinary shares	100
ITE Enterprises Limited[1]	England	Ordinary shares	100
RAS Holdings Limited	England	Ordinary shares	100
RAS Publishing Limited	England	Ordinary shares	100
ITE Moda Footwear Ltd	England	Ordinary shares	100
ITE Footwear Limited	England	Ordinary shares	75
ITE Exhibitions BV	Netherlands	Ordinary shares	100
Associates			
Istanbul Fuarcilik AS	Turkey	Ordinary shares	50

Note:
1 Held directly by ITE Group plc

Notes
continued

4 Fixed asset investments (continued)

Subsidiary undertakings

	Shares £000	Loans £000	**Total £000**
Cost			
1 October 2005	10,181	23,574	**33,755**
30 September 2006	10,181	23,574	**33,755**
Provision for impairment			
1 October 2005	9,181	23,574	**32,755**
30 September 2006	9,181	23,574	**32,755**
Net Book Value			
30 September 2006	1,000	–	**1,000**
30 September 2005	1,000	–	**1,000**

Intangible assets

	£000
Cost	
1 October 2005	**44**
Additions	**5**
Disposals	**(17)**
30 September 2006	**32**
Provision	
1 October 2005	**4**
Disposals	**(3)**
Charge in the year	**2**
30 September 2006	**3**
Net book value	
30 September 2006	**29**
30 September 2005	**40**

5 Debtors due within one year

	2006 £000	2005 £000
Amounts owed by Group undertakings	**21,769**	23,609
Venue advances and other loans	**–**	229
Prepayments and accrued income	**150**	142
	21,919	23,980

6 Trade and other creditors

	2006 £000	2005 Restated £000
Amounts owed to Group undertakings	**1,506**	8,951
Accruals and deferred income	**138**	175
	1,644	9,126

7 Called up share capital

	2006 £000	2005 £000
Authorised		
375,000,000 ordinary shares of 1 pence each (2005: 375,000,000)	**3,750**	3,750
Allotted, called up and fully-paid		
260,905,023 ordinary shares of 1 pence each (2005: 259,891,829)	**2,609**	2,599

During the year the company allotted 983,000 (2005: 3,802,537) ordinary shares of 1 penny each pursuant to the exercise of share options. 30,194 ordinary shares were issued in respect of Directors remuneration (2005: 44,864). The total consideration for the shares issued was £670,000 (2005: £950,000).

8 Reserves and reconciliation of equity shareholders' funds

	Share capital £000	Share premium account £000	Merger reserve £000	Capital Redemption reserve £000	ESOT reserve £000	Treasury shares £000	Profit and loss account £000	Total £000
1 October 2005	2,599	38	2,746	291	(3,562)	–	15,795	17,907
Prior year adjustment on adoption of FRS 21	–	–	–	–	–	–	4,603	4,603
Restated 1 October 2005	2,599	38	2,746	291	(3,562)	–	20,398	22,510
Exercise of options	10	625	–	–	–	–	–	635
Net profit for the year	–	–	–	–	–	–	10,335	10,335
Dividends paid	–	–	–	–	–	–	(7,137)	(7,137)
Gain on exercise of ESOT options	–	–	–	–	546	–	117	663
Shares issued for remuneration	–	35	–	–	–	–	–	35
Capital reduction	–	–	–	–	–	–	(13)	(13)
Purchase of shares to be held in treasury	–	–	–	–	–	(1,142)	–	(1,142)
30 September 2006	**2,609**	**698**	**2,746**	**291**	**(3,016)**	**(1,142)**	**23,700**	**25,886**

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of Olswang, 90 High Holborn, London WC1V 6XX on 22 February 2007 at 12.00 noon for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Report and Accounts and the Auditors' report for the year ended 30 September 2006.

2. To re-appoint Ian Tomkins as a Director of the Company.

3. To re-appoint Edward Strachan as a Director of the Company.

4. To re-appoint Sir Jeremy Hanley as a Director of the Company.

5. To re-appoint Malcolm Wall as a Director of the Company.

6. To declare a final dividend.

7. To re-appoint Deloitte & Touche LLP as auditors of the Company from the conclusion of the meeting until the conclusion of the next annual general meeting of the Company at which accounts are laid and to authorise the Directors to agree their remuneration.

8. To approve the Remuneration Report.

Special Business

To consider and, if thought fit, to pass the following resolutions of which number 9 will be proposed as an Ordinary Resolution and numbers 10 and 11 will be proposed as Special Resolutions:

9. That the Directors be, and they are hereby, generally and unconditionally authorised (in substitution for all subsisting authorities) for the purposes of section 80 of the Companies Act 1985 (the 'Act') to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £866,430 provided that this authority shall expire fifteen months from the date of this resolution or, if earlier, at the conclusion of the Company's next Annual General Meeting and provided that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired and provided further that this authority shall be in substitution for and shall replace any existing authority pursuant to the said section 80 to the extent not utilised at the date this resolution is passed.

10 That subject to the passing of resolution 9 above, the Directors be, and they are hereby, empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) of the Company for cash, either pursuant to the authority conferred by resolution 9 above or by an allotment of equity securities such as is referred to in section 94(3A) of the Act as if sub-section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment:

    (a) of equity securities in connection with an offer of such securities by way of rights or other pre-emptive offer to holders of ordinary shares of 1 pence each in the capital of the Company ('Ordinary Shares') in proportion (as nearly as may be practicable) to their respective holding of such Ordinary Shares but subject to such exclusions or other arrangements as the Directors may deem necessary or desirable to deal with fractional entitlements or any legal or practical problems arising under or as a result of the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or the issue and/or transfer and/or holding of any securities in uncertificated form; and

    (b) (otherwise than pursuant to paragraph (a) above) up to an aggregate nominal amount of £130,452; and shall expire at the conclusion of the next Annual General Meeting of the Company or fifteen months from the date of this resolution, whichever is earlier, so that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

11. That the Company be, and it is hereby, generally and unconditionally authorised for the purpose of section 166 of the Act to make one or more market purchases (within the meaning of section 163(3) of the Act) of Ordinary Shares, provided that:

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 25,992,919;

(b) the minimum price which may be paid for an Ordinary Share is 1 pence (exclusive of expenses);

(c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than an amount equal to 105 per cent of the average of the closing middle market price for an Ordinary Share as derived from the Official List of the UK Listing Authority for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased;

(d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months from the date of the Annual General Meeting at which this resolution is passed, whichever is the earlier; and

(e) the Company may make a contract or contracts to purchase Ordinary Shares which would or might be executed wholly or partly after the expiry of the authority hereby conferred and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

Russell Taylor
Company Secretary
4 December 2006

Registered Office:
105 Salusbury Road, London NW6 6RG

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of them. A proxy need not be a member of the Group.

2. A form of proxy is provided with this notice and instructions for use are shown on the form. To be effective, the form duly signed must be deposited at or posted to the offices of the Company's registrar, Capita Registrars,The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the meeting. Deposit of the form of proxy shall not preclude a member from attending and voting in person at the meeting or any adjournment of the meeting.

3. The Company specifies pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 that only those members registered in the register of members of the Company as at 6.00 p.m. on 20 February 2007 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjournment meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the register after 6.00 p.m. on 20 February 2007 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of the adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Although only CREST members can use the electronic proxy system at this stage, the Company hopes to adopt a more general regime to allow for electronic communication with shareholders and is awaiting the implementation of the new electronic communications provisions of the Companies Act 2006 so as to assess the best way of implementing such a regime.

Directors, advisers and other information

Directors	Iain Paterson, non-executive Chairman Ian Tomkins, Chief Executive Officer The Rt Hon Sir Jeremy Hanley, KCMG, non-executive Director Michael Hartley, non-executive Director Edward Strachan, executive Director Russell Taylor, Finance Director Malcolm Wall, non-executive Director
Company Secretary	Russell Taylor
Registered office	ITE Group plc 105 Salusbury Road London, NW6 6RG
Registration number	1927339
Auditors	Deloitte & Touche LLP London
Solicitors	Olswang 90 High Holborn London, WC1V 6XX
Principal bankers	Barclays Bank plc 27 Soho Square London, W1A 4WA
Company brokers	Numis Securities Limited Cheapside House 138 Cheapside London, EC2V 6LH
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire, HD8 OLA
Public relations	Financial Dynamics Holborn Gate 26 Southampton Buildings London, WC2A 1PB
Website	www.ite-exhibitions.com

Financial calendar

Final dividend 2006

Ex date	31 January 2007
Record date	2 February 2007
Annual General Meeting	22 February 2007
Payment date	2 March 2007

Interim dividend 2007

Record date	June 2007
Payment date	July 2007

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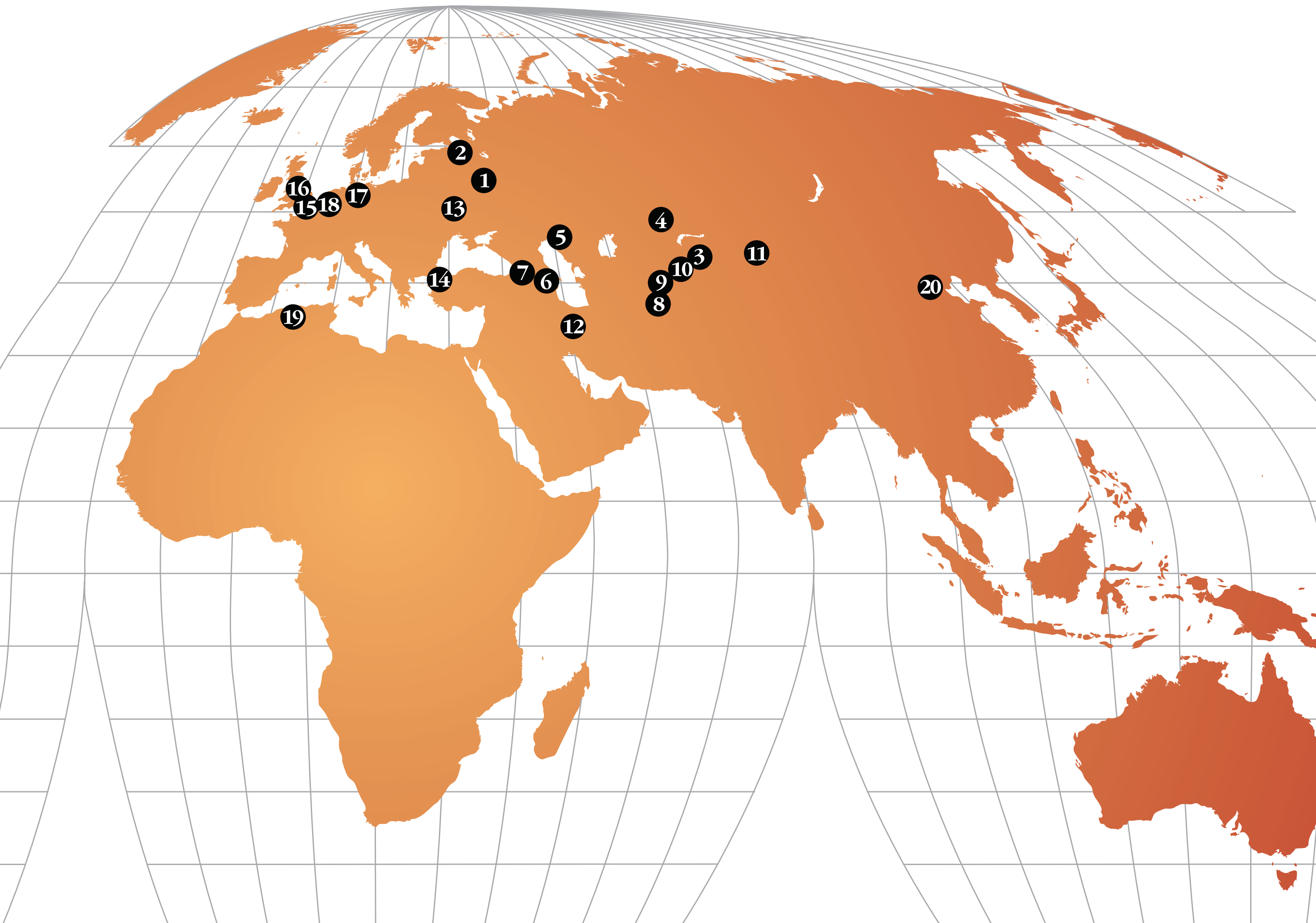
The ITE Group

1 ITE LLC Moscow – Moscow, Russia
2 Primexpo – St Petersburg, Russia
3 ITECA – Almaty, Kazakhstan
4 ITECA – Astana, Kazakhstan
5 ITECA – Atyrau, Kazakhstan
6 ITECA Caspian – Baku, Azerbaijan
7 ITECA Kavkasia – Tbilisi, Georgia
8 ITECA – Dushanbe, Tajikistan
9 ITE Uzbekistan –Tashkent, Uzbekistan
10 ITECA – Bishkek, Kyrgyzstan
11 ITE West China – Urumqi, China
12 ITECA Pars – Tehran, Iran
13 Premier Expo – Kyiv, Ukraine
14 EUF & ITF – Istanbul, Turkey
15 ITE Group plc – London, England
16 ITE Moda Ltd – Huddersfield, England
17 GiMA – Hamburg, Germany
18 ITE Worldwide BV – Utrecht, Netherlands
19 ITE Algérie – Algiers, Algeria
20 ITE (Representative office) – Beijing, China



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