

**4 December 2007**

For Immediate Release

**ITE GROUP PLC**

**RECORD RESULTS DRIVEN BY STRONG ORGANIC GROWTH**

**PRELIMINARY ANNOUNCEMENT**

**Highlights**

	<b>Year ended 30 September 2007</b>	<b>Year ended 30 September 2006</b>	
Revenue	£99.1m	£82.4m	+20%
Profit before tax	£33.7m	£24.8m	+35%
Headline pre-tax profit*	£35.3m	£26.0m	+35%
Diluted earnings per share	9.0p	6.7p	+31%
Headline diluted earnings per share**	9.4p	7.0p	+34%
Dividend per share	4.5p	3.5p	+28%

- Fifth successive year of record profits
- Revenue up 20% to £99.1m
- Headline profits up 35% to £35.3m
- Good organic growth supported by strong economies of Russia and CIS
- Strong balance sheet to support future growth opportunities
- Cash generation £43m – 120% of headline profits
- £27m of cash returned to shareholders during the year
- Dividend up 28% to 4.5p reflecting continued confidence in future prospects
- ‘Like for like’ forward sales are up more than 10%
- Board confident of another strong performance in 2008

Commenting on the results, Bill Dye, CEO, said:

“ITE continues to capitalise on the strong growth dynamics of our core markets and sectors. Demand for our events continues to grow and this underpins another strong set of results driven by organic growth. Where additional space has become available we have successfully expanded our events. We have also extended the business through launches and expansion of the international sales infrastructure.

“The 2008 financial year has started well; the trading environment remains good and the overseas economies in which we operate continue to grow strongly. Like for like sales are more than 10% ahead of the comparable sales position a year ago. We will continue to benefit from the growth in exhibition space in Russia and CIS and as at 3 December 2007 advance sales for 2008 were £61m. The Board is confident of another strong financial performance from ITE in 2008 and we are well positioned to expand our business.”

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*

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## **ITE Group plc**

### **Preliminary statement for the year ended 30 September 2007**

#### *Chairman's statement*

#### **Group Performance**

ITE has announced an excellent set of results for the year ended 30 September 2007. Reported revenues improved in our stronger biennial year by 20% to £99.1 million and headline profit before tax improved by 35% to £35.3 million (2006: £26.0 million). Fully diluted headline earnings per share for the year was 9.4p (2006: 7.0p). Reported profits before tax were £33.7 million (2006: £24.8 million) and fully diluted earnings per share improved by over 30% to 9.0p (2006: 6.7p).

#### **Strategic Progress**

The Group's primary strategy over the last five years has been to maximise the organic growth opportunities that the Group has earned through strong market positions in the emerging and developing markets of Russia and Central Asia. Our success in achieving this aim has come from the single mindedness with which we have focussed on this objective. As a result ITE has enjoyed five years of continuous growth in revenues and profits and, reflecting this success, ITE became a constituent company of the FTSE 250 index in June this year.

Highlights of the year included Mosbuild, the Group's market leading construction event in Moscow, which this year was the largest commercial exhibition held in Russia and is today one of the world's leading events of its kind. The Moscow International Oil and Gas event and the Kazakhstan International Oil and Gas conference also demonstrated their credentials as world class events for the international community. Also important this year was the signing of an agreement extending our venue rights in Almaty, Kazakhstan through to 2017. This agreement confirms ITE's position in the Kazakhstan exhibition business at a time of economic health and expansion for the region.

The dedication and loyalty of our hard working staff together with the support of our venue partners have been important contributors to the overall success of the Group. Looking forward, I see another year of growth based upon these relationships and infrastructures we have assiduously built over the last five years. The balance sheet is strong and the Group is well positioned to take advantage of any new opportunities that arise in the year.

#### **Board and Management**

As previously announced, Ian Tomkins, Chief Executive Officer for the last five years, stepped down from the Board on 3 September to return to Australia with his family. He left the Company with a solid foundation and the Group will reap the benefits of his stewardship. We have been fortunate to recruit Bill Dye, who succeeds Ian as Chief Executive Officer. Bill's experience encompasses entrepreneurial business building and corporate management skills of a FTSE 100 company. Bill brings a new dimension to the Company and the Board look forward to the next stage of ITE's development under his direction.

Sir Jeremy Hanley joined the Board of ITE as a non executive on 12 March 1998 when the Group first listed on the London Stock Exchange. After nearly ten years of loyal service and hard work Sir Jeremy will, under corporate governance guidelines, be stepping down from the Board after the Company's next Annual General Meeting in March. All the Board extend their thanks to Sir Jeremy for his support and guidance over the years. The search for a new non-executive director is under way.

#### **Dividend**

The Board is recommending to shareholders a final dividend of 3.2 pence per share (2006: 2.5 pence), making a total dividend for the year of 4.5 pence per share (2006: 3.5 pence). The total dividend for the year represents an increase of more than 28% over last year's dividend, which reflects both the strong cash dynamics of the business and the Board's confidence in its opportunities looking forward.

**Outlook**

The markets in which we operate continue to expand and the domestic economies of the countries in which we trade are still growing strongly. With ITE's strong brands and expanding international infrastructure, I look forward to another year of growth for the ITE Group.

Iain Paterson

Chairman

3 December 2007

### **Results for 2007 Financial Year**

Turnover for the year was £99.1 million, an increase of 20% over last year (2006: £82.4 million). Growth from our higher margin products, selective price increases and good cost control all helped to lift gross margins to 50% in the year (2006: 46.7%). Organic revenue growth was 15%, earned through running 148 events around the world and selling over 450,000 metres of exhibition space through our 19 offices.

Headline profit before tax of £35.3 million was 35% ahead of last year's £26.0 million comparable result. The 2007 result includes a net £3.8 million biennial contribution, largely from the Moscow Oil and Gas event and high organic growth across the rest of the portfolio. On a like for like basis gross profit was 21% higher than last year, operating profit was 20% higher than last year and Headline Profit was 21% higher than last year. Overall this represents an excellent financial and trading result for the year.

Cash generated from the business in the year before tax was £43.1 million representing more than 120% of headline profit before tax. After accounting for tax, the business generated £33.0 million of free cash flow, of which a total £27.1 million was returned to shareholders through share buybacks and dividends. The strong cash flow resulted in the Group's cash balances rising from £21.2 million at the beginning of the year to £26.7 million at the end of the year. ITE's strong balance sheet puts it in a good position to take advantage of current market conditions.

### **Strategy**

ITE has very strong market positions in geographies enjoying good economic growth and in which the media and marketing businesses are under represented. My initial impressions of ITE are that it also has unique assets which have enabled it to participate so well in the growth that these economic and structural conditions have generated in recent years.

*International sales reach* – ITE has a culture throughout, such that each office sells ITE events to its domestic customer base. In addition to the international sales offices in Germany and the UK, the domestic ITE offices generate significant cross border sales within Russia, Central Asia and South Eastern Europe. No other organiser in Russia and CIS is able to replace this 'sales reach'.

*Established market leading positions* - ITE has been organising exhibitions in these territories for over 15 years. The group has extensive knowledge and experience of the exhibitions, the exhibitors, the venues and the regions in which ITE run its business.

*Local presence* – The Group's offices are locally staffed and are accepted and acknowledged as part of the local Russian – CIS exhibition market. ITE's staff have for the most part grown up with the business. Many of them have worked together on the same shows for many years. Some of them have worked in different offices at different times. Overall this has created a unique 'family' culture among the staff of ITE that is unusual in such a geographically diverse business.

*Venue relationships* – ITE has been working in partnership with its venues since the beginning of its business. ITE has provided financial support to build and extend venues and is now a significant customer to each of its main venues.

These assets make ITE a unique business in the exhibition industry. Allied to this are the strengths of the exhibition business model. The business is strongly cash generative and has excellent sales visibility forward. The position of ITE together with the nature of large established brands create barriers to entry for any potential competitors.

The Group's principal objectives have been the creation of sustainable growth in headline earnings per share and the creation of leading positions in each of its markets. The strategy to deliver these targets was to:

- Increase revenues from existing offices, both through expansion of existing exhibitions and through the launch of new exhibitions.

- Increase volume sales and maintain the rate achieved per unit ('yield') by office.
- Make incremental 'bolt on' acquisitions in support of our objectives.
- Secure forward venue rights for significant exhibitions.

ITE's 2007 performance against these objectives is set out below:

- Revenues have increased 15% on a like for like basis.
- Volume sales have increased 12% on a like for like basis from 380,600m<sup>2</sup> to 427,700m<sup>2</sup>. This has been achieved at the same time as an improvement in comparable yields from £206m<sup>2</sup> to £210m<sup>2</sup> across the Group.
- There have been no significant acquisitions made in the year.
- An extension in our venue rights has been signed for our Kazakhstan business, and discussions are well advanced to extend our relationship in Uzbekistan.

The Group's priority for cash is to develop ITE's business in line with its strategy, either through internal investment or by making acquisitions. Surplus free cash flow is returned to shareholders through dividends and share buybacks.

### **Trading and Operating Performance in 2007**

ITE's growth has been driven by strong performance of its exhibitions that service the construction and oil and gas sectors. This year saw that trend continue with revenue growth from the construction exhibitions increasing 25% and revenue growth from the oil and gas events increasing by 35% (adjusted for biennial events). There has also been continued growth in the next tier of B2B events – food, motors and travel notably in the Central Asia regions. These events have been well established in Moscow and St Petersburg for some time, but until recently have been less well represented in Central Asia.

Moscow is now much better served in terms of venue facilities than it was a few years ago and ITE has taken maximum advantage of the opportunity to grow its business into the new space. However it is still difficult to find suitable space at the peak times in the calendar and more space will inevitably be built in response to this underlying demand. St Petersburg remains a static market with limited options for growth on its site, and a well established ownership of the main exhibition themes in the region. There are renewed discussions about new venue projects in St Petersburg which will provide a fresh stimulus to the industry if and when they are built.

In Central Asia we are recording good growth in the construction and oil and gas sectors, but also a sustained momentum in the hitherto small travel, food and auto exhibitions. The largest Central Asian Business is in Kazakhstan where the venue has expanded steadily over the years, and presently only our construction event is constrained in its growth. In Azerbaijan the venue is small and not entirely suitable for our business; ITE is actively searching for a solution to resolve the situation. In Uzbekistan a new pavilion doubling existing facilities will pave the way for expansion.

In southern and Eastern Europe, Turkey and Ukraine have both suffered political unrest in the second half of the year. The weaker Dollar has also had an effect on revenues in Turkey and the Ukraine and some yield dilution is expected in both regions in the first half of 2008.

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

	<b>Square metres sold</b>	<b>Revenue</b>	<b>Gross profit</b>	<b>Average yield</b>
	<b>000's</b>	<b>£m</b>	<b>£m</b>	<b>£per sqm</b>
2006 Results from Events	425.6	80.6	37.7	
Non annual 2006	<u>-45.0</u>	<u>-2.3</u>	<u>-0.4</u>	
2006 'Biennially adjusted'	<b>380.6</b>	<b>78.3</b>	<b>37.3</b>	<b>206</b>
Acquisitions	4.7	0.7	0.2	
'Like for like' growth	<u>47.1</u>	<u>12.0</u>	<u>7.4</u>	
2007 'Biennially adjusted'	<b>432.4</b>	<b>91.0</b>	<b>44.9</b>	<b>210</b>
Non annual 2007	<u>22.5</u>	<u>6.4</u>	<u>4.2</u>	
2007 Results from Events	<u>454.9</u>	<u>97.4</u>	<u>49.1</u>	

In 2007 the Group organised 148 events (2006: 146 events) in fifteen countries (2006: fifteen countries) from its nineteen dedicated offices. There were seventeen new events in the year contributing a total £2.5 million in revenue and £0.4 million in gross profits.

The Group sold 454,900m<sup>2</sup> of exhibition space in 2007 (2006: 425,600m<sup>2</sup>). After adjusting for the effect of biennial events and acquisitions the Group achieved a 12% increase in volume sales, a 15% increase in revenues and a 21% improvement in gross profits from its recurring portfolio.

The average yield across the Group achieved on comparable sales was 2% higher this year at £210 per m<sup>2</sup> (2006 comparable yield: £206 per m<sup>2</sup>).

### **Outlook**

The economies of the regions where ITE operates are enjoying good economic growth and the exhibition and media businesses that serve them are larger and still growing. The additional exhibition space constructed in Moscow and the Ukraine in 2007 will support growth in the exhibition business for the next two to three years. ITE has the market leading position in several major international sectors which are all growing their presence in the economy: construction, oil & gas, travel, food and automotive – transport. There remain opportunities for ITE to improve its presence in other sectors where the Group is currently less well represented. ITE with its strong infrastructure and financial resource is well positioned to take advantage of any opportunities to expand the scope of its business.

Trading for 2008 has started well and like for like sales are again more than 10% ahead of the comparable sales position a year ago. At 3 December 2007 advance sales for 2008 were £61 million. The Board are confident of another strong performance from ITE in 2008.

Bill Dye  
Chief Executive Officer  
3 December 2007

'Like for like' growth in revenue was 15% across ITE's total business. The table below sets out the actual and 'like for like' growth in revenues across the regions of ITE's business.

	2007 £m	2006 £m	Actual change	'Like for like' growth
Russia	63.7	49.9	28%	17%
Central Asia & Caucasus	17.6	15.4	14%	14%
Eastern & Southern Europe	7.9	8.3	-5%	7%
UK & Western Europe	7.6	7.8	-3%	3%
Rest of World	2.4	1.0	140%	140%
	<u>99.1</u>	<u>82.4</u>	<u>20%</u>	<u>15%</u>

'Like for like' growth excludes the effect of biennial events, acquisitions and disposals.

### Russia

Offices: Moscow, St Petersburg

Staff employed:	2007:	198
	2006:	191
Exhibitions organised:	2007:	44
	2006:	44
Square metres sold (000's):	2007:	250
	2006:	206

The exhibitions business in Russia has continued to show strong growth in the year to 30 September 2007. Supported by national GDP growth of 7% and increasing levels of international trade between Russia and the rest of the world, the exhibition business has performed exceptionally well. Particularly prominent is the growth in the construction sector and the continued activity in the oil and gas sector. The construction sector in particular has benefited from increased government spending in this pre-election year. At the beginning of the financial year the two main Moscow exhibition centers, Crocus and Expocentr, offered between them about 180,000m<sup>2</sup> of gross exhibition space. By the end of the financial year Expocentr had opened their new pavilion 8 – an extra 8,000m<sup>2</sup> gross and Crocus had opened their new 90,000m<sup>2</sup> pavilion 3, bringing the total of available exhibition space to about 280,000m<sup>2</sup>. There are still active discussions concerning the possibility of a third major exhibition centre in Moscow; though nothing concrete has yet transpired. In St Petersburg there are also discussions about plans to build a major new exhibition centre.

In Moscow the exhibition business has been vibrant. ITE's Moscow events in the biennially strong year were 215,000m<sup>2</sup> of solid exhibition space; some 25% more than in the previous year. Average yields in Moscow improved 10% as ITE made some selective price increases for the first time in a number of years. Ingredients Russia is the first of our more significant events and it generated a 15% increase in space sales to 6,400m<sup>2</sup>. The travel event, Moscow International Travel and Tourism took place in March. Revenues and profits earned from the event were both ahead of the 2006 result despite the event being slightly smaller than the previous year at 18,500m<sup>2</sup> (2006: 19,500m<sup>2</sup>). Mosbuild takes place in Expocentr and was the first of ITE's events to make use of the newly constructed pavilion 8. For the first time in several years the Expocentr part of the show was able to grow and sold 40,000m<sup>2</sup>, an additional 5,000m<sup>2</sup>. Mosbuild Plus held at the Crocus centre grew by more than 30% and achieved sales of 44,600m<sup>2</sup> – and in doing so achieved real improvement in the quality and quantity of the interiors and decorative sections of the building exhibition. In April the security event, Moscow International and Protection Security, grew to 6,700m<sup>2</sup> using all available space in its existing venue. This event is moving to Expocentr in 2008 which will facilitate further growth. Moscow International Boat Show had its first staging in the Crocus venue this year and achieved a strong result through the combination of a 10% increase in the size of the show

and a reduction costs achieved at the new venue. Trans Russia is another event which achieved a 10% uplift in volume sales this year, and is also moving to Expocentr in 2008 to facilitate its growth in future years. In June the biennial Moscow International Oil and Gas event returned to our calendar and was another beneficiary of the new pavilion in Expocentr. Using the new pavilion the event achieved space sales of 22,400m<sup>2</sup> - a 40% increase on the 2005 event.

The Moscow International Motor Show which took place for the second time at Crocus was a similar size event to the previous edition. The last significant Moscow event in our calendar was Worldfood Moscow which used the new pavilion 8 and, freed from the space constraints of earlier years, grew by 10% to 24,500m<sup>2</sup>.

Amongst successful new launches in the year was the adventure travel show, Select Travel, which launched in October 2006. One year later in September 2007 the event sold 2,700m<sup>2</sup>. Pharmtech was launched in November 2006, from the niche of a larger event at Expocentr, and has established itself at Crocus. ITE's joint venture with Messe Frankfurt to run Automechanika Moscow got off to a successful start in May and will run again in February 2008. This year also saw the first time for two events acquired from Maxima in June 2005, Expoclean and Bytchimexpo which were both successfully integrated into ITE's portfolio.

St Petersburg is relatively settled in the confines of the venue that serves the city. Overall the volume sales of the St Petersburg office were 10% improved on the prior year and the office made an enhanced financial contribution to the Group. The main event of the St Petersburg office is the construction event, Balticbuild, which uses all the space available in the Lenexpo venue and was the same size as in the previous year. However, profitability improved on the basis of better yields and higher gross margins achieved on the event.

Looking forward the drivers of the exhibition and media businesses in Russia show signs of continuing for the future. Our major construction event in Moscow has a date clash for one of its sectors with a leading German show in 2008. However overall demand in construction activity remains a buoyant feature of the Russian economy and we expect the exhibition to continue its growth pattern after the 2008 event.

### **Central Asia & Caucasus**

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

Staff employed:                    2007: 191  
   2006: 183

Exhibitions organised:            2007: 65  
   2006: 59

Square metres sold (000's):    2007: 86  
   2006: 72

Kazakhstan, Azerbaijan and Uzbekistan have all enjoyed 12 months of economic growth with GDP growth of 10%, 30%, and 7% respectively.

### **Kazakhstan**

ITE's businesses in Kazakhstan sold a total of 60,500m<sup>2</sup> across all its offices (2006: 49,900m<sup>2</sup>). The largest exhibitions are in the construction and the oil & gas sectors - fairly reflecting the dominant economic themes of the region. Kazakhstan International Oil & Gas exhibition increased its space sales by 20% to 9,600m<sup>2</sup> and grew its conference revenues by 12%. The two smaller oil and gas events in Atyrau and Astana also performed well. Construction events grew strongly across the locations with Kazbuild Spring (4,900m<sup>2</sup>) and Kazbuild (13,400m<sup>2</sup>) both growing in size by over 20%. In the next tier of events Worldfood Kazakhstan grew to 3,600m<sup>2</sup> (2006: 2,600m<sup>2</sup>) and Kazakhstan International Travel Fair grew to 2,900m<sup>2</sup> (2006: 1,900m<sup>2</sup>) - both improving gross margins with their size.

The strength of our relationship with the principal venue in Almaty was endorsed with ITE signing a new long term agreement with Atakent covering pricing and priority for our events through to 2017. Atakent constructed a small new pavilion in the year and extended the space available at the venue by circa 1,500m<sup>2</sup>. Venue facilities in Astana, Atyrau and Aktau still impede the growth of the potential exhibition business.

### ***Azerbaijan***

The exhibition industry has thrived in Azerbaijan in selling 15,500m<sup>2</sup> in the year, a like for like increase of over 25% in exhibition space sold. The principal events are again in oil and gas and construction. The Caspian Oil and Gas exhibition & conference is venue bound and is a relatively mature product - it produced a similar result to the 2006 event. The construction event, Bakubuild, grew strongly to 3,900m<sup>2</sup> (2006: 3,000m<sup>2</sup>). Smaller events in telecoms, cars and food all grew by more than 40% indicating a spreading of economic growth to a broader range of sectors.

The venue facilities in Azerbaijan remain an impediment to the exhibition industry achieving larger scale. The existing venue is circa 6,000m<sup>2</sup> gross and doubles as a sports facility. ITE is active in its support of schemes to build a bigger and more modern complex.

### ***Uzbekistan***

The Uzbekistan office in Tashkent sold 11,900m<sup>2</sup> of exhibition space in 2007 representing like for like growth of more than 20%. There was no textile event this year but strong growth was achieved in the Automotor show, the building event, Uzbuild, and the local oil and gas event.

The venue facility has recently been increased through the construction of a new pavilion which was unavailable for this year's events will facilitate growth for the larger events next year.

### **Eastern and Southern Europe**

Offices: Ukraine (Kyiv), Turkey (Istanbul)

Staff employed:	2007:	99
	2006:	97
Exhibitions organised:	2007:	28
	2006:	32
Square metres sold (000's):	2007:	78
	2006:	104

ITE's offices in these regions are the Kyiv office in Ukraine and two separate businesses in Istanbul, a wholly owned subsidiary and a 50% share in an associate business. Both Ukraine and Turkey have had political distractions in the year but have maintained reasonable economic performance with real GDP growth in their economies of 7% and 5% respectively.

### ***Ukraine***

The Ukraine office has had a mixed year with some events performing exceptionally and some facing fierce competition. Nevertheless overall growth in space sales against last year was over 20%. The most impressive performance in the portfolio was Kyiv Agrithort which, making full use of the new pavilion 3 at IEC, grew from 9,500m<sup>2</sup> to 16,100m<sup>2</sup>. There are competitive agricultural events in Ukraine but ITE believe it now holds the premier agricultural exhibition for international businesses. The events ITE owns in health, travel and food all enjoyed very good growth in the year. The building event Kyivbuild is facing strong local competition.

### ***Turkey***

ITE's wholly owned subsidiary achieved satisfactory performance in its main recurring events servicing the optical and stationary industries. The oil and gas conference performed well and 'like for like' financial contribution was well ahead of last year. A significant part of the Turkish office activity is in making outbound sales into the Group's CIS exhibitions, and in this the performance was exceptional nearly doubling the value of Turkish sales to other ITE exhibitions.

The contribution of ITF, the Groups 50% associate, was £0.3 million less than last year. Most of the main events enjoyed an increase in size but the strength of the Turkish Lira against revenue streams denominated in US Dollars had an effect on the performance for the year.

## **Western Europe and UK**

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

*Staff employed:	2007:	158
	2006:	155

*Exhibitions organised:	2007:	6
	2006:	7

*Square metres sold (000's):	2007:	36
	2006:	36

\*of the total staff London and Germany international sales account for 80 staff; 44 staff are London corporate and 34 staff manage the UK fashion magazines and exhibitions.

The fashion exhibition and publishing business performed well in challenging market conditions. The mainstream fashion and footwear exhibitions taking place in Spring and Autumn at Birmingham collectively increased space sales to 34,700m<sup>2</sup> (2006: 33,900m<sup>2</sup>) which can be regarded as a good performance in an ambiguous trading environment. As expected the Group cancelled its involvement in the small London Footwear exhibitions which were sub-scale, and is focusing its efforts on the market leading fashion events in Birmingham. The publishing business suffered a small reduction in advertising income fairly evenly across its four publications. Costs were well controlled and the division's contribution excluding the London events, was maintained.

## **Rest of the World**

Offices: Algeria (Algiers), China (Beijing, Urumqui)

ITE has run three events this year in Africa. Through its small office in Algiers ITE enjoyed a successful participation in the SEA 3 National Oil and gas conference in November 2006. As a result of this ITE are among the preferred bidders for the next event, due to be held in November 2008.

ITE ran its first owned event in China this year, the West China Build show in Urumqui in May 2007. The Urumqui office has been established to run exhibitions in this locality. The ITE Beijing office is primarily sourcing outbound customers for our Russian and CIS events.

## *Business review - Finance*

### **Revenue and gross profit**

Turnover for the year was £99.1 million (2006: £82.4 million). After making adjustment for the effect of biennial events this is a 15% improvement over last year's comparable turnover.

The direct costs of exhibitions were well controlled in 2007 and the gross margin of 50% was circa 3% higher than the gross margin achieved on last year's portfolio of events.

Administrative expenses across the Group increased by 14% to £17.6 million. The increase in overheads stemmed mostly from costs related to the change in Chief Executive Officer. Additionally the Group's property overhead increased as the growth in our Moscow office over the last few years necessitated re-location to bigger and more modern offices. Administrative expenses include an amortisation charge of £1.6 million (2006: £1.3 million), an 'IFRS 2' charge for expensing share based payments of £1.6 million (2006: £1.5 million) for expensing share based payments and net foreign exchange differences of £nil (2006: loss of £0.2 million). Overall, Group administrative expense represented 18% of revenue (2006: 19%), resulting in net operating margins of 33% (2006: 29%) for the year.

Operating profit was £32.6 million against a prior year profit of £24.0 million.

Headline profit before tax this year of £35.3 million was ahead of last year's headline profit before tax of £26.0 million and, after adjusting for the effect of biennial events, represents a 21% increase over the comparable result for 2006.

### **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 £1.8 million (2006: £1.4 million). Interest from bank deposits increased to £1.7 million in the year (2006: £0.8 million) as the Group held higher average cash balances throughout the year of £29.9 million (2006: £14.8 million) and benefited from higher interest rates in the U.K. Finance income includes an unwind of fair value provisions of £0.1m against venue loans in 2007 (2006: £0.4m).

### **Finance costs**

Finance costs of £0.7 million (2006: £0.6 million) represent the interest cost of the Group's borrowings in Euro and US Dollar and bank charges. The Group enters into these borrowing arrangements as part of its currency hedging activity. At 30 September 2007 the Group had borrowings of €16.2 million, and US\$4.0 million.

### **Tax charge**

The tax charge of £10.8 million represents 32% of profit before tax. This unusually high tax charge for the year reflects extra costs associated with withdrawing the distributable reserves from our Russian businesses in the year.

### **Earnings per share**

Basic earnings per share increased to 9.1p (2006: 6.9p). Fully diluted earnings per share increased to 9.0p from 6.7p in the prior year.

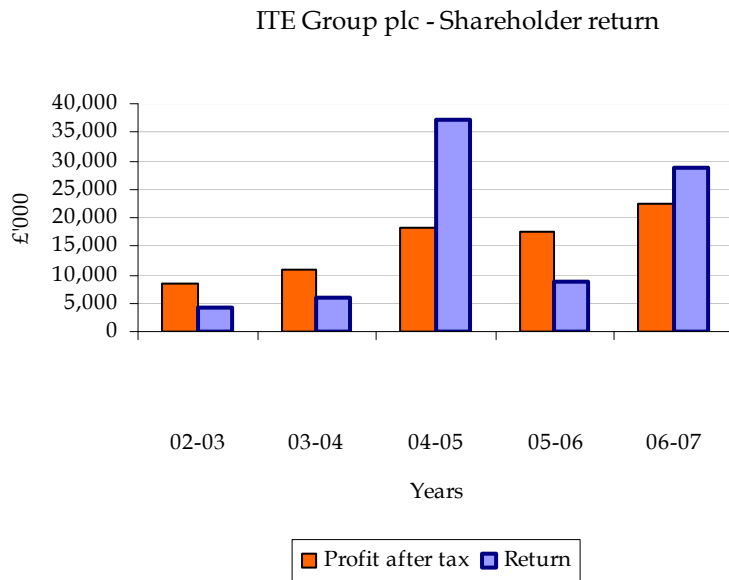
The Group achieved headline diluted earnings per share of 9.4p per share compared with 7.0p for the year to 30 September 2006. Headline diluted earnings per share is based upon profit for the financial year before amortisation of acquired intangible assets and any profits or losses on disposal of Group undertakings.

### **Dividends**

The Group has recommended a final dividend of 3.2p for 2007, to bring the total dividend for the year to 4.5p (2006: 3.5p).

## 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 2007 of 4.5 pence per share, up more than 28% over 2006 (3.5p). Since 2003 the dividend has increased on a compound basis by more than 40% per year. Set out below is a graph showing total cash returned to shareholders (including the share buybacks in August 2005 and in the year ended 30 September 2007) against the post tax profits earned by ITE over the last 5 years.



Note:

2004-05 and 2006-07 include share buy backs

## Cash flow

Cash generated from operations in the year was £41.5 million (2006: £34.2 million). The principal applications of cash were of £17.5 million on purchasing shares from the open market (2006: £1.1 million), £0.9 million applied to venue loans and advances (2006: £7.4 million); £10.3 million was paid in tax; (2006: £9.1 million); £1.4 million was applied to acquisitions in the year (2006: £3.0 million) and £9.6 million was distributed as dividends (2006: £7.1 million). The net increase in cash balances at 30 September 2007 was £5.5 million.

Net cash at 30 September 2007 was £26.7 million (2006: £21.2 million). Of the £26.7 million of cash £3.9 million was held in a trust account, which will be released before the end of 2007.

## Acquisitions & disposals

In September 2007 ITE acquired the Harbin International Winter Sports Show in China for £50,000.

Further deferred consideration payments were made in relation to the acquisition of ITE Exhibitions BV and the Gift & Décor events, totalling £0.3 million in the year.

## Balance Sheet

The Group's consolidated balance sheet at 30 September 2007 is summarised in the table below:

	<u>Assets</u> <u>£m</u>	<u>Liabilities</u> <u>£m</u>	<u>Net assets</u> <u>£m</u>
Goodwill and intangibles	38.7	-	38.7
Property, plant and equipment	1.4	-	1.4
Associates	1.4	-	1.4
Venue advances	3.6	-	3.6
Cash	40.0	(13.3)	26.7
Current assets and liabilities excluding cash and venue advances	35.4	(60.1)	(24.8)
Provisions	-	(1.6)	(1.6)
Deferred tax	1.7	(1.7)	-
<b>Total as at 30 September 2007</b>	<b>122.1</b>	<b>(76.7)</b>	<b>45.4</b>
Total as at 30 September 2006	111.1	(67.4)	43.6

Net assets increased to £45.4 million. The main changes are in intangibles (decrease of £1.6 million), venue advances (decrease of £3.5 million), net cash (increase of £5.5 million) and an overall increase through reduced current liabilities and provisions of £1.8 million.

## Investment and capital expenditure

The Group's capital expenditure on plant and equipment for the year was £0.8 million (2006: £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.

At 30 September 2007 the Group's Sterling value of the outstanding balances of advance payments and venue loans was £3.6 million (2006: £7.1 million) as follows:

	<u>30 September</u> <u>2006</u> <u>£m</u>	<u>New</u> <u>£m</u>	<u>Repayments</u> <u>£m</u>	<u>30 September</u> <u>2007</u> <u>£m</u>
Moscow	2.8	-	(2.8)	-
Kyiv	1.8	-	(0.5)	1.3
Almaty	1.0	1.1	(1.1)	1.0
St Petersburg	1.0	-	(0.3)	(0.7)
Uzbekistan	0.2	0.3	(0.1)	0.4
Bulgaria	0.3	-	(0.1)	0.2
<b>Total</b>	<b>7.1</b>	<b>1.4</b>	<b>(4.9)</b>	<b>3.6</b>

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 2008 and 2011. ITE is not presently active in Bulgaria and the loan is being repaid in instalments.

**Capital**

During the year the Company has purchased 10,185,000 shares which were held in Treasury and then cancelled. The Company has also issued 569,804 ordinary shares of 1p in the year. Of the total new issues 545,353 were pursuant to the exercise of options and yielded aggregate consideration of £0.2 million. The remaining shares were issued as part of Directors' remuneration.

The Employees Share Option Trust ("ESOT") held 1,854,875 (0.7%) of the Company's issued share capital at the year end (2006: 9,372,100; 3.6%).

**Post balance sheet events**

There have been no significant post balance sheet events.

**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.

# Consolidated income statement

For the year ended 30 September 2007

	2007	2006
	£000	£000
<b>Continuing operations</b>		
Revenue	99,134	82,368
Cost of sales	(49,397)	(43,885)
<b>Gross profit</b>	49,737	38,483
Other operating income	253	278
Administrative expenses before amortisation	(16,032)	(14,112)
Amortisation of acquired intangibles	(1,603)	(1,330)
Total administrative expenses	(17,635)	(15,442)
Profit on disposal of group undertakings	-	158
Share of results of associate	266	564
<b>Operating profit</b>	32,621	24,041
Finance income	1,778	1,368
Finance costs	(663)	(621)
<b>Profit on ordinary activities before taxation</b>	33,736	24,788
Tax on profit on ordinary activities	(10,777)	(7,351)
<b>Profit for the period</b>	22,959	17,437
Attributable to:		
Equity holders of the parent	22,978	17,401
Minority interests	(19)	36
	22,959	17,437
<b>Earnings per share (p)</b>		
Basic	9.1	6.9
Diluted	9.0	6.7

# Consolidated balance sheet

30 September 2007

	2007	2006
	£000	£000
<b>Non-current assets</b>		
Goodwill	34,424	34,406
Other intangible assets	4,295	5,869
Property, plant and equipment	1,412	1,269
Investments in associates	1,358	1,438
Venue advances and other loans	1,583	3,015
Deferred tax asset	1,690	2,022
	<u>44,762</u>	<u>48,019</u>
<b>Current assets</b>		
Trade and other receivables	37,372	31,174
Cash and cash equivalents	39,963	31,883
	<u>77,335</u>	<u>63,057</u>
<b>Total assets</b>	<b>122,097</b>	<b>111,076</b>
<b>Current liabilities</b>		
Bank overdraft	(13,306)	(10,717)
Trade and other payables	(60,142)	(52,291)
Provisions	(824)	(907)
	<u>(74,272)</u>	<u>(63,915)</u>
<b>Non-current liabilities</b>		
Provisions	(754)	(1,367)
Deferred tax liabilities	(1,671)	(2,145)
	<u>(2,425)</u>	<u>(3,512)</u>
<b>Total liabilities</b>	<b>(76,697)</b>	<b>(67,427)</b>
<b>Net assets</b>	<b>45,400</b>	<b>43,649</b>
<b>Equity</b>		
Share capital	2,503	2,609
Share premium account	871	698
Merger reserve	2,746	2,746
Capital redemption reserve	403	291
ESOT reserve	(597)	(3,016)
Retained earnings	38,930	40,555
Own shares held	-	(1,142)
Hedge and translation reserve	544	889
	<u>45,400</u>	<u>43,630</u>
<b>Equity attributable to equity holders of the parent</b>	<b>45,400</b>	<b>43,630</b>
Minority interests	-	19
	<u>-</u>	<u>19</u>
<b>Total equity</b>	<b>45,400</b>	<b>43,649</b>
	<u><u>45,400</u></u>	<u><u>43,649</u></u>

# Consolidated cash flow statement

For the year ended 30 September 2007

	2007	2006
<b>Cash flows from operating activities</b>	£000	£000
Operating profit from continuing operations	<b>32,621</b>	24,041
Adjustments for:		
Depreciation and amortisation	<b>2,159</b>	1,895
Share based payments	<b>1,550</b>	1,492
Other non-cash expenses	<b>47</b>	208
(Profit) on sale of fixed asset	<b>(39)</b>	-
Share of associate profit	<b>(266)</b>	(564)
Gain on disposal of subsidiary	<b>-</b>	(158)
Decrease in provisions	<b>(1,072)</b>	(213)
Operating cash flows before movements in working capital	<b>35,000</b>	26,701
Increase in receivables	<b>(1,230)</b>	(233)
Increase in payables	<b>7,748</b>	7,752
Cash generated from operations	<b>41,518</b>	34,220
Tax paid	<b>(10,324)</b>	(9,064)
Venue advances and loans	<b>(929)</b>	(7,422)
<b>Net cash from operating activities</b>	<b>30,265</b>	17,734
<b>Investing activities</b>		
Interest received	<b>1,752</b>	925
Dividends received from associates	<b>444</b>	422
Acquisition of businesses	<b>(359)</b>	(2,923)
Exercise of Moda Put Option	<b>(1,030)</b>	-
Purchase of property, plant and equipment and computer software	<b>(783)</b>	(525)
Disposal of property, plant and equipment	<b>142</b>	-
<b>Net cash generated from investing activities</b>	<b>166</b>	(2,101)
<b>Financing activities</b>		
Dividends paid	<b>(9,634)</b>	(7,143)
Interest paid	<b>(663)</b>	(621)
Net cash flow in relation to ESOT shares	<b>2,623</b>	541
Purchase of own shares	<b>(17,506)</b>	(1,142)
Proceeds from issue of share capital	<b>144</b>	634
<b>Net cash flows from financing activities</b>	<b>(25,036)</b>	(7,731)
<b>Net increase in cash and cash equivalents</b>	<b>5,395</b>	7,902
<b>Net cash and cash equivalents at beginning of period</b>	<b>21,166</b>	13,019
Effect of foreign exchange rate changes	<b>96</b>	245
<b>Net cash and cash equivalents at end of period</b>	<b>26,657</b>	21,166

	2007	2006
	£000	£000
<i>Comprising:</i>		
Cash and cash equivalents	39,963	31,883
Bank overdrafts	(13,306)	(10,717)
	<u>26,657</u>	<u>21,166</u>

## Consolidated statement of recognised income and expense

For the year ended 30 September 2007

	2007	2006
	£000	£000
Currency translation difference on net investment in subsidiary undertakings	(62)	(197)
Increase in fair value on cash flow hedge	331	356
Tax on items taken directly to equity	1,921	159
Net income recognised directly in equity	<u>2,190</u>	<u>318</u>
Transferred to profit or loss on cash flow hedges	(614)	(22)
Implementation of IAS 39	-	(500)
Profit for the period attributable to the shareholders	<u>22,959</u>	<u>17,437</u>
Total recognised income and expense for the period	<u>24,535</u>	<u>17,233</u>
Attributable to:		
Equity holders of the parent	24,554	17,197
Minority interests	(19)	36
	<u>25,535</u>	<u>17,233</u>

# Notes

## 1 Basis of preparation

ITE Group plc has prepared its audited annual accounts in accordance with International Financial Reporting Standards (IFRS).

The financial information set out in the preliminary announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985, but is derived from those accounts. While the financial information in this preliminary announcement has been prepared in accordance with International Financial Reporting (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The IFRS accounting policies applied in respect of the current and prior years have previously been disclosed. Statutory accounts for the year ended 30 September 2006 have been delivered to the Registrar of Companies and those for the year ended 30 September 2007 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts - their reports were unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

## 2 Dividends

	2007	2006
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2006 of 2.5p (2005 - 1.85p) per ordinary share	6,331	4,602
Interim dividend for the year ended 30 September 2007 of 1.3p (2006 -1.0p) per ordinary share	<u>3,303</u>	<u>2,535</u>
	<u>9,634</u>	<u>7,137</u>
Proposed final dividend for the year ended 30 September 2007 of 3.2p (2006 - 2.5p) per ordinary share	<u>7,983</u>	<u>6,264</u>

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 1,854,875 (2006: 9,372,100) ordinary shares representing 1% 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.

### 3 Earnings per share

The calculations of basic and diluted earnings per share are based on the profit for the financial year of £23.0 million (2006: £17.4 million) and the following numbers of shares.

<b>Number of shares</b>	2007	2006
	Number of shares ('000)	Number of shares ('000)
Weighted average number of shares:		
For basic earnings per share	251,276	250,485
Effect of dilutive potential ordinary shares	<u>4,454</u>	<u>8,727</u>
For diluted earnings per share	<u><u>255,730</u></u>	<u><u>259,212</u></u>

#### 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 9.4p per share (2006: 7.0p). The Headline diluted earnings per share is based on the following earnings and the diluted number of shares in the table above.

<b>Earnings for Headline diluted earnings per share</b>	2007	2006
	£000	£000
Profit for the financial year attributable to equity holders	22,978	17,401
Amortisation of acquired intangible assets	1,603	1,330
Tax effect of amortisation of acquired intangible assets	(419)	(315)
Profit on disposal of group undertakings	<u>-</u>	<u>(158)</u>
	<u><u>24,162</u></u>	<u><u>18,258</u></u>

#### 4 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
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
Tax on share options	-	-	-	-	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	<u>698</u>	<u>2,746</u>	<u>291</u>	<u>(3,016)</u>	<u>40,555</u>	<u>(1,142)</u>	<u>889</u>	<u>-</u>	<u>41,021</u>

	Share premium account	Merger reserve	Capital Redemption reserve	ESOT reserve	Retained earnings	Treasury shares	Hedge and Translation Reserve	Total
	£000	£000	£000	£000	£000	£000	£000	£000
1 October 2006	698	2,746	291	(3,016)	40,555	(1,142)	889	41,021
Exercise of options	138	-	-	2,419	208	-	-	2,765
Net profit for the year	-	-	-	-	22,978	-	-	22,978
Dividends paid	-	-	-	-	(9,634)	-	-	(9,634)
Loss on foreign currency translation of overseas operations	-	-	-	-	-	-	(62)	(62)
Share based payments	-	-	-	-	1,550	-	-	1,550
Shares issued for remuneration	35	-	-	-	-	-	-	35
Tax on share options	-	-	-	-	1,921	-	-	1,921
Increase in fair value of hedging derivatives	-	-	-	-	-	-	331	331
Transfer to income	-	-	-	-	-	-	(614)	(614)
Capital reduction	-	-	112	-	-	-	-	112
Own shares held in treasury	-	-	-	-	(18,648)	1,142	-	(17,506)
30 September 2007	<u>871</u>	<u>2,746</u>	<u>403</u>	<u>(597)</u>	<u>38,930</u>	<u>-</u>	<u>544</u>	<u>42,897</u>

The Company purchased 10,185,000 shares at a cost of £17,505,140 to be held in Treasury during the period. These were all cancelled during the year.

## Financial calendar

### Final dividend 2007

Ex date	13 February 2008
Record date	15 February 2008
Annual General Meeting	6 March 2008
Payment date	14 March 2008

### Interim dividend 2008

Record date	June 2008
Payment date	July 2008

## Glossary

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.

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.

'Like for like' or 'organic' revenue growth is the % revenue growth generated from exhibitions, conferences and new launches excluding significant biennial events and acquisitions in the year.