ITE Group plc
Annual Report
and Accounts 2017

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

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"I am pleased to report that ITE has posted like-for-like revenue growth of 5% after three years of difficult trading. On our top ten events we have driven like-for-like top line growth of 15%. This growth in part reflects the successful roll out of the first phase of our TAG initiatives and our decision to focus on Core events that have the greatest capacity for growth. Whilst there have been challenging trading conditions in Russia outside of Moscow, Central Asia and in Turkey, we have seen the benefit of improved trading in Moscow. Our TAG programme is on track; during 2017 we have assembled the right team, structure and processes that we believe will lead to success. Even at this early stage, we are clearly seeing the benefits of our TAG initiatives, through growth in our Core events and forward bookings.

ITE is well placed to realise its vision of creating the world's leading portfolio of content-driven, must-attend events that deliver an outstanding experience and ROI for our customers. A fast pace has been set in the last year which we look forward to continuing into 2018 and beyond."

Mark Shashoua, CEO of ITE Group plc

Highlights 2017

Volume sales

679,900m²

(2016: 684,700m²)

Loss before tax

£3.2m

(2016: £4.1m)

Diluted earnings per share

(3.1)p

(2016: (3.6)p)

Full year dividend per share

4.0p

(2016: 4.5p)

Net debt

£49.7m

(2016: £59.1m)

Financial highlights

- Revenue of £152.6m; growth of 5% on a like-for-like[3] basis for the first time in four years
- Headline profit before tax of £31.6m, impacted by timing of events and the planned investment of the TAG programme
- Statutory loss before tax; after non-cash impairments of goodwill and costs associated with the TAG programme
- Moscow has stabilised, but a number of other regions remain challenged
- Strong cash generation from new sales initiatives and reduced net debt by 16% to £49.7m
- Full year dividend cover maintained at more than two times headline diluted earnings per share
- Forward bookings[4] of £98m already contracted for FY2018, up 20% on a like-for-like basis

Strategy update

- Comprehensive review of the strategy and business completed
- Three year TAG programme underway to create a scalable platform and drive organic growth
- Investment of up to £20m to be funded by existing cash generation; anticipated strong ROI by 2020
- Heads of best practice have been recruited
- Focus on onsite rebooking at a number of Core events[5] has proved successful
- Traction evidenced in the growth across our Core events
- TAG programme is on track, with signs of success from early initiatives

1 Headline profit before tax is defined as profit before tax and adjusting items which include amortisation of acquired intangibles, impairment of goodwill, intangible assets and investments, profits or losses arising on disposal of Group undertakings, restructuring costs, transaction and integration costs on completed and pending acquisitions and disposals, tax on income from associates and joint ventures, gains or losses on the revaluation of deferred/contingent consideration and on equity option liabilities over non-controlling interests, and imputed interest charges on discounted equity option liabilities – see note 4 to the consolidated financial statements for details.
2 Headline diluted earnings per share is calculated using profit attributable to shareholders before adjusting items – see notes 4 and 5 to the consolidated financial statements for details.
3 Like-for-like results are stated on a constant currency basis, after excluding events which took place in the current period but did not take place under our ownership in the comparative period and after excluding events which took place in the comparative period but did not take place under our ownership in the current period. For clarity, this excludes all:
  - biennial events;
  - timing differences (i.e. events that ran in only one of the current or comparative periods, due to changes in the event dates);
  - launches;
  - cancelled or disposed of events that did not take place under our ownership in the current year;
  - acquired events in the current period; and
  - acquired events in the comparative period that didn't take place under our ownership in the comparative period (i.e. they took place pre-acquisition).
4 Forward bookings are contracted revenues for the year ending 30 September 2018. These are the bookings as at 24 November 2017, unless otherwise stated.
5 Core events are those of strategic importance to our future and include the Group's largest events, those with the greatest potential for growth and a number of smaller but strategically important events. Following the strategic review, the Group deliberately segmented its business into Core and Non-Core, enabling management to increase its focus on events that present the greatest opportunities whilst reducing distraction from smaller events.

Strategic report

Business Overview

Our operating divisions

Russia

Key sectors

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

m² sold (000s)

274

(2016: 256)

Revenue

£71.4m

(2016: £51.6m)

Headline profit before tax

£26.3m

(2016: £19.8m)

Divisional review
p24

Asia

Key sectors

Build & Interiors, Manufacturing Industrial Technology, Connect

m² sold (000s)

160

(2016: 125)

Revenue

£23.8m

(2016: £17.1m)

Headline profit before tax

£6.9m

(2016: £5.5m)

Divisional review
p26

Central Asia

Key sectors

Build & Interiors, Energy, Food & Packaging

m^2 sold (000s)

64
(2016: 70)

Revenue

£21.7m
(2016: £22.0m)

Headline profit before tax

£6.5m
(2016: £7.0m)

Divisional review
p28

Eastern & Southern Europe

Key sectors

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

m^2 sold (000s)

135
(2016: 172)

Revenue

£17.0m
(2016: £19.3m)

Headline profit before tax

£4.8m
(2016: £5.6m)

Divisional review
p30

Brands

Key sectors

Transport & Logistics, Energy, Fashion

m^2 sold (000s)

47
(2016: 62)

Revenue

£18.7m
(2016: £24.4m)

Headline profit before tax

£5.4m
(2016: £11.0m)

Divisional review
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Strategic report

Chairman's Statement

ITE is entering a period in the transformation that requires dynamic change. The Group has embraced the change to date with a renewed energy and an appetite for success, which is shared by the Board.

Dividend per share

4.0p

I am pleased to introduce to shareholders the Group's Annual Report for the year ended 30 September 2017. These results demonstrate a return to growth in a year of substantial change.

A new vision for ITE

This was Mark Shashoua's first full year as Chief Executive Officer and Andrew Beach joined early in the year as Chief Financial Officer. The new executive team and the Board have undertaken a full strategic review of the business to identify the optimum way forward for the Group. This review involved a number of specialist advisors working together with the senior management team, covering every aspect of the business and the recommendations were carefully considered by the Board.

The result of the review, unveiled in May, is an evolved strategy for the Group to generate organic growth focussed around our market-leading events. This will involve significant investment in event content and marketing with the intention to make our leading shows 'must-visit' events in their market sectors. The Group has also adopted a new 'sales-led' culture to drive revenue and has invested in a central best practice team to ensure that the Group is consistent in delivering a high-quality experience for exhibitors and visitors alike anywhere in the world.

Our TAG programme, which will see the Group invest up to £20m over the next three years with anticipated strong return on investment by 2020, was presented to a number of shareholders in May and we were pleased with the support it received. You will find more detail in the Chief Executive Officer's Statement.

Performance

Revenue was £152.6m (2016: £134.4m), growth of 5% on a like-for-like basis. This is the first year of like-for-like revenue growth for four years and a pleasing result from the implementation of the first

Revenue

£152.6m

Like-for-like revenue growth

5%

initiatives of the Group's new strategy. As expected, headline profit before tax was lower at £31.6m (2016: £36.5m) after the planned investment in the new TAG programme. Loss before tax was £3.2m (2016: loss of £4.1m). Net debt has been reduced by 16% to £49.7m (2016: £59.1m). In Russia, and in particular in Moscow, there are good signs that the economy is improving after the geopolitical issues of recent years, yet we are still experiencing challenges in many of our other markets.

Dividends

Full year dividend cover has been maintained at more than two times headline earnings per share. The full year dividend per share is proposed at 4.0p (2016: 4.5p). With the current lower levels of Group profit and the TAG programme investment the Board believes this to be in the long-term interests of shareholders. The final dividend of 2.5p is proposed for payment on 5 February 2018 to shareholders on the register on 5 January 2018.

Board

The Board recognise that strong corporate governance is at the heart of a good business. We remain focussed on implementing robust processes that identify and mitigate risk and deliver best practice in the context of delivering on our promises to all of our stakeholders.

After five years' tenure, Marco Sodi stepped down from the Board at the end of the financial year, having stepped down as Company Chairman in July 2017. Marco led the business through a difficult period and provided invaluable support to the management team through the design and launch of ITE's new strategy. Marco leaves with the Board's thanks and best wishes.

A search is underway to recruit a new Chairman to lead the business through the implementation of the TAG programme and the Board intends to further strengthen its non-executive team during the course of 2018.

Sharon Baylay has taken over as the Chairman of the Remuneration Committee for the coming year to allow Linda Jensen to focus on her role as Senior Independent Director.

Our people

ITE is a business whose success is dependent on the hard work and loyalty of all of its employees. It has been a challenging year as we have reviewed our operations and introduced new ways of working in many areas to position the Group for future success. These initiatives have been fully and positively embraced and, on behalf of the Board, I would like to take this opportunity to thank all of our 1,374 people for their continued commitment.

Outlook

We have allocated a significant amount of resource to the Group's new strategy and have recruited a substantial, knowledgeable new team under the leadership of Mark Shashoua to implement this. The Board are pleased with the early signs as we seek to drive sustainable growth and shareholder value.

The Group enters the new financial year with a higher level of visibility, with forward bookings 20% ahead of last year on a like-for-like basis.

With its three year TAG programme well underway, ITE is entering a period in the transformation that requires dynamic change. The Group has embraced the change to date with a renewed energy and an appetite for success, which is shared by the Board. With the potential for further improvement in both the geopolitical and economic markets in which we operate, the Board is confident for the future.

Neil England
Chairman
27 November 2017

Strategic report

Chief Executive Officer's Statement

Having focussed our early efforts on sales and marketing initiatives in order to drive trading performance, I am pleased to report we have started to see tangible evidence of progress.

Headline profit before tax

£31.6m

ITE's performance in 2017 reflects a return to revenue growth following implementation of early TAG initiatives.

Revenues for the year were £152.6m (2016: £134.4m), up 5% on a like-for-like basis. This is the first year of like-for-like revenue growth since 2013, driven by Russia, and in particular Moscow, where many of our Core events are located.

The reported loss before tax of £3.2m (2016: loss of £4.1m), was after including one-off restructuring costs of £5.0m (2016: £nil), £4.6m of which were incurred as part of the TAG programme, and impairment charges of £14.3m (2016: £26.5m).

Headline profit before tax was £31.6m (2016: £36.5m) and headline diluted EPS was 8.1p (2016: 10.7p). Both of these measures reflect event timing differences and are after incurring costs associated with the TAG programme within headline results, in relation to the delivery of the Group's new strategy. After I joined the business on 1 September 2016, we set three main priorities for the year ended 30 September 2017. These were to:

1. Complete a comprehensive review of the business in order to develop our future strategy and vision;
2. Improve our trading position; and
3. Set an operating rhythm to increase the operational rigour and breed a culture of success.

I am pleased to report clear progress has been made against each of these priorities and a firm commitment has been made to invest in our people, systems and products so we can deliver better experiences for our customers and accelerate growth.

Strategic Review and evolution of our strategy

At the start of the year we undertook a thorough and detailed review of the business, which included reviews by product, geography, structures, systems, sales, marketing, IT and finance. The outputs of this review, unveiled in May 2017 resulted in an

TAG one-off investment

£20.0m

evolved strategy and the introduction of a three year TAG programme.

At our strategy update in May, our new vision for the Group was announced: *"To create the world's leading portfolio of content-driven, must-attend events delivering an outstanding experience and ROI for our customers"*.

By putting exhibitors and visitors at the heart of everything we do, we plan to drive sustainable growth for our shareholders. ITE strives to run the best shows and offer the best service to its customers throughout the world, regardless of location. The Group's focus on a product-led strategy will see ITE focus on events that are market leading or have a clear path to become number one in their sector.

To deliver our vision, TAG is being implemented across the Group and comprises three pillars:

- Create a scalable platform to generate real organic growth;
- Actively managing our portfolio; and
- Make selective product-led acquisitions.

As part of our TAG programme we are investing up to £20m across the next three years, which, underpinned by a performance-led culture, will accelerate organic revenue growth as follows:

Create a scalable platform
Transformational levers and TAG investment will be spread across five areas to:

- **Create best practice functions and teams**
  - Deliver best-in-class processes implemented globally across the Group, greater efficiency via standardised processes, a more structured and accountable leadership, and a globally consistent 'ITE way' driving efficiency and greater attendee experience.
- **Invest in show operations**
  - Enhance customer retention and exhibitor reach, obtain enriched data insights and improve operational efficiency.
- **Build capability and talent**
  - Attract and retain talent, develop internal capabilities, and establish the right capabilities to drive business and adapt to market changes.
- **Drive a performance culture**
  - Create a values-driven organisation that encourages high performance and rewards success and talent, building a winning team with an aspirational culture.
- **Build and maintain fit for purpose IT infrastructure and systems**
  - Create a global IT function and infrastructure that can support the requirements of a flexible, mobile and highly effective workforce that operates globally, but delivers locally, and supports and enables a 'One ITE way of working'.

As part of creating a scalable platform, as a result of the above, the Group will move decisively from being a decentralised, geographically structured business to one that is more centralised and product-led with strong regional platforms. The evolution of customer expectations implies that every local market now expects events of a truly international quality. Global multinationals are starting to choose one events company that will cater for them globally, rather than a variety in different markets and the trend is towards a one-stop shop that is able to deliver a consistently high standard of service everywhere.

Early progress with implementing the strategy has been good; the framework for the TAG programme has been finalised, based around the five areas noted above. The governance for the programme has been set, the TAG programme team created and heads of best practice have been recruited.

Strategic report

Chief Executive Officer's Statement

continued

Work is underway to develop an 'ITE way', creating a blueprint to run events that is consistent globally. With the 'Best Practice' team now established, the Group has implemented new performance management processes and sales incentive schemes, leading to demonstrable results as it transitions towards a sales-led performance culture.

One area of particular focus has been onsite rebooking at a number of Core events, and this has been successful in improving sales visibility into the next financial year.

Overall, the programme is progressing according to plan with implementation underway and progress evidenced across the five levers:

Transformational lever	2017 progress	2018 milestones
Create best practice functions and teams	– New onsite rebooking strategy launched – Design of the 'ITE way'	– Complete design of the 'ITE way' – Begin implementing the 'ITE way'
Invest in show operations	– Setup of Central customer success team – Setup of dedicated Central content team	– Setup of Regional customer success team – Setup of dedicated Regional content team – Implementation of value-based pricing methods – Roll-out of show 'blueprint' – New show content deployed
Build capability and talent	– Governance framework in place – Recruitment of key Central organisational roles	– Roll-out of dedicated specific training programmes – Recruitment of key Regional organisational roles
Drive a performance culture	– New sales incentive scheme launched – Review of performance structure – Development of sales leadership	– Standardisation of performance management
Build and maintain fit for purpose IT infrastructure and systems	– Roll-out of new hardware underway – Systems design and development in progress	– Launch of integrated sales and marketing systems – Completion of systems design and development – Systems deployed in phased waves

Actively manage the portfolio

The Group will continue to implement a more rigorous approach to allocation of capital.

Having deliberately segmented its business into Core and Non-Core, this development is enabling management to increase its focus on events that present the greatest opportunities whilst reducing distraction from smaller events.

The Core shows are of strategic importance to our future and include the Group's largest shows, those with the greatest potential for growth and a number of smaller but strategically important shows. The Non-Core shows consist of smaller shows with less potential for growth.

As part of the Group's strategy, a top priority remains to apply a full suite of transformational levers to its Core events to realise their full potential. This includes investing in content to drive great customer experience, retention and pricing. Each segment of the Group's portfolio requires a different degree of focus and different transformational levers to maximise their growth.

Our international sales structures have been repositioned to focus on our Core market-leading events and this has seen strong revenue growth which has offset the cancellation of smaller, Non-Core, low yielding events.

During the year we discontinued 37 unprofitable, or less profitable, shows. In line with its product-led strategy, the Group will continue to proactively review its portfolio on an ongoing basis.

Product-led acquisitions

In due course the Group will look to make selective product-led acquisitions to accelerate growth in line with its strict M&A criteria. Each opportunity will be carefully reviewed but will not be limited to any particular geography as the Group aims to run the best shows in the best industries anywhere in the world.

Several criteria will determine what the Group will consider. Acquisitions are likely to meet most, but not necessarily all, of the following:

- Scalability – in sectors with high growth potential
- A distinct customer value proposition – serving a clear part of an industry sector
- Position in attractive markets for events – serving a high growth underlying market
- Evidence of strong organic revenue growth and profit margins
- Potential to roll out internationally – dependent on the product
- Earnings accretive – offering a good return on invested capital

The Group is building a pipeline of product-led opportunities, but will only proceed if such opportunities meet most of these criteria.

Trading

Having focussed our early efforts on sales and marketing initiatives in order to drive trading performance, I am pleased to report we have started to see tangible evidence of progress. All sales people across the Group have been set monthly sales targets and a new commission structure has been rolled out. This has led to monthly sales league tables which are continually reviewed and has enhanced visibility. We have also announced 'Club Elite'. This initiative recognises and rewards our top sales talent on a quarterly basis and is instilling a culture of success. It has proven so effective that we have actively rolled this out across the Group to incorporate marketing, content and support services, enabling us to embed and reward high performing talent.

I am pleased to say that these early initiatives have contributed to our performance, as the Group has posted its first year of like-for-like revenue growth in four years.

Operating rhythm

Efforts to refocus the organisation on organic trading in the last year and embed a culture of engagement are well underway. For example, we have introduced weekly trading meetings, weekly review of sales, monthly regional boards, event level strategy pre and post show, and new global communication channels to showcase event successes globally, helping staff to feel part of 'One ITE'.

Strategic report

Chief Executive Officer's Statement

continued

Philosophies

Market-leading events – ROI / ROT

Customer insight and data

Content-led – high on relevance

Customer service

Retention-led business enabled by technology

Strong sales and marketing performance-based culture

Philosophies

ITE's approach is based on a view of what our customers want – and to be clear, customers include both exhibitors and visitors. Customer needs are continually evolving.

Return on Investment (ROI) is now a key metric for exhibitors and an increasing request to justify spend and demonstrate return. ROI is typically best delivered by attending the main event in any given sector, since that will deliver the largest and most relevant audience.

For visitors, Return on Time (ROT) is equally important. They don't have time to visit every event and so they will choose the event that delivers the best ROT. ROT is also typically best delivered by the main event, with the largest number of exhibitors, content, networking opportunities and the best experience.

Running market-leading events is therefore critical, and it is becoming harder and harder to successfully run second tier events, since they can't compete on ROI or ROT.

In response to this we are making content investment a priority. Visitors no longer want to attend events that act just as trading platforms. Good quality events have become places to learn, network, discuss and debate; they act as an industry platform, bringing a business community together under one roof.

Visitors use events to gauge what their competitors are doing and where their industry is going, and so investing in high quality content – from distinguished keynote speakers to detailed technical seminars – is critical to engage and drive high quality audiences and senior levels of participation.

New technology has also impacted the industry. People once thought that technology would diminish the need for face-to-face events, but in reality it is the opposite. Technology has enabled organisers to be more efficient, engage better with our customers, and help them measure return on investment more effectively.

New technology also enables organisers to drive retention since improving events drives increases in retention rates for exhibitors and increases in visitor numbers. This in turn attracts new business.

Retention in an events business is crucial. In order to focus on retention you need detailed customer insight and data analysis. This ties directly into customer service, where earlier booking of exhibitors generally improves retention by helping them to prepare for a successful event.

Within the organisation itself, I believe in a strong performance-based culture both in sales and marketing. Training, monitoring, managing performance and breeding a culture of success by rewarding achievement is the basis for strong sustainable organic growth.

We believe that a strong sales and marketing culture, with an emphasis on quality of events, retention and operational efficiency can drive sustainable growth and shareholder value.

Priorities for 2018

The Group has achieved much in a short space of time since we announced our evolved strategy and TAG programme. 2017 has put in place the building blocks and we believe that we have the elements in place to succeed. Now it is about rigorous attention to detail and execution of our plan. In the year ahead, our main focus within TAG will be on lead generation, content and customer service.

Outlook

Whilst we continue to roll out the TAG programme across our Core events, we remain focussed on trading performance. The stabilisation of trading conditions in Moscow is having a positive impact on the outlook for next year, but is tempered by challenging trading conditions elsewhere in the markets in which we operate. As at 24 November 2017, the Group has contracted £98m of revenues in respect of 2018 events, compared to £81m at this stage last year in respect of 2017 events. This represents an increase of 20% on a like-for-like basis.

The Board remains confident of the Group's prospects as it enters the new financial year. ITE is well placed to realise its vision of creating the world's leading portfolio of content-driven, must-attend events that deliver an outstanding experience and ROI for our customers. A fast pace has been set in the last year which we look forward to continuing into 2018 and beyond.

Mark Shashoua
Chief Executive Officer
27 November 2017

Whilst we continue to roll out the TAG programme across our Core events, we remain focussed on trading performance.

Strategic report

Business Model

2

Content-driven

Thought-provoking content programmes tailored to attract significant numbers of target visitors

1

World-leading portfolio

Events and brands that customers view as truly market-leading

3

Must-attend events

Events seen by all attendees as unmissable items on the annual business calendar

4

Outstanding customer experience

Relentless focus on improving every part of the customer experience

5

ROI for our customers

Strong returns on investment and time for all customers

A strong, scalable platform to drive organic growth with an emphasis on retention, content and customer service.

ITE organises high quality international business-to-business events globally, running exhibitions in 15 countries in 2017.

We have been operating in emerging markets and developing economies for over 20 years and have developed extensive experience and local knowledge. As a Group we are focussed on improving the quality of the events we operate and are pursuing a product-led strategy, focussed on market-leading events, irrespective of geographic location or industry segment.

We hire exhibition space from local venue owners and generate our revenues primarily from the sale of exhibition space at our events, charging exhibitors by the square metre for space sold. Our exhibitors use our exhibitions as sales and marketing events, where they interact with visitors, promote new and existing products, generate leads and ultimately make sales.

Both our exhibitors' and visitors' needs are continually evolving. ROI is a key metric for our exhibitors, while ROT is becoming a key metric for visitors. To run and maintain market-leading events we are committed to investing in content, to ensure our events are places to learn, network, discuss and debate. Our events act as an industry platform, bringing a business community together under one roof.

Scalable platform for growth: The 'One ITE Way' applied consistently across all events

Embedded, defined and sustainable ways of working

High quality, scalable operations delivering consistent experiences to customers across ITE

'One ITE' sales-led excellence culture

Clear and consistent culture of excellence in customer value delivery across ITE

Centre-led, best practice functions

Best-in-class functions working in tandem with event teams to deliver ROI to customers

Best teams in place

Deeply ingrained community, industry and local knowledge delivered by passionate teams

Effective, appropriate and scalable technologies

Leading technology used to enhance customer experience and improve internal effectiveness and efficiency

Strategic report

Strategic Priorities and KPIs

Our vision: "To create the world's leading portfolio of content-driven, must-attend events delivering an outstanding experience and ROI for our customers".

The TAG programme, announced in May 2017, is being implemented to transform the Group and position it to achieve its vision. The ultimate success of the Group will come through realising its vision, which is underpinned by five strategic priorities, set out opposite. Each of these has been identified with the Group's vision in mind.

Key performance indicators (KPIs) have been identified and linked to the strategic priorities. Data is not currently available to report performance against all of these KPIs – this will come with the full implementation of TAG and the roll-out of the new global CRM and finance systems – but a number of these measures are already being reported against internally. The KPIs are expected to evolve over time as TAG becomes fully implemented and the Group focusses on its longer-term strategic aims.

Strategic priorities	Indicative KPIs
Drive sustainable revenue growth	– **Revenue** – **Forward bookings** – Retention rate
Focus on profitability to increase shareholder value	– **Headline profit before tax** – **Headline diluted earnings per share**
Create a leading portfolio of must-attend events	– Visitor density – Customer satisfaction
Manage cash flows to ensure the long-term viability of the Group	– **Cash conversion** – **Net debt : EBITDA**
Develop an engaged, talented and high performing workforce	– Employee engagement

1 We have identified successful execution of the TAG programme as a principal risk (see page 52). This represents a risk to achieving the Group's vision.

Performance	Link to principal risks and uncertainties[1]
£152.6m (2016: £134.4m) £98m (2016: £81m)	– Political uncertainty and regulatory risk page 50 – Economic instability reduces demand for exhibition space page 50 – Financial risk – foreign currency risk page 50 – Competitor risk page 52
£31.6m (2016: £36.5m) 8.1p (2016: 10.7p)	– Commercial relationships page 52 – Competitor risk page 52 – Integration and management of acquisitions page 52
	– Venue availability page 52 – Competitor risk page 52
134% (2016: 112%) 1.4x (2016: 1.5x)	– Financial risk – liquidity risk page 50 – Financial risk – covenant risk page 50
	– People page 52

Strategic report

Chief Financial Officer's Statement

We delivered like-for-like growth for the first time since 2013, up 5%, reflecting the successful roll-out of the first wave of our TAG initiatives, assisted by the stabilisation of Moscow.

Revenues for the year were £152.6m (2016: £134.4m), as we delivered like-for-like growth for the first time since 2013, up 5%.

Overview

This growth reflects the successful roll-out of the first wave of our TAG initiatives, such as a new sales incentive structure, assisted by the stabilisation of Moscow and in spite of challenging trading conditions in some of our other markets. Our focus has been, and will continue to be, on our Core events and this is reflected in the growth experienced across our Core events in the year, which grew at a much faster rate than our Non-Core events. Looking ahead the TAG initiatives are also having a positive impact, with deferred income at 30 September 2017 of £82.6m (2016: £61.9m), with a significant proportion of the increase coming from the introduction of our new onsite rebooking initiative.

The Group reported losses before tax of £3.2m against a prior year loss before tax of £4.1m. This was after including one-off restructuring costs of £5.0m (2016: £nil), £4.6m of which were incurred as part of the TAG programme, and impairment charges of £14.3m (2016: £26.5m).

Headline profit before tax is a non-statutory measure of performance used by the Group as it better reflects underlying trading performance. After excluding adjusting items, detailed below, headline profit before tax was £31.6m (2016: £36.5m). Included within headline profits were £2.8m of costs associated with the TAG programme, such as the best practice teams and the impact of changes to the sales commission structure. On a like-for-like basis headline profit before tax has grown by 2%, reversing the trend reported in recent years.

Basic and diluted earnings per share were (3.1)p (2016: (3.6)p). The Group achieved headline diluted earnings per share of 8.1p (2016: 10.7p), with the decrease largely due to the reduction in headline profits in the year and the increase in the Group's effective tax rate, which is discussed in more detail below.

Group operating cash conversion for the year was 134% (2016: 112%). The significant increase is largely as a result of the onsite rebooking initiative, which has brought our cash inflows forward, and also from an increase in forward bookings for next year's events attributable to an upturn in trading, particularly across our Core events. Net debt at the year-end has reduced to £49.7m from £59.1m at 30 September 2016 as a result of strong cash flows from operations. The Group's £6.7m cash investment in the new TAG programme, £10.0m of previously committed acquisition and transaction costs and £8.7m of dividend payments to shareholders have been funded entirely through cash flows from operations.

Strategic report

Chief Financial Officer's Statement

continued

A refinancing of the Group's external debt facility was completed in November 2017 and gives the Group access to a new £100m facility from a syndicate of four banks, HSBC, Barclays, Citibank and Commerzbank. The facility amortises by £10m each year and expires in November 2021, giving us certainty over funding through the life of the TAG programme. The facility has more favourable pricing and more appropriate covenants, including a leverage ratio which is now assessed on a net debt to EBITDA basis, replacing the gross debt covenant in place under the previous facility. The facility is also structured to allow the flexibility we require to achieve our plans, including larger acquisition baskets and more flexible use of disposal proceeds.

Trading summary

In 2017 the Group ran 234 events (2016: 252). The decrease is primarily attributable to cancellations of smaller, less profitable events. A detailed analysis of volumes and revenues is presented below:

		Square metres sold (000)	Revenue £m	Average yield £ per m²
2016	**All events**	**685**	**134.4**	**196**
	Biennial	(41)	(4.6)	
	Timing	(12)	(4.5)	
	Non-recurring	(34)	(4.9)	
	Disposals	–	(0.5)	
2016	Annually recurring	598	119.9	**201**
	Acquisitions	49	6.0	
	Launches	18	3.2	
	FX translation	–	11.6	
	TAG costs	–	–	
	Like-for-like growth	**(2)**	**6.7**	
2017	Annually recurring	663	147.4	**222**
	Timing	3	0.8	
	Biennial	14	4.4	
2017	**All events**	**680**	**152.6**	**224**

Segmental results

	Revenue		Headline profit before tax	
£m	**2017**	2016	**2017**	2016
Russia	**71.4**	51.6	**26.3**	19.8
Asia	**23.8**	17.1	**6.9**	5.5
Central Asia	**21.7**	22.0	**6.5**	7.0
Eastern & Southern Europe	**17.0**	19.3	**4.8**	5.6
Brands	**18.7**	24.4	**5.4**	11.0
Other income	**–**	–	**0.7**	0.6
Central costs	**–**	–	**(16.2)**	(11.9)
Foreign exchange gain	**–**	–	**0.3**	2.0
Net finance costs	**–**	–	**(3.1)**	(3.1)
Total	**152.6**	134.4	**31.6**	36.5

Refer to the 'Divisional trading summary' section for commentary on each operating segment.

Other income relates primarily to rental income from sub-leasing unused office space.

Central costs include all costs that are not allocated to the Group's operating segments when headline profit before tax is reported to the Senior Operating Board for the purposes of allocating resource and making strategic decisions. These include the Group's corporate overheads and other central costs that are included within cost of sales. The corporate overheads are the costs of running the head office in London and are primarily comprised of the staff costs, which include the Group's Executive and Non-executive Directors, depreciation of the Group's centrally held assets, office rent and professional fees. The other central costs included within cost of sales include digital marketing costs that are not event-specific, but span the Group's portfolio of events. The increase in central costs in 2017 follows higher bonus payments in the year, an element of which is based on the achievement of target Group results for the financial year.

Central costs in 2017 include £1.3m of TAG costs and £1.4m of central structure costs. Of the £2.8m of costs associated with the TAG programme that have been included within headline results, £1.3m do not directly relate to the reportable segments and have been recognised within central costs. The central structure costs represent costs in London that were primarily incurred prior to the launch of the TAG programme to ensure that we were positioned appropriately to determine the Group's new strategic direction and ultimately to implement it successfully. These include the staff costs and recruitment costs of the new Strategy Team and the CFO, to the extent that there was no comparable cost in the prior year.

The foreign exchange gain represents the retranslation of monetary assets and liabilities held in our subsidiary companies that are denominated in currencies other than the functional currencies of the subsidiaries. See the 'Foreign exchange' section for further details.

Net finance costs relate to the interest payable on our external banking facility and bank fees, net of interest income for the period.

Headline results

In addition to the statutory results, headline results are presented, which are the statutory results after excluding a number of adjusting items, as the Board consider this to be the most appropriate way to measure the Group's underlying performance. In addition to providing a more comparable set of results year-on-year, this is also in line with similar adjusted measures used by our peer companies and therefore facilitates comparison across the industry.

With the exception of restructuring costs, the adjusting items presented are consistent with those presented in the previous year. The restructuring costs have been presented separately in order to report what the Board consider to be the most appropriate measure of underlying performance of the Group and to provide additional information on the scale and progress of the Group's transformation programme.

Reconciliation of loss before tax to headline profit before tax:

£m	**2017**	2016
Loss before tax	**(3.2)**	(4.1)
Operating items		
Amortisation of acquired intangible assets	**14.1**	15.5
Impairment of goodwill and intangible assets	**12.6**	24.7
Impairment of investments in associates and joint ventures	**1.7**	1.9
Transaction costs on completed and pending acquisitions	**0.4**	0.3
Loss on disposal of investments	**3.7**	1.5
Restructuring costs, including TAG	**5.0**	–
Tax on income from associates and joint ventures	**1.5**	1.1
Financing items		
Revaluation of liabilities on completed acquisitions	**(4.2)**	(1.2)
Headline profit before tax	**31.6**	36.5

Amortisation of acquired intangible assets

Amortisation of acquired intangible assets relates to the amortisation charge in respect of intangible assets acquired through business combinations. The charge has declined in the year as a result of a number of our historical Russian intangible assets reaching the end of their estimated useful lives, offset in part by the amortisation on the intangible assets recognised on completion of the acquisition of Gehua in the year. See the 'Portfolio management' section for further details on the Gehua acquisition.

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Impairment of goodwill and intangible assets
In the year, impairment charges were recognised in respect of our India, Turkey, and Africa Oil Week (AOW) cash generating units (CGUs). Recent trading in these CGUs has improved. However, the forecast cash flows include an increase in the Central cost allocation following our move to a more centralised model and an update to the discount rate methodology, which, when coupled with the low headroom of these CGUs, results in the value in use not being sufficient to support the carrying value of the assets. Prior to these changes, the Turkey and AOW CGUs had lower headroom as a result of the adverse macro-economic and geopolitical conditions faced in the last few years in Turkey and the significant downturn in the oil price in 2015, which has affected our AOW oil conference in South Africa. The India CGU had lower headroom due to the write-down of the assets to the value in use of the CGU in the prior year. As well as the impairment charge recognised at our India CGU last year, the prior year charge also included impairments of our South East Asia and Siberia CGUs.

Impairment of investments in associates and joint ventures
The current year charge is recognised in respect of our Indonesian joint venture, following the update to the discount rate methodology in determining value in use discussed above. In the prior year we impaired our investment in our Malaysian joint venture.

Transaction costs on completed and pending acquisitions
Transaction costs on completed and pending acquisitions relates principally to costs incurred on the Gehua acquisition completed in December 2016.

Loss on disposal of investments
During the year the Group disposed of its investment in Gima International Exhibition Group GmbH & Co KG (GiMA), a sales agency business based in Germany. As a result of the disposal the goodwill held on the balance sheet from the original acquisition of GiMA, over a decade ago, this has resulted in the recognition of a loss on disposal.

Restructuring costs, including TAG
Restructuring costs relate to costs incurred in transforming the business, and largely relate to the TAG programme. The costs included within adjusting items are the one-off costs of designing and implementing the Group's new strategy. The most significant of these costs are professional and consultancy fees incurred in relation to the strategic and business reviews carried out on the existing business and underlying markets, the costs of designing the Group's new strategy and its future operating model, and the costs of implementing the new strategic initiatives launched to date.

The TAG programme has led to certain costs, such as those associated with new best practice roles and changes to the sales commission structure, that are expected to remain as part of the Group's new operating model post-transformation. These costs have not been included within adjusting items and are presented within headline results.

Tax on income from associates and joint ventures
Statutory reported profits from associates and joint ventures are presented post-tax. In order to present a measure of profit before tax for the Group that is purely pre-tax, the tax on associate and joint venture profits is added back. The year-on-year increase reflects the increase in profits from associates and joint ventures this year, primarily due to strong performance from Sinostar and ITEMF, as discussed further below.

Revaluation of liabilities on completed acquisitions
A number of the Group's acquisitions completed in recent years have future earn-out commitments, either through deferred or contingent consideration payments or through equity option liabilities to increase our current shareholdings. These are held on the balance sheet at fair value and therefore change based on the latest foreign exchange rates, the proximity of the settlement date and the latest expectation of the settlement value. All such revaluations are presented outside of adjusted results as they do not relate to the underlying performance of the Group. Revaluation of liabilities on completed acquisitions include the revaluation of the equity option liabilities in respect of ABEC and ITE Ebseek ("Fasteners") and the revaluation of contingent consideration in respect of Gehua and Fasteners, prior to the settlements of these obligations in the year.

Foreign exchange

As a result of the territories in which we operate, we are exposed to changes in foreign exchange rates and significant movements, particularly in the Russian ruble, can have a significant impact on our results.

Translational FX
Each month our subsidiary company results are translated into sterling, from the functional currencies of the subsidiary companies, on consolidation, using the prevailing foreign exchange rates for the month. Changes in foreign exchange rates result in fluctuations of the level of profits reported for the Group. The impact of the changes in foreign exchange rates is included within both the statutory and adjusted reported results, within the relevant lines in the Consolidated Income Statement. To aid comparability of trading results, when presenting like-for-like performance we adjust for the impact of changes in foreign exchange rates on translation.

Largely as a result of the strengthening of the ruble against sterling, the reported results were higher than in the comparative period by £11.6m for revenue and £2.4m for headline profit before tax.

Transactional FX
As well as translational foreign exchange movements arising on consolidation, the Group results are impacted by changes in foreign exchange rates within our subsidiary company results. Where monetary transactions are entered into in different currencies than the functional currency of the entity this gives rise to revaluation gains and losses following changes in exchange rates between the transaction date, month end and the settlement date. Each revaluation of the monetary assets and liabilities held on the balance sheet results in gains and losses, which are reported within the Consolidated Income Statement within the 'Foreign exchange gain on operating activities' line.

The relative stability of the ruble throughout 2017, when compared to 2016, has contributed to the smaller gain recognised of £0.3m (2016: £2.0m). As a result of the Uzbekistan Government removing the som peg to the US Dollar in September, a gain on revaluation of £0.7m arose in the month, as a result largely of the US dollar debtor book held locally in our Uzbekistan subsidiary companies.

In order to minimise our exposure to changes in foreign exchange rates, particularly on euro-denominated cash inflows held in sterling subsidiary companies, which accounts for approximately 15–20% of total revenues, the Group takes out foreign exchange forward contracts to provide certainty over the future euro cash inflows. The gains and losses on the forward contracts are deferred and recognised within revenue at the point at which the revenue is recognised.

In the year, a loss of £0.7m (2016: profit of £2.0m) was recognised within revenue in respect of our forward contracts, reflecting the strengthening of the euro against sterling in the year, naturally offsetting the benefit received from this strengthening within our reported revenues.

Foreign currency translation reserve

Finally, our results are impacted by the translation of the subsidiary company balance sheets each month on consolidation into sterling. A change in foreign exchange rates gives rise to a movement which is recognised within reserves in the foreign currency translation reserve. This is on translation of the company balance sheets of our subsidiary companies, which are reported in their functional currencies before being translated into sterling on consolidation, at the prevailing period end rates.

The foreign currency translation reserve increased by £3.0m, largely due to the weakening of the Turkish lira and the Uzbekistani som against sterling between the beginning and the end of the financial year. Due to the considerable goodwill and intangible assets held in Turkey, as well as the dollar-denominated debtors in Uzbekistan, the value of the net assets within the consolidated statement of financial position have reduced. This was offset to some extent by a strengthening of the ruble and euro but these movements were not of sufficient magnitude to prevent a loss being recognised within equity reserves.

Share of results of associates and joint ventures

Profits after taxation for the financial year arising from investments in joint ventures and associates increased by £1.5m to £5.1m (2016: £3.6m). Sinostar (our 50% owned Chinese joint venture) continues to perform well whilst ITEMF (our 50% owned joint venture in Russia) has benefited from the stabilisation in Moscow and a strengthening of the Russian ruble.

Finance costs

Statutory net finance costs are £1.0m (2016: net finance income of £1.8m). On a headline basis, after excluding the revaluations relating to liabilities on completed acquisitions, net finance costs are £3.1m (2016: £3.1m). These represent the interest cost on the Group's borrowings of £2.5m (2016: £2.4m) and bank charges of £1.3m (2016: £1.1m), net of interest income of £0.7m (2016: £0.4m).

Tax charge

A tax charge of £3.3m (2016: £3.1m) was recognised in the year. Tax on associate and joint venture profits, which is presented within the share of profit from associates and joint ventures, was £1.5m (2016: £1.1m), reflecting the higher level of joint venture profits discussed above. The total tax charge was £4.8m (2016: £4.2m).

The headline tax charge for the period was £8.3m (2016: £7.1m), equating to a headline effective tax rate of 26% (2016: 19%). The increase in the tax rate was primarily due to an increase in withholding tax on dividends from our Russian subsidiaries, following the stabilisation of trading in Moscow.

Profits attributable to non-controlling interests (NCIs)

NCI profits for the year were £1.8m (2016: £2.2m), down £0.4m. In May 2016 we increased our interest in AOW to 75% and in May 2017 to 100%, reducing the proportion of profits attributable to NCI for the event that runs each October. This was offset by the first-time impact of the 40% of ABEC's profits that were pre-acquisition in the prior year and the 30% of the post-acquisition profits from the current period acquisition of Gehua.

Consolidated statement of financial position

The Group's Consolidated Statement of Financial Position at 30 September 2017 is summarised in the table below:

	2017 £m	2016 £m
Goodwill and other intangible assets	**154.4**	166.7
Interests in associates and joint ventures	**45.5**	45.7
Other non-current assets	**11.7**	8.4
Total non-current assets	**211.6**	222.8
Trade debtors	**44.1**	32.5
Cash	**23.3**	15.5
Other current assets	**20.2**	20.2
Total current assets	**87.6**	68.2
Deferred income	**82.6**	61.9
Bank loan	**73.0**	74.6
Other liabilities	**54.3**	58.2
Total liabilities	**208.9**	194.7
Share capital and share premium	**31.3**	23.3
Translation reserve	**(45.3)**	(42.3)
Other reserves	**81.6**	89.9
NCI	**22.7**	25.4
Total equity	**90.3**	96.3

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Chief Financial Officer's Statement

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Total non-current assets

Goodwill and intangible assets decreased during the year due to the impairments recognised in the India, Turkey and AOW CGUs, the annual amortisation charge in respect of the intangible assets and the retranslation of overseas balances to Sterling at year end exchange rates. The movement was offset to some extent by the acquisition of Gehua. The intangible assets balance represents acquired customer relationships, trademarks and licences, visitor databases and computer software.

Interests in associates and joint ventures has remained flat, with strong profitability in the larger joint ventures, particularly Sinostar and ITEMF, offset by the payment of dividends from these entities and the impairment of the Indonesian joint venture.

Other non-current assets has increased for the most part due to an increase in deferred tax asset to £5.4m (2016: £3.1m).

Total current assets

Trade debtors increased compared to the prior year as a result of the increase in forward bookings, aided by our new onsite rebooking initiative. This contributed to trade debtors increasing by over 30% year-on-year. Trade debtor recoverability remains strong and cash flow from operations and cash collection have been important areas of focus over the past year.

Cash balances increased to £23.3m (2016: £15.5m) as a result of earlier cash collection following the onsite rebooking initiative, reduced expenditure on acquisitions compared to previous years and the strengthening of foreign currencies against Sterling which create unrealised gains when translated into Sterling on consolidation. This was in part offset by the investment in TAG during the year.

Other current assets, comprising other debtors, prepayments and tax prepayments, have remained broadly consistent year-on-year.

Total liabilities

As with trade debtors, deferred income grew considerably following the introduction of our onsite rebooking initiative, with the balance as at 30 September 2017 being £82.6m (2016: £61.9m), up by over 30% year on year. This represents 54% of the total revenue recognised in 2017, compared to 41% of the 2017 revenues being contracted at this stage last year.

The bank loan balance of £73.0m (2016: £74.6m) is broadly flat year-on-year. A new loan facility agreement was entered into subsequent to the year end as mentioned previously.

Other liabilities decreased to £54.3m (2016: £58.2m). The decline is primarily in respect of equity option liabilities and deferred/contingent consideration, following the exercise of the AOW put option in May 2017 and settlement of earn-out obligations in respect of ABEC and Fasteners.

Total equity

During the year the Company issued 7,140,601 (2016: 5,166,043) ordinary shares of 1p. 2,050,102 of the total new issues were to shareholders who elected to receive their dividend in the form of new ordinary shares as part of the scrip dividend alternative that was made available. The remaining shares issued were consideration for the exercise of options to acquire the remaining 25% stake in AOW (2,791,120) not previously held and the element of the Gehua consideration settled in shares (2,299,379).

As at 30 September 2017 the Employee Share Ownership Trust (ESOT) held 2,783,585 (1.0%) of the Company's issued share capital (2016: 2,869,603 (1.1%)).

The movement in the translation reserve from a debit balance of £42.3m to £45.3m represents the loss on the year-end retranslation of the Group's overseas assets denominated in foreign currencies, as discussed above. This is driven primarily by movements in the Sterling/Lira and Sterling/Som exchange rates. The decreases in the put option reserve and NCI were caused by the exercise of the AOW equity option.
The Group's ability to pay dividends is secure, with distributable reserves in the Parent Company accounts of £16.8m.

Venue arrangements

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

The arrangements can take the form of a prepayment of future venue fees (advance payment), or a loan which can be repaid in cash or by offset against future venue fees (venue loan). Generally, the arrangements bring rights over future venue use and advantageous pricing arrangements through long-term agreements.
Venue advances and prepayments are included in the Consolidated Statement of Financial Position under non-current and current assets.

Portfolio management

On 9 December 2016, the Group acquired a 70% holding in ITE Gehua Exhibitions Co Ltd (Gehua), a company incorporated in China, for total consideration of £11.7m. No put or call options exist over the remaining 30% stake. The acquired business has contributed £3.0m to Group revenue and a £1.0m to headline profit before tax since acquisition.

During the year, £3.7m was paid in respect of deferred and contingent consideration obligations in respect of the acquisitions of ABEC and Fasteners completed in previous years and of Gehua in the current period. At 30 September 2017 there remains an outstanding obligation of £1.0m in respect of the acquisition of ABEC.

One equity option was settled during the year, in respect of the remaining 25% in AOW, discussed above. At 30 September 2017, equity options are held over further interests in our subsidiary companies, ABEC, Fasteners and Scoop, and our joint venture companies, ECMI and Debindo.

As part of our ongoing focus on Core events, 37 events were cancelled in 2017 which had in 2016 contributed £1.1m to Group revenue and £0.4m to headline profit.

TAG overview

In May 2017, we announced our intention to invest up to £20m in the TAG programme over the three-year transformation period. In 2017 we invested £5.0m, comprised of £4.6m of one-off restructuring costs, which are presented within adjusting items, and £0.4m of capital expenditure. The restructuring costs were principally in relation to the design and implementation of the Group's new strategy. The capital expenditure largely related to building fit-for-purpose IT infrastructure and systems. Having invested £5.0m since May, we anticipate investing up to £10m over the coming financial year. The investment will reflect the acceleration of our systems, design and development work over the coming twelve months and ultimately the introduction of the new sales and marketing systems that will help us create fit-for-purpose IT infrastructure and systems. We remain confident of delivering the overall TAG programme within the £20m one-off investment indicated.

During 2017, £2.8m of costs were included within our statutory and headline results in relation to the TAG programme. These represent costs that are associated with the TAG programme, in relation to the delivery of the Group's new strategy, rather than the costs of designing and implementing the strategy. These are costs that have arisen following changes to the way we operate as a result of the TAG programme and are expected to continue to be incurred as the Group's new operating model becomes fully embedded. Of the £2.8m incurred in the year, £1.9m was included within cost of sales (£0.5m of which was included within central costs) and £0.9m is included within overheads (£0.8m within central costs). The cost of sales represent costs incurred to date that are direct costs incurred to drive revenue growth, to date principally in future periods. Overhead costs are ongoing costs largely incurred in relation to creating best practice functions and teams and building capability and talent.

Andrew Beach
Chief Financial Officer
27 November 2017

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Divisional Trading Summary

Russia

On a like-for-like basis volume sales in Russia increased by 9%, revenues increased by 14% and headline profits before tax increased by 17% from the prior year

	2017 £m	2016 £m	% change	% change like-for-like
Revenue	**71.4**	51.6	+38%	+14%
Headline profit before tax	**26.3**	19.8	+33%	+17%

During the year ITE held 96 events in Russia (2016: 110), with total volume sales of 274,400m² (2016: 256,000m²). Revenue of £71.4m was 38% higher than the previous year and headline profit before tax of £26.3m was 33% higher than the previous year, reflecting early TAG benefits, stabilisation of the trading environment – particularly in Moscow – and the strengthening of the Russian Ruble. On a like-for-like basis volume sales in Russia increased by 9%, revenues increased by 14% and headline profits before tax increased by 17% from the prior year.

Moscow is ITE's largest office in Russia with events accounting for around 74% of the region's revenues. Volume sales for the year on Moscow events were 182,300m² (2016: 164,100m²); an increase of 9% on a like-for-like basis.

ITE's leading events in Moscow responded favourably to the stabilisation of the trading environment and benefited from management's reallocation of resources to focus on these events. The Moscow International Travel and Tourism exhibition (MITT) which is held annually in March delivered sales of 13,700m² (2016: 11,700m²) as the Russian international tourism sector recovered confidence and relations between Turkey and Russia improved. In April, Mosbuild (WorldBuild Moscow) saw volumes increase by 8% to 34,500m² (2016: 31,800m²) with the growth being led by domestic exhibitors as the construction sector in Moscow also gained confidence from the stabilisation in the local economy. The packaging event, Rosupack, also performed strongly with volume growth of 21% from 9,400m² to 11,400m². However, the recovery was uneven across sectors with the logistics event TransRussia and the security event Securika reporting flat volumes of 7,400m² (2016: 7,200m²) and 10,400m² (2016: 10,600m²) respectively. The previously biennial Moscow International Oil & Gas Exhibition (MIOGE) annualised and changed venues to better respond to a competitive launch and met expectations in delivering volumes of 12,000m² (2015 event: 18,500m²). WorldFood Moscow in September also grew volumes by 5% to 21,300m² (2016: 20,200m²), as both domestic exhibitors and international suppliers increased their space requirements.

The Krasnodar region in south west Russia is one of the most prosperous outside Moscow. The Group is the anchor tenant at the city's exhibition centre and runs events across a broad range of sectors. The single largest event is the agriculture event, Yugagro, which grew by 9% to 31,700m² (2016: 29,000m²).

The stabilisation of the economic environment in Moscow has not yet spread to all regions. The Group's events in St Petersburg delivered overall volume sales of 9,400m² (2016: 9,500m²), a like-for-like decline of 7%.

In Novosibirsk, Siberia, ITE is the anchor tenant in the city's main venue. During the year management reduced the number of events held to 22 (2016: 34). On a like-for-like basis, which excludes these cancellations, revenue was down 1%.

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Divisional Trading Summary

Asia

The Group benefited from another strong performance by its Sinostar joint venture

Revenue	**2017 £m**	2016 £m	% change	% change like-for-like
Revenue	**23.8**	17.1	+39%	-3%
Headline profit before tax	**6.9**	5.5	+23%	+16%

The Group's operations in this region are based in India, China and South East Asia. During the year, the Group ran 35 (2016: 27) events in the region. Overall the Group's majority-owned businesses in the region sold 160,000m² in 2017 (2016: 124,600m²), reflecting acquisitions in China offsetting the weaker biennial pattern and the challenging trading environment in India. The Group benefited from another strong performance by its Sinostar joint venture, which is not included in consolidated revenues but is included in consolidated headline profits before tax for the region. Therefore, on a like-for-like basis, the region reports a decrease of 2% in volumes and 3% in revenues but a 16% increase in headline profits before tax.

The Group operates two businesses in India: one through a small wholly-owned subsidiary, ITE India, which had its weaker biennial year in 2017 and the other through ABEC, India's largest private exhibition organiser in which ITE has a 60% stake. ABEC's portfolio of over 20 exhibitions across different industry sectors includes Acetech – India's leading construction event. Acetech Mumbai in October 2016 delivered 27,800m² (2016: 27,900m²), despite the impact of demonetisation, although the impact on the rest of the ABEC portfolio was more pronounced and the business delivered like-for-like volume and revenue declines of 3% and 4% respectively, reflecting the challenges faced in the market.

In China the Group has offices in Beijing, Shanghai and Guangzhou and operates (through its Hong Kong headquartered 50% joint venture partner Sinostar) the Chinacoat/Surface Finishing China event. The November 2016 Chinacoat/Surface Finishing China event in Guangzhou saw 11% growth on the equivalent event reporting record sales of over 37,800m² with another strong performance expected at the November 2017 event. A 70% stake in Gehua was acquired in December 2016. It has a small portfolio of events, of which the major event is a Food event which ran in August 2017 for the first time under ITE ownership, delivering 20,000m². The Group's Fasteners event, acquired in 2016, grew by 10% to 16,300m² (2016: 14,800m²).

In South East Asia the Group operates through three organisations based in Indonesia and Malaysia. In Jakarta, Indonesia, the Group owns 50% of PT Debindo, which runs the Indobuildtech series of construction exhibitions, the largest of which takes place annually in Jakarta. After moving to the new International Convention and Exhibition Centre last year and growing to over 22,000m², this year the event focussed on driving yield and while volumes reduced slightly to 18,700m², the revenues increased by over 10%. In Kuala Lumpur, Malaysia, the Group owns 100% of Tradelink, which runs the Metaltech event, serving the machine tool technology and metal fabrication industries. The event takes place each May in Kuala Lumpur and although volumes reduced, revenues held up despite local economic uncertainty impacting on the industry. Also based in Kuala Lumpur is the Group's 50% joint venture, ECMI, a pan-ASEAN organiser operating in Malaysia, Indonesia, Vietnam and Myanmar, and focussed on the professional beauty and life-sciences sectors.

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Divisional Trading Summary

Central Asia

The fall in the oil price and the Russian economic recession continue to have a significant impact on trading conditions within the region

Revenue	2017 £m	2016 £m	% change	% change like-for-like
Revenue	**21.7**	22.0	-1%	+5%
Headline profit before tax	**6.5**	7.0	-7%	+7%

ITE's principal offices in Central Asia are in Kazakhstan, Azerbaijan and Uzbekistan. All of the economies in this region are heavily dependent on oil and gas for their overseas earnings and economic wealth and in the case of Kazakhstan a significant level of trade with Russia as well. The fall in the oil price and the Russian economic recession continue to have a significant impact on trading conditions within the region.

This year ITE organised a total of 66 events (2016: 74) across these territories delivering total volume sales of 64,000m² (2016: 70,400m²), revenues of £21.7m (2016: £22.0m) and headline profits before tax of £6.5m (2016: £7.0m). Overall, on a like-for-like basis, volumes decreased by 9% over the previous year with revenues increasing by 5% and headline profit before tax increasing by 7% as Dollar pricing protected revenues from currency fluctuations.

Kazakhstan is the Group's largest office in the region, selling 32,200m² (2016: 34,400m²). The largest event in the region, Kazakhstan Oil & Gas Exhibition (KIOGE), which took place in Almaty in October 2016, was smaller than the prior edition at 3,700m² (2016: 5,800m²). However, reflecting the improvement in the environment during the year, Mining World Central Asia held in September 2017 grew volumes by over 20% from 2,500m² to 3,000m².

Azerbaijan achieved volume sales of 14,200m² (2016: 19,300m²) a decrease of 27% on the prior year on a like-for-like basis with all sectors suffering reduced volumes and like-for-like revenues down 11% on the prior year.

ITE's Uzbekistan business is slightly more insulated from the oil price due to the nature of the local economy and it performed strongly in 2017 selling 17,600m² (2016: 16,100m²). On a like-for-like basis volumes have increased by 23%.

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Divisional Trading Summary

Eastern & Southern Europe

On a like-for-like basis revenues were down 9%, better than anticipated at the start of the year

Revenue	**2017 £m**	2016 £m	% change	% change like-for-like
Revenue	**17.0**	19.3	-12%	0%
Headline profit before tax	**4.8**	5.6	-15%	-10%

The Eastern & Southern Europe region is represented by the Group's offices in Turkey and Ukraine. Overall the region sold 134,500m² in 2017 (2016: 172,200m²), reflecting growth in Ukraine, offset by the weaker biennial pattern and the challenging trading environment in Turkey. On a like-for-like basis this represents a decrease of 8% in volumes, flat revenues and a 10% decrease in headline profit before tax.

Overall total volumes in Turkey were down, reflecting the weaker biennial pattern, and the challenging local environment. On a like-for-like basis revenues were down 9%, better than anticipated at the start of the year. The prior year events were protected to some extent by bookings taken in advance of the coup attempt and so the current year results reflect the full year effect of the events of 2016.

Trading in Ukraine has recovered strongly. Overall volume sales were up, with a 34% increase in revenue on a like-for-like basis.

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Divisional Trading Summary

Brands

The Breakbulk portfolio overall saw a drop in volumes and revenues compared with the previous year as Breakbulk Americas ran in September 2016 and October 2017 and therefore, through timing, did not run in the 2017 financial year. However on a like-for-like basis the portfolio grew volumes by 3% and revenues by 16%

Revenue	**2017 £m**	2016 £m	% change	% change like-for-like
Revenue	**18.7**	24.4	-23%	6%
Headline profit before tax	**5.4**	11.0	-51%	-21%

The Group's Brands business contains the results of our UK fashion events, the Africa Oil Week event and the Breakbulk portfolio of events. Overall the portfolio reports a 23% decrease in revenues and a 51% decrease in profits although this is predominantly due to event timing. On a like-for-like basis, revenues decreased by 6% and headline profits before tax decreased by 21%.

In Moda the Group owns the leading midmarket fashion event for Womenswear, Menswear, Footwear and Accessories which runs twice a year in Birmingham, UK. In London the Group operates Bubble, a niche high-end childrenswear event, Jacket Required, a designer-led menswear event, and Scoop, a designer-led womenswear event. Overall the portfolio achieved volume sales of 34,800m² (2016: 39,600m²), a 10% like-for-like volume decline and a 7% revenue decline on the prior year with Moda continuing to see the effects of a changing market place for midmarket independent fashion retailers.

Africa Oil Week ran in October 2016 and, as expected, was adversely affected by the difficult trading conditions affecting the oil industry. There was still excellent representation from all usual participating companies, although many companies sent fewer delegates with a resulting impact on revenues of 20% compared with the 2015 event. ITE acquired the remaining 25% stake in the event in May 2017, financed through a small equity placing following the exercise of the put option granted to the previous owners. Revenues for the October 2017 event have stabilised and we believe that, with investment, this event is positioned for recovery.

The Breakbulk portfolio overall saw a drop in volumes and revenues compared with the previous year as Breakbulk Americas ran in September 2016 and October 2017 and therefore, through timing, did not run in the 2017 financial year. However, on a like-for-like basis, the portfolio grew volumes by 3% and revenues by 16%.

Strategic report

Market Overview

The exhibitions market is supported by a strong business model that provides:

High margins

Excellent cash flow characteristics

Resilient revenues

Good growth prospects

Global exhibition market value

US$30bn

Geographically, the industry is split between large mature markets and rapidly growing emerging markets. Growth in the industry is expected to be driven by the recovery of larger markets such as Russia, Brazil and Turkey as well as continuous strong growth in Asia.

ITE is the ninth largest organiser by revenue and has historically had strengths in a number of emerging markets. ITE is the dominant exhibition organiser in Russia and although the Russian market has been impacted by currency factors and an economic slowdown, there are strong drivers for growth in the medium to long term. These include strong prices, a highly internationalised outlook and new venue capacity. ITE's position in Central Asian markets is also strong, as it is the dominant international exhibition organiser.

The distribution of the world's exhibition businesses highlights that developed markets continue to account for the majority of the global market, with the US alone comprising over 50%. Emerging markets have a 22% share of the global market (compared to circa 15% six years ago) and China remains the second largest exhibition market globally having overtaken Germany in 2015. After a year of falling volumes and revenues, Russia, Turkey and the CIS countries – ITE's historic market areas – account for approximately 3% of the global market, whilst Asian markets (China, India and South East Asia) account for approximately 9%.

Source: AMR International

Governance

Board of Directors

1

2

3

4

5

6

1
Stephen Puckett
Non-executive Director

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

2
Sharon Baylay
Non-executive Director

Sharon Baylay was appointed a Non-executive Director of the Company in April 2014, and became Chairman of the Remuneration Committee in October 2017. She is Non-executive Director at Restore plc, and Chairman of Exclaimer Ltd. From 2009 to 2011 Sharon was Marketing Director and a Main Board Director of the BBC, responsible for all aspects of marketing, communications and audiences. She was also on the Board of BBC Worldwide, Freesat and Digital UK. Prior to the BBC, Sharon held a number of senior roles at Microsoft Corporation over a period of 15 years, including General Manager of the UK Online and Advertising business. Sharon is an Advanced Coach & Mentor, accredited by the Chartered Institute of Personnel and Development (CIPD) and a Member of Women in Advertising and Communications, London (WACL).

3
Andrew Beach
Chief Financial Officer

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

4
Mark Shashoua
Chief Executive Officer

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

5
Neil England
Non-executive Chairman

Neil England was appointed a Non-executive Director of the Company in March 2008, and Chairman in July 2017. He has a breadth of sales and marketing experience and an extensive knowledge of ITE's key geographic markets. Neil was formerly Vice President for Mars Incorporated with responsibility for all the CIS countries and he built a market-leading business there. More recently, Neil was Group Commercial Director on the Main Board of Gallaher Group plc. Neil is currently Non-executive Chairman of four companies, including BlackRock Emerging Europe plc, an emerging market investment company focussed on Eastern Europe. Neil is a Fellow of the Chartered Institute of Marketing.

6
Linda Jensen
Non-executive Director

Linda Jensen was appointed a Non-executive Director of the Company in July 2011, as the Company's Senior Independent Director in January 2014, and was the Company's Remuneration Committee Chairman from November 2015 to October 2017. Linda was CEO of HBO Europe for ten years until December 2015, and was responsible for all business operations of the HBO channels in the European region. Prior to HBO Europe she was the President of MTV Russia, based in Moscow, and also gained valuable experience in the central European region as the Director of Development at Central European Media Enterprises (CME).

Board changes that occurred during the year:

Marco Sodi
Non-executive Chairman

Marco Sodi was appointed as a Non-executive Director in February 2012 and became Chairman in March 2012. He stepped down as Chairman in July 2017, and retired from the Board in October 2017. Marco has extensive experience of the media and technology sectors, and the exhibitions sector in particular. In 2015 Marco founded Volpi Capital, a private equity firm focussed on tech-enabled information and services businesses, prior to which he spent 23 years with the private equity firm Veronis Suhler Stevenson.

Governance

Environmental Impact

As a media services company, the Group acknowledges that its business has an impact on the environment, albeit relatively minor, and ITE follows current best practice in each of its markets by observing country legislation and leading industry practice. The Group is aware that this is an area of increasing concern to employees, shareholders and customers alike. By identifying environmental improvements, we expect to see increased efficiencies and, with that, reduced costs and the management of environmental issues is part of our business strategy to create long-term value for shareholders.

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

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

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

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

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

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

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

Measurement of environmental impact in 2017
The Group has identified GHG emissions per employee as the most appropriate KPI. To measure this the Group collected data on a Group-wide basis from most of its offices on the activities identified for the year ended 30 April 2017. Results from similar offices have been extrapolated based on the number of employees to estimate total emissions. In some offices, where electricity and heat charges are included in office rental cost and the information is not provided by office landlords, an estimate has been calculated based on similar offices' usage and office floor space data.

When compared to prior years the Group is pleased that it was able to reduce its total GHG emissions from 1,070 tonnes of CO_2e to 1,021 tonnes of CO_2e, largely as a result of a reduction in district heat emissions and electricity consumption. The Group's emissions per staff member have also decreased from 0.86CO_2e to 0.75CO_2e.

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

Global GHG emissions data comparisons for the period from 1 May 2016 to 30 April 2017:

Tonnes of CO_2e	2017	2016	2015	2014
Scope 1	201	207	205	232
Scope 2	791	833	898	936
Estimated emissions for offices that have not reported data	29	30	41	20
Total GHG emissions (CO_2e)	1,021	1,070	1,144	1,188
Average staff number for period of measurement	1,357	1,241	1,369	1,362
Company's chosen intensity measurement:				
Emissions per staff member	**0.75**	**0.86**	**0.84**	**0.87**

Corporate Social Responsibility

Overview

The Board of ITE believes that corporate and social responsibility is an important part of the Group's culture and that the adoption of good practice will have a positive impact on profits and increase the long-term value for shareholders. Due consideration is given to risks arising from social, ethical and environmental issues as part of an ongoing risk review process.

Employees

The Board recognises the importance of diversity amongst its employees and is committed to ensuring that employees are selected and promoted on the basis of merit and ability, regardless of age, gender, race, religion, sexual orientation or disability. The gender split across the Group as at 30 September 2017 is illustrated in the table below:

	Male	Female
Board	4	2
Senior management	26	15
All employees[1]	551	823

1 Includes Board and senior management.

A global Group-wide biannual performance review process was introduced in 2017 marking a major milestone in our drive to develop a high-performing culture and support employees' career development. Sponsored training is provided where there is a benefit to both the individual and the Group and includes custom-designed leadership and management development programmes. In the coming year, the Group is committed to building on its learning and development offering and investing in additional training to support the objectives of its Transformation and Growth programme.

To raise awareness of how to recognise and deal with mental health issues, headquarters held its first Wellness Week in 2017. This initiative is now expanding to include other offices in the Group.

All senior staff are eligible to receive share options or awards under the Employee's Performance Share Plan as the Board feels that it is important for them to take an active part in the success of the Group and to share in the long-term value they help to create.

The Board recognises the need to provide a safe working environment for employees, exhibitors and visitors at the Group's events. Each office is responsible for ensuring that their business operates in compliance with Group policies and the relevant local health and safety legislation. Employees receive health and safety training appropriate to their role. Staff from all regions with lead responsibility for the operation of the Group's exhibitions on-site also attend regular training courses.

Social interaction

The Board is aware of both the benefits to its business of engaging with its various constituencies in a socially-responsible manner and the risks of failing to do so. As an operator of internationally-focussed businesses in emerging markets, the Group ensures that it is culturally sensitive in its dealings with the local community and that its employment and development policies are non-discriminatory and encourage the employment of local nationals at all levels in the Group.

The Group actively supports its employees in their support of local community projects. Charitable donations across the Group totalled £25,292 in 2017 (2016: £27,240).

The Group has a strong record of supporting local charities in the countries in which it operates, particularly those which work to benefit children. During 2017 this has continued to include providing direct financial funding as well as providing volunteers to assist on specific projects and workshops.

In the UK, a fundraising campaign raised nearly £1,800 for Salusbury World, a charity local to ITE's London headquarters that supports refugee and migrant children and families. A further £800 was raised for Red Nose Day, a nationwide fundraising event held by the charity Comic Relief, which works to alleviate poverty in the UK and around the world.

In Russia, our Moscow office held a collection of unwanted clothes, shoes, and accessories to be donated to those in need. More than 800 items of clothing were collected, with just under half sent to provide humanitarian aid and the rest either sorted and processed for textile recycling or selected for sale at one of three charity shops. The Moscow office also held a 'Small Change, Big Difference' charity event to fundraise for the Life Line Foundation, which provides treatment for sick children.

In China, the Beijing office took part in a charity sale and benefit concert for Alanah's Home organised by China Children's Hope Foundation. Staff contributed toys, plants, flowers, kitchenware and school supplies.

In Azerbaijan, the local office continued its close ties with Anglo-Azerbaijani Society by sponsoring a charity concert and dinner in aid of United Aid for Azerbaijan (UAFA), raising vital funds to maintain their work with children from the Saray and Shagan children's homes. ITECA Caspian also became a partner for the BİR student volunteering programme in recognition of its active support for the volunteer movement in the country.

It is the Group's aim to develop a global giving initiative linking charitable efforts across all offices in 2018.

Governance

Corporate Social Responsibility

continued

Ethics and human rights issues

Integrity is core to the Group's values which it actively promotes in its dealings with employees, shareholders, customers and suppliers and with the authorities of the countries in which it operates. The Group recognises that reputation is a valuable and fragile asset gained over a substantial period of time and is committed to good practice in respect of human rights. The leadership position of the Group's exhibitions and the long-term growth of its core shows is a testament to the success of its practices.

All ITE staff are required to comply with the laws and regulations of the country in which the Group operates and with the Group's Human Rights Policy. The Group promotes high ethical standards in carrying out its business activities and has clear guidelines for dealing with gifts, hospitality, corruption, fraud and the use of inside information. These, together with the Human Rights Policy, are made available to all staff.

The UK Bribery Act places obligations on the Group and senior management. Key management are required to complete an e-learning course, designed to train and test the individuals on the UK Bribery Act. The course covers the requirements of the Bribery Act along with example scenarios and implications of Act breaches. It is the Group's intention during the coming year to review and, where appropriate, refresh its policies in the area of Anti-Bribery and Corruption.

The Group is a member of UFI (the Worldwide Exhibition Organisers Association) and through this, the attendance figures at our key exhibitions are audited by independent bodies. This helps to provide assurance to our exhibitors and visitors as to the standard of our exhibitions.

The Group aims to provide a high quality of service at all its events in all locations. The Group maintains strict minimum quality levels to ensure events are provided to exhibitors and visitors at appropriate standards, irrespective of where they are held.

The Group ensures that all advertising and public communications avoid untruths or overstatements.

ITE builds a relationship with suppliers based on mutual trust and undertakes to pay suppliers on time and in accordance with agreed terms of business. All information regarding the relationship between the Group and a supplier must remain confidential.

Corporate Governance Report

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

The Board considers that the Company has been in compliance with all the principles and provisions of the Code throughout the year ended 30 September 2017 and to the date of this report.

The Board
The Board of Directors (the Board) currently has six members, comprising of the Non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer and three independent Non-executive Directors. There were two changes to the membership of the Board during the financial year. Firstly, Andrew Beach joined the Board as Chief Financial Officer on 17 October 2016. Secondly, Marco Sodi resigned as Chairman on 13 July 2017 and retired from the Board on 11 October 2017. Neil England was appointed as Chairman on 13 July 2017 and will serve in that role whilst the Board searches for a new Chairman.

All of the Directors bring strong judgement to the Board's deliberations. During the year the Board has been of sufficient size and diversity that the balance of skills and experience was considered to be appropriate for the requirements of the business.

The Non-executive Directors, including the Chairman, are all independent of management and free from any business or other relationship, including those relationships and circumstances referred to in provision B.1.1 of the Code that could materially interfere with the exercise of independent and objective judgement. The Company considered that Marco Sodi was independent on his appointment as Chairman. Neil England had served for more than nine years when he was appointed as Chairman, however the Board believe he is the most appropriate member of the Board to chair the Company whilst a permanent successor is found.

Role of the Board
The Board has overall responsibility to shareholders for the proper management of the Company. It met eight times during the financial year. It has a formal schedule of matters reserved to it for decision making, including responsibility for the overall management and performance of the Group. This includes development and approval of its strategy; long-term objectives and commercial initiatives; approval of annual and interim results; annual budgets; material acquisitions and disposals; material agreements and major capital commitments; approval of treasury policies and assessment of its going concern position. Board discussions are held in an open and collaborative atmosphere with sufficient time allowed for debate and challenge.

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

There is an established procedure for the preparation and review, at least annually, by the Board of medium-term plans and the annual budget. Management accounts are circulated to the Board on a monthly basis and business performance and any significant variances to budget are formally reviewed at scheduled Board meetings. All major investment decisions are subject to post-completion reviews.

During the year the Chairman met with the Non-executive Directors without the Executive Directors present. The Non-executive Directors also met without the Chairman or Executive Directors present.

The Directors
The biographical details of the Board members are set out on page 37.

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

The Non-executive Directors were all appointed for an initial three-year term and (in common with the Executive Directors) are subject to re-election each year by shareholders at the Company's Annual General Meeting (AGM), and, as set out in the Code, the Board continues to be satisfied that they remain independent. At the AGM on 25 January 2018 all of the Directors will once again offer themselves for re-election in compliance with Code provision B.7.1. The Board believes that all of the Directors continue to be appropriate and effective in their role, and believes that the Company and its shareholders should support their re-election at the AGM.

The Non-executive Directors do not participate in any of the Group's pension schemes or in any of the Group's bonus, share option or other incentive schemes.

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

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

Board effectiveness review
The formal annual review of the performance of the Board, its Committees and the Directors was carried out during the year. This year the process consisted of an internally run exercise led by the Chairman and assisted by the Company Secretary. The appraisal questionnaire used as part of the process was wide ranging and included questions covering both Board and Committee performance. Individual performance was reviewed by the Chairman, who in turn, was appraised by the Senior Independent Director after consultation with both the other Non-executive Directors and the Executive Directors.

Governance

Corporate Governance Report

continued

The appraisal confirmed that the Board and its Committees were operating effectively. The feedback was discussed with the Board and the Chairman. It was agreed that steps would be taken to strengthen the Non-executive team, once the new Chairman has been appointed, to ensure a correct balance of skills and abilities is maintained on the Board.

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

Training and development
An induction programme is arranged for newly-appointed Directors, which includes presentations on the business, current strategy and shareholder expectations. Guidance is also given on the duties, responsibilities and liabilities of a Director of a listed company and key Board policies and procedures. Business familiarisation involves Directors visiting exhibitions in markets in which the Group operates to gain a greater understanding of the Group's activities and to meet senior managers throughout the business.

Every Director has access to training as required and is encouraged to continue his or her own professional development through attendance at seminars and briefings.

Conflicts of interest
The Company's Articles of Association, in line with the Companies Act 2006, allow the Board to authorise potential conflicts of interest that may arise and impose limits or conditions, as appropriate. The Company has established a procedure whereby any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their votes being counted. In making such a decision, as always, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Company.

Board Committees
There are a number of standing Committees of the Board to which various matters are delegated. They all have formal Terms of Reference approved by the Board which are available on the Group's website (www.ite-exhibitions.com). The Committee reports are set out on pages 46 to 76.

Attendance by Directors at Board and Committee meetings in the financial year ended 30 September 2017

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

Shareholder relations
The Company is committed to ongoing engagement with shareholders and has an established cycle of communication based on the Group's financial reporting calendar. The Chief Executive Officer and Chief Financial Officer have dialogue with institutional shareholders and general presentations are given to analysts and investors covering the annual and interim results. The Board also received institutional and analysts' feedback following both the interim and annual results roadshows. All shareholders will have the opportunity to ask questions at the Company's AGM on 25 January 2018. At the AGM, the Chairman will give a statement on current trading conditions. The Chairmen of the Nomination, Remuneration, Audit and Risk Committees will be available to answer questions at the AGM. In addition, the Group's website containing published information and press releases can be found at www.ite-exhibitions.com.

The Strategic report set out on pages 1 to 35 details the financial performance of the Company. The key risks and uncertainties the Company identifies and monitors are laid out in the Risk Committee Report on pages 50 to 51.

Whistleblowing arrangements
The Company has a policy which enables and encourages employees to report in confidence any possible improprieties in either financial reporting or other matters.

ASB guidance on narrative reporting
The Company considers that it is in compliance with the additional guidance on narrative reporting for UK companies published by the Accounting Standards Board (ASB) in January 2008.

Anti-Corruption Policy and Modern Slavery Act 2015
As part of ITE's commitment to preventing bribery and establishing a culture that does not tolerate corruption wherever and in whatever form it may be encountered, a formal Anti-Corruption Policy was approved by the Board in 2011 (and updated in 2017) and appropriate procedures put in place, in line with guidance provided by the Ministry of Justice to ensure compliance with current legislation and the Company's policy and related procedures. The Group has considered the Modern Slavery Act 2015 and confirms to the best of its knowledge that there is no slavery or human trafficking within its supply chain.

Directors' Report

The Directors have pleasure in submitting their Report and the audited financial statements for the year ended 30 September 2017.

Principal activities and review of the business
The principal activities of the Group comprise the organisation of trade exhibitions and conferences.

The main subsidiary and associate undertakings which affect the profits or net assets of the Group in the year are listed in note 18 to the financial statements of the Company and note 5 to the financial statements of the Group.

Details of the Group's performance during the year and expected future developments are contained in the Chief Executive Officer's Statement on pages 8 to 13, the Chief Financial Officer's Statement on pages 18 to 25, and in the Divisional Trading Summaries on pages 26 to 35. Details of the Group's financial risk management policies are contained on pages 50 to 55.

Results and dividends
The audited accounts for the year ended 30 September 2017 are set out on pages 86 to 92. The Group loss for the year, after taxation, was £6.4m (2016: loss of £7.2m).

The Directors recommend a final dividend of 2.5p (2016: 3.0p). The total dividend for the year, including the proposed final dividend, is 4.0p (2016: 4.5p).

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

Capital structure
Details of the Company's issued share capital and movements during the year are shown in note 9 to the financial statements of the Company. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all shares are fully paid.

Details of employee share schemes are set out in note 28 to the financial statements of the Group. The Trustee of the ITE Group Share Trust is not permitted to vote on any unvested shares held in the Trust unless expressly directed to do so by the Company. A dividend waiver is in place in respect of the Trustee's holding, apart from the shares which are held in the Trust as part of the Directors' Deferred Bonus Plan.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank facility agreements, property lease arrangements and employee share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide compensation for loss of office or employment that occurs because of a takeover bid.

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

The Company Directors
The Directors who served throughout the year are as follows:

Executive Directors
Mark Shashoua
Andrew Beach – appointed 17 October 2016

Non-executive Directors
Neil England – Chairman
Linda Jensen
Sharon Baylay
Stephen Puckett
Marco Sodi – Resigned as Chairman with effect 13 July 2017 and from the Board with effect from 11 October 2017

Their biographical details are set out on page 37.

Directors' and Officers' insurance cover is provided by the Company, in line with normal market practice, for the benefit of Directors in respect of claims arising in the performance of their duties.

Governance

Directors' Report

continued

Company Directors' shareholdings

The Directors who held office at 30 September 2017 had the following interests (including family interests) in the ordinary shares of the Company:

Name of Director	**30 September 2017**	30 September 2016
Executive Directors		
Mark Shashoua	**55,535**	535
Andrew Beach	**15,000**	n/a
Non-executive Directors		
Neil England	**50,000**	50,000
Linda Jensen	**5,000**	5,000
Sharon Baylay	**10,300**	10,300
Stephen Puckett	**10,000**	10,000
Marco Sodi	**200,000**	200,000

The Directors, as employees and potential beneficiaries, have an interest in 649,356 shares held by the ITE Group Employees' Share Trust at 30 September 2017. The ITE Group Employees' Share Trust held 2,783,585 ordinary shares at 27 November 2017.

There were no changes in the interests of Directors between 30 September 2017 and 27 November 2017. As in line with the Company's Remuneration Policy, a third of the value received under the Group's Bonus Plan by Mark Shashoua and Andrew Beach for the year ended 30 September 2017 will be deferred into shares, held in the ITE Group Employees' Share Trust.

Company's shareholders

At 27 November 2017, the Company had been notified under Rule 5 of the Financial Conduct Authority's Disclosure and Transparency Rules of the following interests in its ordinary shares:

Name of holder	Number of shares	Percentage held
Brandes Investment Partners	37,534,742 Ordinary Shares 124,100 ADRs	13.99
Neptune Investment Management	24,514,923	9.10
Invesco Trimark	18,826,084	6.99
Fidelity Management & Research	17,021,059	6.32
BlackRock	16,373,540	6.08
Amiral Gestion	13,948,634	5.18
Mawer Investment Management	10,348,042	3.84
MN Services	9,692,584	3.60
Fidelity Institutional Asset Management	8,895,901	3.30
JO Hambro Capital Management	8,526,324	3.17
Legal & General Investment Management	8,145,246	3.02

Authority to purchase the Company's shares

At the AGM on 26 January 2017, shareholders authorised the Company to make one or more market purchases of up to 26,213,967 of the Company's ordinary shares to be held in treasury at a price between 1p (exclusive of expenses) and 105% of the average closing middle market price of a share for the five business days immediately preceding the date on which the shares are purchased.

No purchases were made during the year and the Directors propose to renew this authority at the 2018 AGM.

Charitable and political donations

The Group made £25,292 of charitable donations (2016: £27,240) during the year. No political donations were made (2016: £nil).

Employees

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

The Group places great importance on the development of its staff to support the business in meeting its objectives. This is reflected in the training initiatives in place for staff, both internally and externally. The Group keeps employees informed on matters affecting them and on matters affecting the Group's performance through emails, announcements, intranet, 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 senior staff in all offices. At 30 September 2017 approximately 41% of staff held long-term incentives in some form. As a result, the Group's employees identify strongly with ITE's overall objectives.

It is the Group's policy to consider fully applications for employment from anyone qualified to apply, regardless of their status, disability, age, gender, sexual orientation or belief. Subsequently, opportunities for advancement and development will be offered on merit and regardless of the factors noted above. The Group has family-friendly policies for those with children and in the event of a member of staff becoming disabled, every effort would be made to ensure their continued employment and progression in the Group. It is Group policy that training, career development and promotion of disabled employees match that of other employees as far as possible.

Supplier payment policy
The Company's policy, which is also applied to the Group, is to agree payment terms with suppliers when entering into each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. ITE Group plc has no trade creditors. Trade creditors of the Group (consolidated) at 30 September 2017 were equivalent to 9.8 days (2016: 9.9 days) purchases, based on the average daily amount invoiced by suppliers during the year.

Greenhouse gas emissions
Information on the Company's greenhouse gas emissions is set out in the Environmental Impact section of the Annual Report on page 38.

Annual General Meeting
The Notice convening the AGM to be held at 12 noon on 25 January 2018 is contained in a circular sent to shareholders at the same time as this report.

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

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

Directors' statement as to disclosure of information to auditors
Each Director of the Company at the date when this Report was approved confirms:

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

This confirmation is given in accordance with section 418 of the Companies Act 2006.

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

The Directors' assessment considered a range of factors, including the Group's expected trading performance based on approved budgets, risk-adjusted where appropriate, and the resulting cash flows, covenant compliance and other key ratios over the period. These metrics are subject to sensitivity analysis which evaluates the potential impact of the Group's principal risks, as disclosed in the Risk Committee Report. The Group operates in territories that can be unpredictable and unexpected geopolitical and economic events such as acts of terrorism, sanctions, currency controls and exchange rate movements can have an impact on the Group's reported trading performance. A significant deterioration in trading from the major markets (notably Russia and Turkey) could impact on certain banking covenants. However, the refinancing referred to on page 20 increases headroom and significantly reduces this risk. There are also a range of mitigating actions available and within the Group's control. However, the Directors have a range of mitigating actions available and within their control. As the Group continues to implement the TAG programme, the appropriate funding arrangements for the Group will be considered.

On the basis of this and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the periods used for the assessment. For this reason, they continue to adopt the going concern basis in preparing the financial statements. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

By order of the Board

Anneka Kingan
Company Secretary
27 November 2017

Governance

Audit Committee Report

Committee members	Chairman of the Committee	Meeting attendance
Stephen Puckett	[redacted]	5/5
Sharon Baylay		5/5
Neil England		5/5
Linda Jensen		1/1

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

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

The Chairman of the Committee has also held individual meetings with the Chief Financial Officer and the External Audit Partner.

Terms of Reference

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

The role and responsibilities of the Committee

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

Individual members of the Committee have visited a range of the Group's offices and shows, and held meetings with local staff and, where appropriate, followed up on matters previously identified by external and internal audits.

Specific Committee responsibilities include:

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

Activities during the financial year
Each of the Committee meetings held during the year has a particular specific focus. This year's meetings focussed on:

- the management letter from the external auditor following the prior year's audit;
- the review of the external auditor's interim review work and the interim financial statements;
- the external audit plan;
- the key areas of focus in advance of the commencement of the year-end audit;
- an update on the progress of the external audit, the results of the external audit and review of the annual financial statements and associated investor presentations.

During the year, the Committee focussed on the following areas:

- Alternative performance measures and ensuring an appropriate balance between the prominence given to statutory and headline results;
- Increasing the transparency of the alternative performance measures presented and reviewing the refinements made to the like-for-like definition presented;
- Adjusting items, in particular the inclusion of restructuring costs as an adjusting item in the year, and the appropriateness of the treatment and presentation of the costs incurred in developing and implementing the TAG programme;
- Changes made to the reportable segments and in particular the inclusion of Brands as a separate operating segment;
- The appointment of PricewaterhouseCoopers (PwC) as internal auditor;
- The external auditor effectiveness review;
- Independent tax reviews; and
- An assessment of the appropriateness of the going concern and long-term viability statements.

In addition, every meeting reviews summaries of the latest internal audit reports, the update of the risk assessment, and any correspondence received by the Board which falls within the Committee's remit.

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

- **Impairment of goodwill, intangible assets and investments** which involves measuring the carrying value of goodwill, intangible assets and investments against the value in use of each of the cash-generating units (CGUs) and investments. There are a number of judgements and estimates to consider in the valuation in use calculations, principally regarding the forecast cash flows, the discount rates used and the growth rates applied. Forecast cash flows are based on Board-approved budgets and plans. Discount rates are selected to reflect the risk-adjusted cost of capital for the respective territory. Growth rates reflect management's view of the long-term forecast rates of growth (using third party sources such as the International Monetary Fund). In the year, impairment charges were recognised in respect of the India, Turkey, and Africa Oil Week (AOW) CGUs and the investment in the Indonesian joint venture. The Committee considered closely the recent trading improvements at the CGUs, the increased allocation of central costs following the move to a more centralised operating model and refinements to the discount rate methodology made in the year. The Committee agreed on the impairments in respect of the India, Turkey, and AOW CGUs and the Indonesian joint venture.
- **Taxation** which involves ensuring that that there is appropriate support for the key assumptions in the tax provisions, that deferred tax assets are deemed recoverable, and that provisions for international tax exposures are appropriate.

  As the Group operates and derives profits from a range of international markets, it is subject to tax in a number of territories. Developments in international tax legislation in the period have been considered and management's assessment of the impact of those developments on the Group presented to the Committee. Consideration has been given to the provisions held in respect of potential challenge to historical arrangements, in light of changes to tax rules and recent challenges made by tax authorities in the markets in which the Group operates. Where unused tax losses are available for offset against future profits, the appropriateness of future profit projections has been considered. The Committee agreed on the appropriateness of the tax provisions and deferred tax assets recognised.

Internal control and risk management
The Group has a formal process of internal audit. During the year, PricewaterhouseCoopers (PwC) were appointed to run the Group's internal audit programme. PwC perform audits on a rolling basis across the Group's operating units. The reports are made available in summary form to the Committee and in detailed form to the Chief Financial Officer, the Company Secretary, relevant operating management and the Chairman of the Audit Committee.

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

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

The Group's risk management process is covered in detail in the report of the Risk Committee on pages 49 to 53.

Governance

Audit Committee Report

continued

External audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. A detailed audit plan is received from Deloitte, which sets out the key risks identified. For the financial year ended 30 September 2017, the primary risks were as set out on page 47.

Deloitte provided the Committee with their views on these issues at the Committee meeting held to consider the financial statements. In addition they provided the Committee with details of any identified matters greater than £55,000 and any other adjustments that were qualitatively significant which management had not corrected on the basis that the matters were not, individually or in aggregate, material.

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

The effectiveness of the 2016 external audit process was formally assessed by the Committee at the beginning of 2017. Feedback was sought from various participants in the process (Audit Committee members, Executive Directors, members of the finance team and management of subsidiary units). The effectiveness of the audit partner, the audit team, their approach to audits, including planning and execution, communication, support and value were assessed and discussed.

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

Appointment and independence of the external auditor

The Committee considers the reappointment of the external auditor, including the rotation of the Audit Partner, each year and also assesses their independence on an ongoing basis. The external auditor are required to rotate the Audit Partner responsible for the Group audit every five years. Mark Lee-Amies, the current Audit Partner, was appointed in 2013 and therefore 2017 is his final year end as Audit Partner. For 2018, Rob Knight has been appointed and was invited to the latest Audit Committee meeting to ensure a smooth and orderly transition. He was selected from a shortlist of three suitable and available partner candidates provided by Deloitte LLP, following interviews conducted separately by the Chief Financial Officer and the Chairman of the Audit Committee. The Committee reviewed and endorsed their recommendation.

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

The Committee is cognisant of its responsibility under the revised Code to tender the audit every ten years and notes that this period can be extended to coincide with the period ending the current engagement partner's rotation if longer. Under transition rules set out in the Competition & Markets Authority (CMA) final order in response to recent EU regulations, the Group has to mandatorily tender the audit by the Annual General Meeting held after 17 June 2023. The Committee will, nevertheless, review on an annual basis whether a tender process should be conducted sooner. For the year ending 30 September 2018, the Committee has provided to the Board its recommendation to the shareholders on the reappointment of Deloitte LLP as the Group's auditors.

During the year, Deloitte LLP and member firms of Deloitte LLP charged the Group £358,500 (2016: £364,600) for audit and audit-related services.

Non-audit services

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

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

On behalf of the Audit Committee

Stephen Puckett
Chairman of the Audit Committee
27 November 2017

Risk Committee Report

Former Committee members	Chairman of the Committee	Meeting attendance
Andrew Beach		1/1
Andrew Watkins		1/1
Anneka Kingan		1/1
John Gulliver		1/1
Mandy Hossami		1/1
Neil Burman		1/1

During the year the Risk Committee was reconstituted, with a change in the membership. The newly formed Committee comprises: the Chief Financial Officer (Andrew Beach) who chairs the Committee, the General Counsel (Andrew Watkins), the Company Secretary (Anneka Kingan), the Chief Operating Officer (John Gulliver), the HR Director (Mandy Hossami), and the IT Director (Neil Burman).

One meeting of the newly constituted Risk Committee took place during the year, with the above attendance.

Prior to the change in the Risk Committee composition, one meeting took place with the below attendance.

Committee members	Chairman of the Committee	Meeting attendance
Des McEwan		1/1
Alexander Shtalenkov		0/1
Edward Strachan		1/1
Stephen Puckett		1/1
Vincent Brain		1/1

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

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

The purpose of the Risk Committee (the Committee) is to identify, measure, track, mitigate, and manage risks faced by the Group over time with the intention of exposing threats to be mitigated and opportunities to be exploited. The Committee works closely with the Audit Committee, which remains responsible for risks arising in financial reporting. The Group's Key Risk Matrix, containing an estimated financial impact, is regularly shared with the Board and discussed.

The Committee's work is primarily driven by the assessment of its principal risks and uncertainties. These risks and uncertainties are the output of a series of risk registers, which are developed across the Group, and then are accumulated and reviewed by the Committee. After the accumulation of the main risk register it is shared with the Board twice a year. The Committee reviews these assessments and makes adjustments to the overall risk plan as appropriate.

Activities during the financial year
The Committee met twice during the year. During the first meeting the Committee reviewed and discussed health and safety across the Group, use of risk monitoring tools, viability reporting and scenario planning.

The second meeting launched the newly constituted Committee. It was agreed how the Committee would operate, and agreed to focus on implementation and review of a more thorough risk register, and to begin the roll-out of business continuity plans for offices and core events.

During the year we launched a Global Authority Matrix, which sets out the key business decisions and the level of approval that is required for those decisions. The Regional Directors and Regional Finance Directors are required to certify compliance with the matrix on a quarterly basis.

Assessment of the Group's risk profile
The key risks identified and monitored by the Group, as identified by the Risk Committee prior to the recent reconstitution, are set out in the following section, with an assessment of how the potential impact of the individual risk has changed compared to the previous financial year.

The Committee is currently in the process of thoroughly reviewing the key risks and will present an update in the next Annual Report. The Committee is clear that the identification and appropriate management of the identified key risks is vital for the Group to achieve its strategic objectives and to support its long-term growth.

On behalf of the Risk Committee

Andrew Beach
Chairman of the Risk Committee
27 November 2017

Governance

Principal Risks and Uncertainties

The Group has established risk management processes in place for identifying and monitoring risks and uncertainties affecting the Group.

The principal risks facing ITE are reviewed regularly by both the Risk Committee and the Board, who confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that could threaten its business model, future performance, solvency and liquidity.

The risks described represent those that we consider have the potential to have the greatest impact on our ability to meet our strategic objectives.

Risk	Potential impact
Political uncertainty and regulatory risk	Changes in law or the regulatory environment could have an effect on some or all of the exhibitions of the Group. As an international organisation, political and regulatory changes in the regions in which we organise our exhibitions could impact our ability to operate in these territories.
Economic instability reduces demand for exhibition space	An economic downturn or period of uncertainty could reduce demand for exhibition space, which would in turn reduce the profitability of our exhibitions.
Financial risk – foreign currency risk	The Group is exposed to movements in foreign exchange rates against Sterling for both trading transactions and for the translation of overseas operations. The principal exposure is to the Euro and the Ruble, which form the basis of our invoicing, and to the Ruble which is the functional currency of our Russian operations.
Financial risk – liquidity risk	The Group operates in a number of countries with complex local requirements surrounding overseas payments. There is a risk that excess cash is 'trapped' in subsidiaries resulting in liquidity shortages within the Group.
Financial risk – covenant risk	The Group has a debt facility with a number of covenants. There is a risk that the impact of the other risks noted could challenge key covenant metrics.

Mitigation	Change in probability and/or impact of risk vs prior year
We have established local companies that fully contribute to the local economy in the countries where we operate. Over recent years, we have diversified our business geographically, through acquisitions and expansion into new regions and markets, reducing the proportion of our business that is exposed to a single country or region's political and regulatory environment. Our largest market represents approximately 47% of the Group revenues. Towards the end of the year we hired a General Counsel to, amongst other things, monitor and report on regulatory matters affecting our markets and recommend appropriate actions to minimise risk.	→
We operate across a wide range of sectors and countries to minimise our exposure to any single market. The nature of our business cycle is such that, with revenues largely generated in advance of the costs we incur, we can react to periods of economic instability to protect the profitability of our exhibitions. Through strong relationships with venues and staff, we have a relatively flexible cost structure, allowing us to manage our event margins in the short and medium term. The implementation of the TAG programme is designed to make our events 'must-attend' which should have the benefit of protecting them somewhat from economic instability.	↓ Economic weakness in certain Central Asian countries and Turkey has continued during 2017, reducing demand for exhibition space year-on-year. However, our largest market, Russia, is showing early signs of improvement following the stabilisation of Moscow.
The Group seeks to minimise exposure by: – protecting a certain amount of Euro-denominated sales with forward contracts; – seeking to maximise the matching of costs and revenues in the same currency; and – employing a hybrid pricing strategy which ensures local customers are exposed to currency risk.	→
The Group has well-established payment mechanisms to repatriate cash from its subsidiaries. Overseas cash balances are monitored on a weekly basis by Group management. During the year a review of trapped cash was conducted with the support of external advisors, resulting in an action plan to reduce exposure going forward.	→
The Group reports covenant compliance to its banks on a quarterly basis and all covenants have been complied with and are expected to be complied with based on current forecasts.	↓ Subsequent to the year end, we have refinanced our debt facility, on improved terms, with greater headroom and more appropriate covenants. Trading has also improved, with the recent return to growth.

Governance

Principal Risks and Uncertainties

continued

Changes in our risk profile
We review our risk profile regularly, meaning that the list of key risks and uncertainties will evolve over time. The list of risks is consistent with the list of risks presented last year, with the addition of a risk around the TAG programme implementation. As noted in the Risk Committee report, a thorough review of our risks is currently being undertaken and the key risks identified, where different to those set out here, will be summarised in the next Annual Report.

Risk	Potential impact
Commercial relationships	The Group has key commercial relationships with venues which secure our rights to run our exhibitions in the future. The breakdown of a relationship with a key venue provider could reduce the profitability of any exhibitions that have to be relocated to an alternative venue and could increase competitor risk if a rival exhibition is launched at the previous venue.
Venue availability	Damage to or unavailability of a particular venue could impact the Group's short-term trading position.
Competitor risk	Competition has existed in ITE's markets for some years and we face competitive pressures on a market-by-market basis. A single exhibition or sector in a market could have its prospects curtailed by a strong competitor launch.
Integration and management of acquisitions	With new acquisitions there can be no assurances that the Group will achieve the expected return on its investment. Integration issues and a failure to realise planned operational and synergistic benefits are a risk to delivering the expected returns on our investments.
People	A failure to attract and retain high calibre people could adversely affect our ability to meet our strategic objectives. Given the long-standing relationships our employees have with our customers, a loss of key staff could negatively impact the short-term prospects of a specific event or sector.
Transformation and Growth (TAG) programme	The TAG programme initiatives may not be delivered on time or within budget. Growth may not be delivered within the expected timeline or at a rate that will cover investment costs, which will impact financial performance and stated growth objectives.

Mitigation	Change in probability and/or impact of risk vs prior year
The key commercial relationships are regularly reviewed. We seek to maintain our exhibition rights for at least the next three-year period for significant exhibitions. In the longer-term the Group seeks to maintain good relationships with its principal venues to ensure the continuance of availability.	→
We carry business interruption insurance policies which protect profits on our largest fully-owned events against such an event in the short term.	→
In all of our markets, we have a strong position as an international organiser, achieved through the effective use of our international sales network and the established brands of our major events. The breadth of our portfolio of events, with its geographic and sector diversity, reduces the risk of a competitive threat to our overall business.	→
The Group has formal investment decision criteria to identify suitable, earnings-enhancing acquisition targets and we employ experienced professionals to drive the acquisition process and perform, when appropriate, financial, tax, legal and commercial due diligence. Post-acquisition plans are prepared to ensure businesses are effectively integrated into the Group and that planned synergies are realised.	→
We have sought to build loyalty in our staff by ensuring remuneration is competitive and through a wide distribution of the Group's long-term incentive plans. We have well-established management development programmes in place and are committed to the development of all of our people. We monitor staff satisfaction levels through the use of employment engagement surveys and act on the results to ensure we have motivated as well as talented employees. These are currently being reassessed as part of the TAG programme.	→
There are defined structures in place to support and deliver the TAG programme. A strict governance structure has been established and a Steering Committee directs the overall programme to ensure it delivers the strategic objectives. Each workstream within the programme has a dedicated workstream lead who manages a particular part of the programme, and these separate teams meet frequently. The Steering Committee controls the finances available to each workstream and ensures the workstream is delivered to plan. The Steering Committee is comprised of a team of functional and industry specialists. All risks to workstreams are considered through regular review forums. Management have considerable experience of executing large-scale transformation programmes.	

Governance

Nomination Committee Report

Committee members	Chairman of the Committee	Meeting attendance
Neil England	[redacted]	5/5
Marco Sodi		2/3
Linda Jensen		5/5
Stephen Puckett		5/5
Sharon Baylay		2/2

The Nomination Committee (the Committee) was in place throughout the financial year and is chaired by the Chairman of the Company. Neil England assumed the role as Committee Chair following the resignation of Marco Sodi on 13 July 2017. All of the members of the Committee who served during the year were independent Non-executive Directors, as required under section B2.1 of the UK Corporate Governance Code.

The Chief Executive Officer and Chief Financial Officer may also be invited to attend meetings, unless they have a conflict of interest. During the year, the Chief Executive Officer and Chief Financial Officer either attended partially or fully four of the Committee meetings. The Company Secretary and HR Director may be invited, but only as appropriate and only if they do not have a conflict of interest. The Committee is also assisted by executive search consultants as and when required.

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

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

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

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

When dealing with the appointment of a successor to the Company Chairman, the Senior Independent Non-executive Director will chair the Committee instead of the Company Chairman. When the Committee has found a suitable candidate, the Chairman of the Committee will make a proposal to the whole Board and the appointment is the responsibility of the Board following recommendation from the Committee.

Activities during the financial year
The Committee met five times during the financial year. The Committee met more frequently than usual due to the resignation of the Chairman in July 2017, and the need to appoint a successor. After a tender process was completed, the external search consultants, Blackwood Group, were appointed to carry out the search for the role of the Chairman. At the time of their appointment, Blackwood Group had no connection to the business. Whilst the search for a Chairman continues, the Committee appointed Neil England as Chairman of the Group. Subsequent to the resignation of Marco Sodi as Chairman, the Committee appointed Sharon Baylay to join the Nomination Committee.

In addition to the search for a new Chairman, the Committee met to review and discuss:

- the balance of skills and experience on the Board and considered if any changes were necessary;
- the annual Board evaluation responses;
- Membership and Chairmanship of the plc committees;
- the Committee's Terms of Reference;
- the re-election of all Directors at the 2018 Annual General Meeting;
- the Company's succession plans for the Company's Board, its Executive Team and other key roles across the Group; and
- talent development and management across the Group.

On behalf of the Nomination Committee

Neil England
Chairman of the Nomination Committee
27 November 2017

Remuneration Committee Report

Committee members	Chairman of the Committee	Meeting attendance
Linda Jensen	[redacted]	7/7
Sharon Baylay		7/7
Stephen Puckett		1/1

Former Committee members		
Marco Sodi[1]		6/6

1 Marco Sodi stepped down from the Committee on 13 July 2017.

Remuneration Committee Chairman's Statement

Dear Shareholder

On behalf of the Board I am pleased to present to you the Remuneration Committee's report for the year to 30 September 2017. This is my first time of writing to you as Chair of the Remuneration Committee, I took over from Linda Jensen on 1 October 2017.

What is in this Report?
The report includes an overview of the Remuneration Policy (set out on pages 57 to 61) that was introduced with effect from 26 January 2017. It also includes the amount paid to our Executive and Non-executive Directors for the year ended 30 September 2017 and details of how the Policy will be implemented during the financial year ended 30 September 2018.

A complete copy of the Remuneration Policy can be found in the 2016 Annual Report and is available on our website.

This Annual Statement (set out on pages 55 to 56) and the Annual Report on Remuneration (set out on pages 62 to 72) will be subject to an advisory vote at this year's AGM on 25 January 2018.

This Report complies with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013). The Report has been prepared in line with the recommendations of the UK Corporate Governance Code and the requirements of the UKLA Listing Rules.

Alignment of remuneration with strategy
Our current Remuneration Policy was approved by over 96% of shareholders at last year's AGM following a number of refinements to align the Policy better with our strategy and developments in institutional investors' best practice expectations.

The key changes made included a modest rebalancing of incentive quantum towards annual performance targets but with the introduction of compulsory deferral of part of the annual bonus into Company shares and a two-year holding period on shares that vest under our long-term incentive plan. As an events-based business with a heavy weighting towards emerging markets, biasing our incentive arrangements towards annually set targets enables the Committee to have an appropriate level of flexibility to respond to fast moving economic and political developments in our key markets. However, the inclusion of deferral of annual bonus to operate with share ownership guidelines and a holding period on vested shares ensures that any short-term success retains a clear link to our long-term performance. This is particularly relevant in light of the Board's approval during the year of the transformation and growth strategy.

2017 performance and reward
Our focus at the start of 2017 was on delivering profitable growth from our operations at the same time as driving strong cash conversion from our profits and creating a high performing culture. As detailed in the Strategic report, the Board approved a refined strategy during the year that focusses on transforming and growing the business over the next three to five years.

In what was a transitionary year, we made strong progress in our key markets at the same time as successfully executing the early investments targeted through our Transformation and Growth (TAG) strategy. Strong progress was also achieved against a number of strategic priorities that included a review of international sales, an assessment and strengthening of the senior management team and a review of recent acquisitions. As a result, bonuses were paid at 79.9% of the maximum level to the Chief Executive Officer and Chief Financial Officer.

Full disclosure of the bonus targets set, and performance against them, is included on page 65. In approving bonus awards, the Remuneration Committee noted the financial results achieved during the year, with headline profit before tax of £31.6 million (2016: £36.5 million), and was comfortable with the overall remuneration awarded.

The long-term incentive award vesting in 2018 is based on a three-year performance period ending 30 September 2017. There will be no vesting as the challenging range of headline diluted EPS targets were not met. The deterioration in the market environments in which the Company operated during this period meant it was not possible to meet the targets.

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

Governance

Remuneration Committee Report

continued

Implementation of Policy for 2018
The base salaries of the Executive Directors will be increased with effect from 1 October 2017. The increase in salary for Mark Shashoua, at 3%, was consistent with the typical increase awarded across the Company. The increase in salary for Andrew Beach, at 5%, took account of his appointment on a salary at the lower end of the relevant market range for a Company of comparable size and complexity to ITE in October 2016. The 5% increase represents the Committee's desire to move him inside the typical market range over time. The increase is consistent with the treatment of employees in the Company where they have been performing strongly in post but fell towards the lower end of relevant market data ranges.

Given the Remuneration Policy (implemented in 2017) is working well, we are to retain the same quantum, structure and performance metrics for 2018.

The annual bonus will continue to operate based on a combination of challenging headline profit before tax, revenue growth and cash conversion targets with a small but significant proportion of the total bonus opportunity reserved for the delivery of tailored strategic objectives. One-third of any bonus earned will continue to be subject to deferral into the Company's shares to provide a bridge between the attainment of short-term objectives and longer-term performance. In addition, robust recovery and withholding provisions will also continue to apply to any bonus earned in relation to 2018.

With regards to the long-term incentive plan, the three-year performance targets will again relate to headline earnings per share growth and relative total shareholder return performance versus a pan-sector group of companies of a similar size. As with the annual bonus, robust recovery and withholding provisions apply along with a two-year holding period on any shares that vest.

In line with best practice, the Committee also retains discretion to over-ride the formulaic outcomes of incentive plans if it considered there to be a disconnect between performance and reward.

Shareholder engagement
We are committed to maintaining an ongoing dialogue with shareholders on the issue of Executive remuneration and we welcome any feedback you may have.

We look forward to your support on the resolution relating to remuneration at the AGM on 25 January 2018.

On behalf of the Remuneration Committee

Sharon Baylay
Chair of Remuneration Committee
27 November 2017

Remuneration Policy Report

Set out below is an overview of the Group's Remuneration Policy.

The complete shareholder-approved Remuneration Policy is available on our website.

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary/ fees	Set at competitive levels in the markets in which ITE operates, in order to attract and retain Executives, capable of delivering the Group strategy.	Reviewed annually with changes normally effective from 1 October of each year. Decisions influenced by: – scope of the role and the markets in which ITE operates; – performance and experience of the individual; – pay levels at organisations of a similar size and complexity; and – pay and conditions elsewhere in the Group.	Salaries will be eligible for increases during the three-year period that the Remuneration Policy operates from the effective date (26 January 2017). During this time, salaries may be increased each year (in percentage of salary terms) in line with increases granted to the wider workforce. Increases beyond those granted to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.	Not applicable.
Benefits	Designed to be competitive in the market in which the individual is employed.	Benefits include life insurance, private medical insurance and income protection insurance. Where appropriate, other benefits may be offered including, but not limited to, allowances for car, accommodation, relocation, other expatriate benefits, and participation in all-employee share schemes. Benefits vary by role and individual circumstance and eligibility is reviewed periodically Benefits are not pensionable.	The value of benefits may vary from year to year depending on the cost to the Company from third party providers.	Not applicable.
Pension	To provide cost-effective retirement benefits.	Participation in defined contribution plan or cash allowance in lieu.	Up to 10% of base salary.	Not applicable.

Governance

Remuneration Policy Report

continued

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

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

Governance

Remuneration Policy Report

continued

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

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

Annual bonus
Annual bonuses are based 50% on profit, 20% on revenue growth, 15% on cash conversion and 15% on individually tailored strategic targets. These metrics and weightings are to be retained in 2018 having been introduced in 2017 for the first time.

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

The Committee will review the choice of metrics and weightings at the start of each financial year in light of developments in the Company's strategy.

Performance Share Plan (PSP)
PSP awards are granted 70% based on adjusted EPS and 30% on relative total shareholder return (TSR) versus a combination of the FTSE Small Cap and FTSE 250 Index constituents (excluding investment trusts). These metrics and weightings are to be retained in 2018 having been introduced in 2017 for the first time.

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

The Committee will review the performance conditions (choice of metric, weightings and TSR comparator group) to apply to PSP awards annually, prior to the start of the performance period, taking into account a number of internal and external reference points to help ensure they are appropriately stretching.

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

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

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

In connection with recruitment, the Committee may consider it appropriate to grant an award under a structure not included in the Policy detailed above to 'buy out' incentive arrangements forfeited on leaving a previous employer. Any 'buy out' of incentive arrangements forfeited on leaving a previous employer would be on broadly similar terms and awards would have a fair value no higher than the awards forfeited.

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

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

Service contracts and exit payments policy
In line with UK Corporate Governance Code Provision B.7.1, all Directors are subject to re-election annually at the Company's AGM. The previous Chairman, Marco Sodi, had a six-month notice period and the Non-executive Directors have a one-month notice period. Although Neil England has been appointed Chairman, as we are recruiting a permanent successor, Neil's notice period remains at one month.

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

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

1 Resigned as Chairman on 13 July 2017, but remained on the Board as a Non-executive Director until 11 October 2017.

Executive Director service contracts have no fixed term and have a notice period of up to 12 months from either the Executive Director or the Group. The Executive Director service contracts are available to view at the Group's registered office and at the AGM. The dates of the Executive Director service contracts and the relevant notice periods are as follows:

Director	Effective date of contract	Notice period
Mark Shashoua	1 September 2016	12 months
Andrew Beach	17 October 2016	12 Months

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

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

In addition to the contractual provisions regarding payment on termination set out above, the Group's incentive plans and share schemes contain provisions for termination of employment. Unless an individual is a good leaver under the terms of the incentive plans (e.g. if they leave for reasons of death, injury, ill-health, disability, redundancy, part of the business in which the individual is employed or engaged ceasing to be a member of the Group, circumstances that are considered by the Committee to be retirement, or any other reason as the Committee decides), entitlements to incentives are lost on cessation of employment. In good leaver circumstances, an individual may remain eligible to participate in the incentive but following the application of performance targets and a pro rata reduction unless the Committee determines otherwise. Awards may remain eligible to vest.

Governance

Annual Report on Remuneration

Directors' Remuneration Report
In line with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013) the following parts of the Annual Report on Directors' Remuneration are audited: the single total figure of remuneration for each Director, including annual bonus and PSP outcomes for the financial year ending 30 September 2017; scheme interests awarded during the year; pension entitlements; payments to past Directors and payments for loss of office; and Directors' shareholdings and share interests. All other parts of the Directors' Remuneration Report are unaudited.

The Remuneration Committee was in place throughout the financial year and was chaired by Linda Jensen. Linda stepped down from the role of Committee Chair with effect from 1 October 2017, and was succeeded by Sharon Baylay. During the year Stephen Puckett joined the Committee. Committee members are all Non-executive Directors or the Company Chairman, as instructed in Provision D.2.1 of the UK Corporate Governance Code (the Code). Members of the Committee are appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee, for an initial period of three years, which can then be followed by an additional two further three-year periods. During the financial year all Committee members played an active role in all Remuneration Committee meetings held.

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

Advisers
Korn Ferry Hay Group (KFH) are the appointed Committee remuneration advisers, and were appointed by the Committee after a competitive tender in 2016. Total fees paid to KFH in respect of providing their services to the Committee during the 2017 financial year were £70,050 (excluding VAT), with the fees charged on a time spent and materials provided basis. KFH are signatories to the Remuneration Consultants' Group Code of Conduct and any advice provided is governed by that Code. Advisers attend Committee meetings as appropriate, and provide advice on Remuneration Policy, best practice and market updates. The Committee evaluates the support provided by its advisers annually and is comfortable that the individual advisers detailed did not have any connections with the ITE Group that may have, or continue to, impair their independence.

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

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

Committee responsibilities include:

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

Activities during the financial year

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

- approval of the prior year Directors' Remuneration Report, review of shareholder comments and AGM voting on the Report;
- annual review of the Company Chairman and Executive Directors' salaries or fee arrangements and benefits;
- review of the Executive Directors' and executive management performance against the targets set under the 2016 Annual Bonus Scheme;
- review and approval of grants made during the year under the PSP and Discretionary Share Option Scheme;
- approval of the vesting level for PSP awards vesting on performance to 30 September 2016;
- review of the performance targets to be applied for the awards to be made under the PSP;
- review and approval of leaving and appointment terms of Executive Directors during the year;
- review of Remuneration Policy, including the design of incentives and targets for the 2018 Annual Bonus and PSP Schemes; and
- review of the personal objectives of the Chief Executive Officer proposed by the Company Chairman, and of the Chief Financial Officer as proposed by the Chief Executive Officer.

Statement of shareholder voting at the 2017 AGM

The following tables shows the results of shareholder voting at the AGM held on 26 January 2017.

Resolution to approve the Directors' Remuneration Policy	Total number of votes	% of votes cast
For (including discretionary)	200,874,434	96.72
Against	6,812,667	3.28
Total votes cast (excluding withheld votes)	207,687,101	100
Votes withheld	4,796,056	
Total votes cast (including withheld votes)	212,483,157	

Resolution to approve the Directors' Remuneration Report	Total number of votes	% of votes cast
For (including discretionary)	211,909,377	99.76
Against	516,008	0.24
Total votes cast (excluding withheld votes)	212,425,385	100
Votes withheld	57,772	
Total votes cast (including withheld votes)	212,483,157	

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Annual Report on Remuneration

continued

Remuneration paid to Directors for the year ended 30 September 2017

The table below sets out a single figure for the total remuneration received by each Director for the year ended 30 September 2017 and the prior year.

	1. Base salary/fees[1]		2. Benefits[2]		3. Pension		4. Annual bonus[3]		5. Long-term incentives[4]		Total remuneration	
Executive Directors	**2017 £000**	2016 £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000
Mark Shashoua	**450**	38	**1**	1	**45**	4	**539**	0	**0**	0	**1,035**	43
Andrew Beach	**247[6]**	0	**1**	0	**25**	0	**247**	0	**0**	0	**520**	0
Former Executive Directors												
Russell Taylor[7]	**0**	450	**0**	1	**0**	45	**113**	122	**0**	0	**113**	618
Non-executive Directors												
Marco Sodi	**163**	160	**–**	–	**–**	–	**–**	–	**–**	–	**163**	160
Sharon Baylay	**46**	46	**–**	–	**–**	–	**–**	–	**–**	–	**46**	46
Neil England	**76**	48	**–**	–	**–**	–	**–**	–	**–**	–	**76**	48
Linda Jensen	**58**	55	**–**	–	**–**	–	**–**	–	**–**	–	**58**	55
Stephen Puckett	**53**	52	**–**	–	**–**	–	**–**	–	**–**	–	**53**	52

1 See the Annual Report on Remuneration on page 59 for further details of Non-executive Director fees.
2 Taxable benefits include private medical insurance contributions.
3 Annual bonus paid for performance over the relevant financial year. Details are set out below on pages 65 to 67 of the performance targets set and actual performance against them. Consistent with the terms of the revised 2017 Remuneration Policy one-third of the bonus earned in relation to 2017 is deferred into the Company's shares for a period of three years with the balance payable in cash. These shares will be held in the ITE Group Employees' Share Trust. The entire 2016 bonus was payable in cash. Annual bonus awards may be subject to recovery and withholding provisions in line with the Company's Remuneration Policy.
4 There was no vesting of long-term incentive awards in relation to performance periods concluding 30 September 2017 or 2016.
5 This is a pro-rated amount of Mark Shashoua's annual salary as he was appointed to the Board on 1 September 2016.
6 This is a pro-rated amount of Andrew Beach's annual salary as he was appointed to the Board on 17 October 2016.
7 As detailed in last year's Directors' Remuneration Report, Russell Taylor ceased to be an Executive Director of the Company on 31 August 2016 as part of an orderly leadership transition. As part of this transition, he remained in active employment through to 31 December 2016 before being placed on garden leave for the balance of his twelve-month notice period (i.e. from 1 January 2017 to 5 May 2017). This ensured that he remained available to assist the new Chief Executive Officer as required during the full period of his twelve months' notice period. For the period of his active employment during the leadership transition (i.e. the period from 1 October 2016 to 31 December 2016) he remained eligible to earn a pro rata bonus based on pre-set performance targets. This bonus was paid wholly in cash as per the Group's policy for non-PLC Directors as it related to a period when Russell Taylor was not a PLC Board Director.

Executive Directors' base salaries

As both Mark Shashoua and Andrew Beach were appointed in 2016, they were not eligible for a pay review during the financial year ended 30 September 2017. Details of the current Executive Director salaries are set out on page 71.

Pension and other benefits

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

Annual bonus

Framework and outcomes for the financial year ended 30 September 2017

For the 2017 financial year, the continuing Executive Directors were eligible to participate in the Executive Bonus Plan – designed to reinforce delivery of sustainable profit growth and achievement of strategic objectives.

The maximum annual bonus opportunity was 150% of salary for Mark Shashoua and 120% for Andrew Beach.

The annual bonus was based 85% on financial targets and 15% on personal targets. As detailed in last year's Directors' Remuneration Report the weightings were adjusted for the year under review (from 70% financial and 30% personal) to place a higher weighting on key financial objectives.

The range of financial targets set and actual performance against the targets is detailed below:

Financial measure	Weighting as a % of total bonus opportunity	Performance targets: Threshold	Target	Stretch	Actual performance	Actual bonus payable as a % of total bonus opportunity
Headline profit before tax[1]	50%	£30.05m Nil pay-out	£33.3m 50% pay-out	£36.55m 100% pay-out	£34.3m	33.6%
Revenue Growth	20%	£138.1m Nil pay-out	£145.3m 50% pay-out	£152.5m 100% pay-out	£150.6m	16.3%
Cash Conversion	15%	90% conversion Nil pay-out	100% conversion 50% pay-out	110% conversion 100% pay-out	134%	15%

1 The actual FY2017 profit performance, for comparison against the target, is adjusted to add back the actual Transformation and Growth project costs incurred. The target was also increased marginally to reflect the expected benefit of these investment costs. The Committee, in making these adjustments, recognise that the Transformation and Growth strategy had not been determined at the time of setting the FY2017 targets. Therefore, adding back these items subsequently approved by the Board ensured that the annual bonus targets fulfilled their original purpose.

The actual FY2017 revenue performance, for comparison against the target, is adjusted to include budgeted foreign exchange rates, the Transformation and Growth project costs and expected benefit, and to exclude the impact of current year acquisitions.

Following these adjustments, the Committee was comfortable that the targets were no more or less challenging than when originally set.

The personal targets set for Mark Shashoua and the Committee's assessment of his performance against them is set out below:

Target	Action	Achievement
Recommend new Group-wide strategy	– Undertake a strategic review and make recommendations to the Board. – Revised strategy and associated costing to be signed off by the Board.	Objective achieved The Committee considered that the objectives set had been achieved Score 100%
Improve Group structure and stakeholder relations	– Present recommendations to the Board in relation to key partners and venues. – Manage key stakeholder relations effectively.	Objective achieved The Committee considered that the objective set had been achieved Score 100%
Senior management team	– Lead a review of the senior management team and implement recommendations.	Objective achieved The Committee considered that each of the objective set had been achieved Score 100%
Review international sales structure	– Review sales structure, make recommendations and commence implementation across the Group.	Objective achieved The Committee considered that the objective set had been achieved Score 100%

The four objectives detailed above were met in full, resulting in 100% of this part of the bonus becoming payable.

Based on the performance detailed above, the total bonus earned by Mark Shashoua was 79.9% of the maximum opportunity.

Governance

Annual Report on Remuneration

continued

Personal objectives set for Andrew Beach and the Committee's assessment of his performance against them is set out below:

Target	Action	Achievement
Recommend new Group-wide strategy	– Undertake a strategic review and make recommendations to the Board. – Revised strategy and associated costing to be signed off by the Board.	Objectives achieved The Committee considered that each of the objectives set had been achieved Score 100%
Recommend appropriate funding and structure	– Review the debt facilities and funding position of the Group and recommend revisions to the Board. – Implement recommendations as approved by the Board.	Objectives achieved The Committee considered that each of the objectives set had been achieved Score 100%
Stakeholder relations	– Manage relationships with key stakeholders. – Communicate conclusions of strategic review as approved by the Board.	Objectives achieved The Committee considered that each of the objectives set had been achieved Score 100%
Present strategy to the City	– Project manage the preparation of a clear City presentation of the new strategy	Objective achieved The Committee considered that this objective set had been achieved Score 100%
Improve quality of financial reporting	– Improve quality and format of Board reporting packs. – Develop and implement improved Regional Board meeting information packs. – Launch new weekly sales reporting system covering leading events.	Objectives achieved The Committee considered that each of the objectives set had been achieved Score 100%
Improve risk identification and management processes	– Gain Board approval for a revised Risk Committee and Risk Register process. – Implement a new global authority matrix.	Objectives achieved The Committee considered that each of the objectives set had been achieved Score 100%
Budgeting	– Improve 2017 budgeting process.	Objective achieved The Committee considered that this objective set had been achieved Score 100%

The seven objectives detailed above were met in full, resulting in 100% of this part of the bonus becoming payable.

Based on the performance detailed above, the total bonus earned by Andrew Beach was 79.9% of the maximum opportunity.

Reflecting the part year of his active employment in the 2017 financial year, Russell Taylor was eligible for a pro-rated bonus, based on a maximum annual bonus opportunity of 100% of salary for the full year, for his period of active employment below the PLC Board.

The objectives set by the Committee are set out below along with the extent of achievement:

Target	Action		Achievement
75%: Revenue stability and forward sales booking	Target (% annual sales bookings)	% of element payable	Group sales were at 60.5% of budget and therefore 100 % of this element was payable
	48%	0%	
	54%	50%	
	60%	100%	
25%: Effecting an orderly handover	– Effective transfer of key stakeholder relations		Objective achieved The Committee considered that this objective set had been achieved Score 100%

Based on the performance detailed above, the total bonus earned by Russell Taylor was 100% of the maximum opportunity with the total bonus payable being 100% of pro-rated salary.

Long-term incentive
Vesting of awards granted in January 2015 with performance measures over the three financial years ending 30 September 2017
The purpose of the incentive was to align the Executive Directors with delivering sustainable profitable growth and above market shareholder returns.

The three-year performance period of PSP awards granted on 13 January 2015 ended on 30 September 2017. From 1 October 2014 to 30 September 2017, ITE's three-year cumulative headline diluted EPS was 34.1p, which was below the requirements of 62p to 70p. As a result, the minimum performance requirement for the award was not met and the awards will not be eligible to vest. As recent joiners, neither Mark Shashoua nor Andrew Beach are recipients of the 2015 PSP awards.

Scheme interests awarded during the year
In line with the expectation set in last year's Directors' Remuneration Report, Mark Shashoua and Andrew Beach received a 'normal' policy award (at 100% of salary and 80% of salary respectively) and a performance-related 'buy-out' award set at an extra 50% of salary that, in both cases, was in lieu of incentives forfeited when joining the Company. The Committee was comfortable that the additional one-off 50% of salary performance-related PSP award was appropriate noting that the time horizon of the buy-out element was greater than that of the awards forfeited (with vesting to potentially take place in June 2020) and having had regard to the quantum foregone in agreeing to join the Company.

The performance conditions applicable to these awards are detailed below. 70% of the award is subject to a challenging range of earnings per share targets to be achieved in the financial year ending 30 September 2019. 30% of the award is subject to a performance target comparing the Company's TSR against the TSR of the constituents of the FTSE 250 and FTSE Small Cap Indices (excluding investment trusts) over the three financial years commencing 1 October 2016. The performance targets are provided below:

Vesting percentage (of EPS element)	2019 Headline diluted EPS[1]
0%	Less than 11.3p
30% (20% for CEO)	11.3p
100%	15.3p
Straight-line basis	Between 11.3p and 15.3p

1 Headline diluted EPS is calculated as defined in the financial statements – see the Chief Financial Officer's Statement on page 18.

Vesting percentage (of TSR element)	ITE TSR vs TSR comparators
0%	Below median
30% (20% for CEO)	Median
100%	Upper quartile
Straight-line basis	Between median and upper quartile

To the extent that the awards vest, they will be subject to a two-year holding period. Vested awards will be subject to clawback for the latter of one year following the date of vesting or completion of the next audit of the Group's accounts in the event of a fraud or material misstatement of results being identified in relation to the years in which the PSP is earned.

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Details of awards granted on 19 June 2017 are set out below:

Executive Director	Basis of award	Face value[1]	Shares over which awards Granted[2]	Threshold vesting (% of award)	Performance period	Performance measure
Mark Shashoua	150% of base salary	£675,000	434,083	20%	1 October 2016 to 30 September 2019, inclusive	Headline diluted EPS (70%) and a relative TSR performance condition (30%)
Andrew Beach	130% of base salary	£334,750	215,273	30%	1 October 2016 to 30 September 2019, inclusive	Headline diluted EPS (70%) and a relative TSR performance condition (30%)

1 Calculated using the share price on the day immediately preceding the date of grant of 155.50p.
2 Awards granted as nominal cost options with an exercise price of 1p per share.

Chairman and Non-executive Director fees
During the year the Committee reviewed the Chairman's fee in light of the time commitment required of the role and the fees payable at comparator companies and decided on an increase of 3%. The Chairman's fee increases to £168,100 (2016: £163,200) per annum.

With effect from 1 October 2017, the Non-executive Directors receive a base fee of £47,800 (2016: £46,400), with an additional fee for the Senior Independent Director of £5,250 (2016: £5,100) and for the Audit and Remuneration Committee Chairs of £6,400 (2016: £6,200). The revised fees were considered to better reflect the required time commitment of the roles. Non-executive Directors' fees for the year commencing 1 October 2017 are therefore as follows:

Name	Reason for fees	Total annual fees (£)
Neil England	Company Chairman	168,100
Stephen Puckett	Non-executive Director Chair of the Audit Committee	54,200
Linda Jensen	Non-executive Director Senior Independent Director	53,050
Sharon Baylay	Non-executive Director Chair of the Remuneration Committee	54,200
Marco Sodi	Company Chairman[1]	163,200

1 Marco Sodi resigned on 11 July 2017, and left the Board with effect 11 October 2017. In line with his letter of appointment he was subject to a six-month notice period and continued to receive his fee on a monthly basis for the duration of the six-month notice period to 11 January 2018.

Relative importance of spend on pay
The graph below shows ITE's total employee pay and distributions to shareholders for the financial years ended 30 September 2016 and 30 September 2017, and the percentage change.

The increase in total employee pay from 2016 to 2017 relates to the increase in size of the Company with the total number of employees growing from 1,340 to 1,390 (i.e. an increase of 3.7%).

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

Financial year ended 30 September		2009	2010	2011	2012	2013	2014	2015	2016	**2017**
CEO single figure of remuneration (£000)		614	1,347	1,348	1,558	1,951	1,050	567	618	**1,035**
Annual bonus awarded	% of maximum opportunity	58%	100%	94%	80%	94%	68%	16%	27%	**79.9%**
	£ amount (£000)	212	380	375	332	402	298	72	122	**539**
PSP vesting	% of maximum opportunity	n/a	100%	100%	100%	100%	70%	0%	0%	**0%**
	£ amount (£000)	n/a	554	540	774	1,080	277	0	0	**0**

Change in CEO remuneration and for employees as a whole over FY2017
The graph below shows the change in CEO annual cash, defined as salary, taxable benefits, and annual bonus, compared to the average employees for 2016 to 2017.

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Annual Report on Remuneration

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CEO annual cash	CEO 2017 £000	CEO 2016 £000	CEO % change	Average for other employees % change[1]
Salary	**450**	450	0%	24%
Taxable benefits	**1**	1	0%	88%
Annual variable	**539**	122	69%	117%
Total	**990**	573	10%	30%

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

Payments to past Directors and payments for loss of office

As detailed in last year's Annual Report and on page 64, Russell Taylor ceased to be an Executive Director of the Company on 31 August 2016 as part of an orderly leadership transition. He remained in active employment through to 31 December 2016 before being placed on gardening leave for the balance of his twelve-month notice period (i.e. from 1 January 2017 to 5 May 2017). This ensured that he remained available to assist the Chief Executive Officer as required during the full period of his twelve months' notice period. For the period of his active employment during the leadership transition (i.e. the period from 1 October 2016 to 31 December 2016) he remained eligible to earn a pro rata bonus based on pre-set performance targets. He was not eligible to be considered for a bonus for the period from 1 January 2017.

With regards to Russell Taylor's outstanding long-term incentive awards, consistent with the rules of the relevant plans and the Company's Remuneration Policy, the Committee exercised its discretion to allow Russell Taylor's unvested PSP share awards over 286,000 shares, 459,500 shares and 460,750 shares granted in 2014, 2015 and 2016 respectively to vest at the end of their respective performance periods subject to applicable performance conditions being satisfied, and subject to time pro rata to reflect Russell Taylor's actual service during the applicable performance period. Neither the 2014 or 2015 awards performance targets were met and these awards will not vest. The 185,250 shares granted in 2013, and the 286,000 shares granted in 2014 did not vest. The remaining 154,000 of the 164,000 shares granted in 2011 (reduced due to a prior exercise of 10,000 shares) and the remaining 135,800 shares of the 194,000 shares granted in 2012 (scaled back to 70% of the original shares granted following a testing of the performance condition) were exercised and sold in the previous financial year.

As noted on page 68, Marco Sodi resigned as Chairman on 11 July 2017 and left the Board with effect from 11 October 2017. Marco Sodi continued to receive his fee on a monthly basis until the 11 January 2018, in line with the terms of his letter of appointment, which included a six-month notice period. No other payments were made in connection with his resignation and leaving of the Board.

Dilution limits

The Group has at all times complied with the dilution limits set out in the rules of its share plans (principally a limit of 10% in ten years). The Group will also operate within a dilution limit of 5% in any rolling ten-year period for discretionary schemes. In the ten-year period to 30 September 2017, awards made under the Group's share schemes represented 0.41% (2016: 0.6%) of the Group's issued ordinary share capital. Shares to satisfy awards granted under the PSP which are normally purchased in the market do not count towards the dilution limits.

Directors' shareholding guidelines and share scheme interests

During the year, the Executive Directors were required to retain shares of a value equal to 25% of the gain made after tax, on the vesting of awards under the Plans, until they have built up their minimum shareholding of at least 200% of annual base salary.

The table below shows the Directors' interests in shares owned outright and/or vested, and the extent to which ITE's shareholding guidelines are achieved. There have been no other changes in the holdings of the current Directors and any connected persons between 30 September 2017 and 27 November 2017, being the last practicable date before publication of the Remuneration Report.

	Number of unvested shares subject to performance[1]	**Number of shares held as at 30 September 2017**	Number of shares held at 30 September 2016	Shareholding guideline (as % of salary/fees)	Guideline met[2]
Mark Shashoua	434,083	**55,535**	535	200%	No[3]
Andrew Beach	215,273	**15,000**	n/a	200%	No[3]
Neil England	n/a	**50,000**	50,000	n/a	n/a
Sharon Baylay	n/a	**10,300**	10,300	n/a	n/a
Linda Jensen	n/a	**5,000**	5,000	n/a	n/a
Stephen Puckett	n/a	**10,000**	10,000	n/a	n/a
Marco Sodi	n/a	**200,000**	200,000	n/a	n/a

1 PSP awards are granted as nominal cost options.
2 Current shareholding includes net shares owned outright and/or vested.
3 During the year both Mark Shashoua and Andrew Beach purchased shares in the Group. As at 30 September 2017, neither Director had complied with the Group's shareholding guidelines. However, as recent appointments (with Mark Shashoua being appointed on 1 September 2016, and Andrew Beach being appointed on 17 October 2016) the Committee's expectations is that further progress will be made towards meeting the guidelines as a result of the future vesting of share awards, as a minimum, through the retention of an appropriate portion of shares vesting under the Company's share plans.

Directors' interests in Performance Share Plans

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

Director Scheme	1 Oct 2016	Granted during the year[1]	Option price (£)	Exercised during the year	Lapsed	Market price at exercise date (£)	**30 Sep 2017**	Date of grant	Share price on date of grant (£)	Exercisable from	Exercisable to	Gain on exercise £000
Mark Shashoua												
2014 Employees' PSP		434,083	0.01	0	0	0	**434,083**	16/06/17	155.5	16/06/20	16/06/27	0
Total		434,083		0	0		**434,083**					
Andrew Beach												
2014 Employees' PSP		215,273	0.01	0	0	0	**215,273**	16/06/17	155.5	16/06/20	16/06/27	0
Total		215,273			0	0	**215,273**					

1 The performance condition applying to the award granted on 19 June 2017 are detailed on page 72.

Statement of implementation of Remuneration Policy for the year ending 30 September 2018

Full details of the Remuneration Policy to operate for the financial year ended 30 September 2018, and how it differs to the Remuneration Policy operated during the financial year ended 30 September 2017, are set out on pages 57 to 59. Set out below is how the Committee anticipates applying this Remuneration Policy during the financial year ended 30 September 2018.

Executive Directors' base salaries

The base salaries of the Chief Executive Officer and Chief Financial Officer were reviewed during the year. The Chief Executive Officer was granted an increase of 3%, and the Chief Financial Officer was granted an increase of 5%. The increase to Andrew Beach took into account the fact that his salary on appointment was set at a lower level to the role in similar sized companies and reflected the Committee's objective of moving his salary to within the market range over time. The revised salaries, with effect from 1 October 2017, are £463,500, for Mark Shashoua and £270,375 for Andrew Beach. The next salary review date will be 1 October 2018.

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

Pension and other benefits

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

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Annual Report on Remuneration

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Annual bonus framework

For the financial year commencing 1 October 2017, the Executive Bonus Plan quantum will operate in line with details set out in the Remuneration Policy for the Executive Directors.

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

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

Long-term incentive framework

PSP awards are anticipated to be granted in December 2017 in line with the Remuneration Policy to both Executive Directors. For both Executive Directors' awards this will be based on a 'normal' Policy award (at 100% of salary and 80% of salary to the Chief Executive Officer and Chief Financial Officer respectively).

The vesting of the awards (totalling 100% of salary and 80% of salary for the Chief Executive Officer and Chief Financial Officer) will be assessed against a combination of EPS growth (70% of the award) and relative TSR (30% of the award). The conditions will operate independently.

The EPS condition will be measured based on EPS in the year ending 30 September 2020 with the TSR condition measuring ITE's relative performance versus the constituents of the FTSE Small Cap and FTSE 250 Index constituents (excluding investment trusts).

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

Vesting percentage (of EPS element of Award)	EPS at 30 September 2020
0%	Less than 8.8p
30% (20% for CEO)	8.8p
100%	14.4p
Straight-line basis	Between 8.8p and 14.4p

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

Vesting percentage (of TSR element of award)	Three-year TSR relative to the FTSE Small Cap and FTSE 250 Index (excluding investment trusts) constituents to 30 September 2020
0%	Below median
30% (20% for CEO)	Median
100%	Upper quartile
Straight-line basis	Between median and upper quartile

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

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

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

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 27 November 2017 and is signed on its behalf by:

Andrew Beach
Chief Financial Officer
27 November 2017

Financial statements

Independent Auditor's Report
to the members of ITE Group plc

Opinion

In our opinion:

- **the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2017 and of the Group's loss for the year then ended;**
- **the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;**
- **the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.**

We have audited the financial statements of ITE Group plc (the 'Parent Company') and its subsidiaries (collectively, the 'Group') which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Statement of Financial Position;
- the Consolidated Cash Flow Statement;
- the related notes 1 to 30;
- the Company Statement of Financial Position;
- the Company Statement of Changes in Equity; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – carrying value of goodwill, other intangible assets and interests in associates and joint ventures; and – taxation, in particular the assessment of risks relating to tax in overseas jurisdictions where the Group operates.
Materiality	The materiality that we used in the current year was £1.1m, which we determined using 5.4% of an adjusted profit before tax measure being the Group loss before tax after adding back non-recurring adjusting items.
Scopings	We completed full scope audit work in London, Russia, Turkey and India. In addition, we performed specified audit procedures at Moda and Sinostar. These entities represent the principal business units and account for 80% (2016: 85%) of the Group's revenue and 87% (2016: 90%) of the Group's headline operating profit of £34.8m (2016: £39.6m) as set out in the Consolidated Income Statement.
Significant changes in our approach	Last year our Report included two audit matters which are not included this year: – Acquisition accounting – this was previously considered a key audit matter due to the number of acquisition and the judgements involved in the identification and valuation of intangible assets. There was only one acquisitions in the current year (Gehua), and – Foreign exchange (FX) on transactions and consolidation – whilst our approach to FX has not changed, it was not considered a key audit matter as the number of errors previously identified during the course of prior audits has reduced.

Conclusions relating to principal risks, going concern and viability statement

We have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2 to the financial statements and the Directors' statement on the longer-term viability of the Group contained within the Directors' Report on page 45.

We are required to state whether we have anything material to add or draw attention to in relation to:

– the disclosures on pages 50 to 53 that describe the principal risks and explain how they are being managed or mitigated;
– the Directors' confirmation on page 45 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
– the Directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
– the Directors' explanation on page 45 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions; or
– whether the Directors' statements relating to going concern and the prospects of the Company required in accordance with Listing Rule 9.8.6R(3) are materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to add or draw attention to in respect of these matters.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

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

Financial statements

Independent Auditor's Report continued

to the members of ITE Group plc

Carrying value of goodwill, other intangible assets and interests in associates and joint ventures

Key audit matter description	As set out in notes 12, 14 and 18, the Group carries £92.6m (2016: £97.9m) of goodwill, £61.9m (2016: £70.8m) of other intangible assets and £45.5m (2016: £45.7m) of interests in associates and joint ventures on the Consolidated Statement of Financial Position at 30 September 2017. Management prepare a detailed assessment of the carrying value of goodwill and other intangible assets by cash-generating unit (CGU) and interests in associates and joint ventures using a number of judgemental assumptions (as described in note 12 to the financial statements). These include 2018 Board-approved forecasts, long-term growth rates (based on forecast GDP growth rates for the country) and country-specific discount rates. There is a risk, whether due to fraud or error, that the application of inappropriate assumptions supports assets that should otherwise be impaired or further impaired. Our work focusses on those cash generating units (CGUs) where the risk of impairment is higher due to, amongst other things, trading conditions in the market and growth prospects. As a result of management's exercise, a £12.6m (2016: £24.7m) impairment was booked in the year in India, Turkey and Africa Oil Week (2016: India, South East Asia and Siberia). In addition, an impairment of £1.7m (2016: £1.9m) was also booked against interests in associates and joint ventures. This matter is disclosed in the Audit Committee Report included within the Annual Report.
How the scope of our audit responded to the key audit matter	We reviewed the design and implementation of controls over goodwill, intangible assets and interests in associates and joint ventures recognition and impairment. We considered whether management's impairment review methodology is compliant with IAS 36 ('Impairment of Assets'). We challenged management's assumptions used in the impairment assessment for goodwill, other intangible assets and interests in associates and joint ventures. Our audit work on the assumptions used in the impairment model focussed on: – considering the appropriateness of the CGUs identified by management and the allocation of assets to these; – testing the integrity of management's model; – agreeing the underlying cash flow projections for each CGU to Board-approved FY 2018 forecasts; – comparing short-term cash flow projections against recent performance and historical forecasting accuracy and assessing whether there are other indicators of impairment based on this analysis; – engaging our valuation specialists to independently establish appropriate discount rates; – assessing the long-term growth rates used against independent market data; – considering post year-end trading performance; – calculating a range of reasonably possible sensitivities and comparing these to those calculated by management to ensure no further indicator of impairment is identified; and – assessing whether the disclosures in the Annual Report and Accounts were appropriate to the Groups's situation and in line with IAS 36.
Key observations	We are satisfied that the remaining carrying value of goodwill, intangible assets and interests in associates and joint ventures is supportable and no further impairment at the year end is required

Taxation

Key audit matter description	The Group operates and derives profits from a range of international markets and as such it is subject to tax in a number of territories. As a consequence, the Group has to consider both the tax risks by country as well as the transfer pricing arrangements particularly in the light of the rules agreed between OECD territories developed as part of the OECD's 'Base Erosion and Profit Shifting' initiative. The Group is also subject to Withholding Tax on remittances from overseas investments. From time to time tax rules and treaties change and this can impact the amount of tax the Group has to withhold and pay on such remittances. Currently the Group holds tax provisions of £2.9m (2016: £2.0m) in respect of potential risk of challenge to historical arrangements in these areas. Judgement is also required in respect of deferred tax on acquired intangibles and other assets and further in respect of deferred tax assets in relation to in-territory tax losses. This requires judgement over the likelihood of future profits in those territories. The Group has currently recognised deferred tax assets of £5.4m (2016: £3.1m) and has unrecognised tax losses of £13.1m (2016: £5.2m). This matter is disclosed in the Audit Committee Report included within the Annual Report.
How the scope of our audit responded to the key audit matter	We considered developments in international tax rules in the year and reviewed management's assessment of the impact of those developments on the Group. In particular, we reviewed documentation prepared by management to support the Group's global allocation of profits for transfer pricing purposes. We reviewed management's calculations of uncertain tax provisions arising from the risk of tax authority challenge of historical arrangements and challenged the assumptions made in those calculations. Through enquiry with management at Group and in each territory in scope, we noted there were no significant ongoing tax authority challenges in any territory. Our audit procedures also included re-performing provision calculations based on different assumptions to measure the potential risk relating to tax authority challenge including the availability of unrecognised tax attributes in respect of any such challenges. Further based on our experience assessed of challenges typically raised by tax authorities we considered how they might apply to the Group. Our audit work on the recognition of deferred tax assets included assessing the evidence supporting management's profit forecasts by territory taking into account our knowledge of likely tax authority acceptance of any future changes to transfer pricing arrangements and consideration of the appropriateness of the assumptions made. We also considered the disclosure in the financial statements particularly in light of the Financial Reporting Council's thematic review encouraging more transparent reporting between tax charges and accounting profit and the factors that could affect that relationship in the future.
Key observations	Based on our procedures performed, we are satisfied that the provision for uncertain tax provisions appropriately reflects a balanced assessment of the risks and these risks are disclosed appropriately. We are also satisfied there is support for future profits in jurisdictions where deferred tax assets are recognised.

Financial statements

Independent Auditor's Report continued
to the members of ITE Group plc

Our application of materiality

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£1.1m (2016: £1.2m)
Basis for determining materiality	We determined this using 5.4% (2016: 5.6%) of an adjusted profit before tax measure being the Group loss before tax after adding back non-recurring adjusting items, notably the restructuring costs of the TAG programme and the impairment charges (see table below):

	2017 (£000)	2016 (£000)
Loss before tax	**(3,163)**	(4,095)
Add back one off non-recurring items		
Impairment charges	**14,276**	26,509
Transaction costs on completed and pending acquisitions	**406**	330
Loss/(profit) on disposal of investments	**3,712**	(1,498)
Restructuring costs	**4,982**	0
'Adjusted' profit before tax	**20,213**	21,246
Materiality	**1,100**	1,200
% used	**5.4%**	5.6%

Rationale for the benchmark applied	Loss before tax adjusted for non-recurring adjusting items recognised in the year has been used as the base for materiality as it is a key measure of underlying business performance for the Group. We have used this adjusted profit measure as it excludes volatility of one-off items from our determination, to aid consistency of the scale of the Group in determining our materiality base each year. The materiality level is also 3.5% (2016: 3.3%) of headline profit before tax and 1.2% (2016: 1.2%) of equity. The decrease in materiality is directly attributable to the fall in the profitability of the business in the year.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £55,000 (2016: £57,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

The Group operates in a wide range of territories including Europe, Asia and the US, and our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on this assessment our Group audit scope focussed on the UK, Russia, Turkey and India (2016: UK, Russia, Turkey and India). In addition, we performed specified audit procedures at Moda and the joint venture entity, Sinostar.

These entities represent the principal business units and account for 80% (2016: 85%) of the Group's revenue and 86% (2016: 90%) of the Group's headline operating profit (£34.8m; 2016: £39.6m) as set out in the Consolidated Income Statement. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at each location was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £0.6m to £1.0m (2016: £0.6m to £0.8m).

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

The Group audit team continued to follow a programme of planned visits that have been designed so that the Senior Statutory Auditor or a senior member of the Group team visits each of the principal locations where the Group audit scope is focussed at least once every two years and the most significant of them at least once a year (2017: Russia, India and China; 2016: Russia, India and Turkey). In addition, for each component subject to full scope audits, we reviewed and challenged the key issues and audit findings, attended the component close meetings and reviewed formal reporting and performed a review of work papers.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit Committee reporting* – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the Directors' Statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditors in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Independent Auditor's Report continued
to the members of ITE Group plc

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' Report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the ITE Audit Committee in 2002 to audit the financial statements for the year ending 30 September 2002 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 16 years, covering the years ending 30 September 2002 to date.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Mark Lee-Amies FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, UK
27 November 2017

Financial statements

Consolidated Income Statement

For the year ended 30 September 2017

		Year ended 30 September 2017			Year ended 30 September 2016		
	Notes	Headline £000	Adjusting items (note 5) £000	Statutory £000	Headline £000	Adjusting items (note 5) £000	Statutory £000
Revenue	3	**152,623**	**–**	**152,623**	134,422	–	134,422
Cost of sales		**(93,259)**	**–**	**(93,259)**	(75,862)	–	(75,862)
Gross profit		**59,364**	**–**	**59,364**	58,560	–	58,560
Other operating income		**741**	**–**	**741**	615	–	615
Administrative expenses		**(32,194)**	**(37,445)**	**(69,639)**	(26,203)	(40,809)	(67,012)
Foreign exchange gain on operating activities		**337**	**–**	**337**	1,956	–	1,956
Share of results of associates and joint ventures	3, 18	**6,510**	**(1,504)**	**5,006**	4,628	(1,078)	3,550
Operating profit/(loss)	4	**34,758**	**(38,949)**	**(4,191)**	39,556	(41,887)	(2,331)
Investment revenue	6	**688**	**5,342**	**6,030**	554	6,940	7,494
Finance costs	7	**(3,824)**	**(1,178)**	**(5,002)**	(3,606)	(5,652)	(9,258)
Profit/(loss) before tax	3	**31,622**	**(34,785)**	**(3,163)**	36,504	(40,599)	(4,095)
Tax (charge)/credit	9	**(8,315)**	**5,063**	**(3,252)**	(7,059)	3,983	(3,076)
Profit/(loss) for the year		**23,307**	**(29,722)**	**(6,415)**	29,445	(36,616)	(7,171)
Attributable to:							
Owners of the Company		**21,476**	**(29,722)**	**(8,246)**	27,289	(36,616)	(9,327)
Non-controlling interests	26	**1,831**	**–**	**1,831**	2,156	–	2,156
		23,307	**(29,722)**	**(6,415)**	29,445	(36,616)	(7,171)
Earnings per share (p)							
Basic	11	**8.2**		**(3.1)**	10.7		(3.6)
Diluted	11	**8.1**		**(3.1)**	10.7		(3.6)

The results stated above relate to continuing activities of the Group. The notes on pages 89 to 121 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2017

	Notes	2017 £000	2016 £000
Loss for the year attributable to shareholders		**(6,415)**	(7,171)
Cash flow hedges:			
Movement in fair value of cash flow hedges		**1,336**	(7,042)
Fair value of cash flow hedges released to the income statement		**(675)**	(1,293)
Currency translation movement on net investment in subsidiary undertakings		**(2,976)**	17,414
		(8,730)	1,908
Tax relating to components of comprehensive income	9	**(222)**	1,669
Total comprehensive income for the year		**(8,952)**	3,577
Attributable to:			
Owners of the Company		**(10,783)**	1,421
Non-controlling interests	26	**1,831**	2,156
		(8,952)	3,577

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

The notes on pages 89 to 121 form an integral part of the consolidated financial statements.

Financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 September 2017

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2016	**2,621**	**20,629**	**2,746**
Net (loss)/profit for the year	–	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–	–
Movement in fair value of cash flow hedges	–	–	–
Fair value of cash flow hedges released to the income statement	–	–	–
Tax relating to components of comprehensive income (note 9)	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**
Dividends (note 10)	**21**	**(21)**	**–**
Exercise of share options	**–**	**–**	**–**
Share-based payments (note 28)	**–**	**–**	**–**
Issue of shares (note 25)	**51**	**7,959**	**–**
Tax debited to equity (note 9)	**–**	**–**	**–**
Put option disposal	**–**	**–**	**–**
Acquisition of subsidiary	**–**	**–**	**–**
Exercise put option on acquisition of subsidiary	**–**	**–**	**–**
Balance as at 30 September 2017	**2,693**	**28,567**	**2,746**

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2015	2,570	14,875	2,746
Net (loss)/profit for the year	–	–	–
Currency translation movement on net investment in subsidiary undertakings	–	–	–
Movement in fair value of cash flow hedges	–	–	–
Fair value of cash flow hedges released to the income statement	–	–	–
Tax relating to components of comprehensive income (note 9)	–	–	–
Total comprehensive income for the year	–	–	–
Dividends (note 10)	5	(5)	–
Exercise of share options	–	–	–
Share-based payments (note 28)	–	–	–
Issue of shares (note 25)	46	5,759	–
Tax debited to equity (note 9)	–	–	–
Acquisition of subsidiary	–	–	–
Exercise put option on acquisition of subsidiary	–	–	–
Balance as at 30 September 2016	2,621	20,629	2,746

The notes on pages 89 to 121 form an integral part of the consolidated financial statements.

Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
457	**(4,370)**	**115,450**	**(21,317)**	**(42,289)**	**(2,992)**	**70,935**	**25,427**	**96,362**
–	–	(8,246)	–	–	–	**(8,246)**	1,831	**(6,415)**
–	–	–	–	(2,976)	–	**(2,976)**	–	**(2,976)**
–	–	–	–	–	1,336	**1,336**	–	**1,336**
–	–	–	–	–	(675)	**(675)**	–	**(675)**
–	–	–	–	–	(222)	**(222)**	–	**(222)**
–	**–**	**(8,246)**	**–**	**(2,976)**	**439**	**(10,783)**	**1,831**	**(8,952)**
–	–	(8,678)	–	–	–	**(8,678)**	(1,315)	**(9,993)**
–	130	(60)	–	–	–	**70**	–	**70**
–	–	201	–	–	–	**201**	–	**201**
–	–	–	–	–	–	**8,010**	–	**8,010**
–	–	(12)	–	–	–	**(12)**	–	**(12)**
–	–	(60)	187	–	–	**127**	(127)	**–**
–	–	–	–	–	–	**–**	4,636	**4,636**
–	–	(75)	7,875	–	–	**7,800**	(7,800)	**–**
457	**(4,240)**	**98,520**	**(13,255)**	**(45,265)**	**(2,553)**	**67,670**	**22,652**	**90,322**

Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
457	(4,825)	140,031	(16,843)	(59,703)	3,674	82,982	16,361	99,343
–	–	(9,327)	–	–	–	(9,327)	2,156	(7,171)
–	–	–	–	17,414	–	17,414	–	17,414
–	–	–	–	–	(7,042)	(7,042)	–	(7,042)
–	–	–	–	–	(1,293)	(1,293)	–	(1,293)
–	–	–	–	–	1,669	1,669	–	1,669
–	–	(9,327)	–	17,414	(6,666)	1,421	2,156	3,577
–	–	(15,594)	–	–	–	(15,594)	(1,520)	(17,114)
–	455	(452)	–	–	–	3	–	3
–	–	390	–	–	–	390	–	390
–	–	449	–	–	–	6,254	–	6,254
–	–	(16)	–	–	–	(16)	–	(16)
–	–	–	(13,159)	–	–	(13,159)	17,084	3,925
–	–	(31)	8,685	–	–	8,654	(8,654)	–
457	(4,370)	115,450	(21,317)	(42,289)	(2,992)	70,935	25,427	96,362

Financial statements

Consolidated Statement of Financial Position

30 September 2017

	Notes	2017 £000	2016 £000
Non-current assets			
Goodwill	12	**92,566**	97,855
Other intangible assets	14	**61,867**	70,816
Property, plant and equipment	15	**2,783**	2,469
Interests in associates and joint ventures	18	**45,470**	45,677
Venue advances and prepayments	19	**3,548**	2,945
Deferred tax asset	24	**5,411**	3,070
		211,645	222,832
Current assets			
Trade and other receivables	19	**61,425**	50,610
Tax prepayment	19	**2,880**	2,115
Cash and cash equivalents	19	**23,321**	15,508
		87,626	68,233
Total assets		**299,271**	291,065
Current liabilities			
Trade and other payables	21	**(25,166)**	(20,844)
Deferred income	21	**(82,591)**	(61,918)
Derivative financial instruments	23	**(1,795)**	(5,904)
Provisions	22	**(527)**	(240)
		(110,079)	(88,906)
Non-current liabilities			
Bank loan	20	**(72,998)**	(74,604)
Provisions	22	**(273)**	(189)
Deferred tax liabilities	24	**(12,494)**	(12,675)
Derivative financial instruments	23	**(13,105)**	(18,329)
		(98,870)	(105,797)
Total liabilities		**(208,949)**	(194,703)
Net assets		**90,322**	96,362
Equity			
Share capital	25	**2,693**	2,621
Share premium account		**28,567**	20,629
Merger reserve		**2,746**	2,746
Capital redemption reserve		**457**	457
ESOT reserve		**(4,240)**	(4,370)
Retained earnings		**98,520**	115,450
Put option reserve		**(13,255)**	(21,317)
Translation reserve		**(45,265)**	(42,289)
Hedge reserve		**(2,553)**	(2,992)
Equity attributable to equity holders of the parent		**67,670**	70,935
Non-controlling interests	26	**22,652**	25,427
Total equity		**90,322**	96,362

The notes on pages 89 to 121 form an integral part of the consolidated financial statements.

The financial statements of ITE Group plc, registered company number 01927339, were approved by the Board of Directors and authorised for issue on 27 November 2017. They were signed on their behalf by:

Andrew Beach
Chief Financial Officer
27 November 2017

Consolidated Cash Flow Statement

For the year ended 30 September 2017

	Notes	2017 £000	2016 £000
Operating activities			
Operating loss from continuing operations		**(4,191)**	(2,331)
Adjustments for non-cash items:			
Depreciation and amortisation	4	**16,326**	17,191
Impairment of goodwill and intangible assets	4	**12,585**	24,650
Impairment of investments in associates and joint ventures	4	**1,691**	1,859
Share-based payments	28	**218**	390
Share of profit from associates and joint ventures	18	**(5,006)**	(3,550)
Increase/(decrease) in provisions	22	**371**	(69)
Foreign exchange gain on operating activities	4	**(337)**	(1,956)
Loss/(profit) on disposal of investments	4, 17	**3,712**	(1,498)
Fair value of cash flow hedges recognised in the income statement		**(661)**	(1,187)
Dividends received from associates and joint ventures	18	**3,831**	5,373
Operating cash flows before movements in working capital		**28,539**	38,872
(Increase) in receivables		**(10,130)**	(4,254)
Advances and prepayments to venues		**(5,187)**	(2,867)
Utilisation of venue advances and prepayments		**5,526**	3,901
Increase in deferred income		**20,673**	12,087
Increase/(decrease) in payables		**2,864**	(6,736)
Cash generated from operations		**42,285**	41,003
Tax paid		**(6,790)**	(6,668)
Net cash from operating activities		**35,495**	34,335
Investing activities			
Interest received	6	**688**	385
Investment in associates and joint ventures	18, 21	**(220)**	(2,397)
Acquisition of businesses – cash paid	13, 21	**(9,673)**	(17,185)
Cash acquired through acquisitions	13	**343**	3,404
Purchase of plant, property and equipment and computer software	14, 15	**(3,136)**	(2,419)
Disposal of plant, property and equipment and computer software	14, 15	**238**	112
Disposal of subsidiary – cash received	17	**128**	–
Cash disposed of through disposals	17	**(125)**	–
Cash paid to acquire non-controlling interests		**–**	(2,087)
Net cash utilised on investing activities		**(11,757)**	(20,187)
Financing activities			
Equity dividends paid	10	**(8,652)**	(15,589)
Dividends paid to non-controlling interests	26	**(760)**	(1,520)
Interest paid and bank charges	7	**(3,824)**	(3,544)
Proceeds from the issue of share capital and exercise of share options	25	**4**	3
Drawdown of borrowings		**219,060**	217,788
(Repayment) of borrowings		**(220,710)**	(212,800)
Net cash outflow from financing activities		**(14,882)**	(15,662)
Net decrease in cash and cash equivalents		**8,856**	(1,514)
Cash and cash equivalents at beginning of year		**15,508**	17,269
Effect of foreign exchange rates		**(1,043)**	(247)
Cash and cash equivalents at end of year		**23,321**	15,508

Financial statements

Net Debt Reconciliation

For the year ended 30 September 2017

	At 1 October 2016 £000	Cash flow £000	Foreign exchange £000	**At 30 September 2017 £000**
Cash	15,508	8,856	(1,043)	**23,321**
Debt due after one year	(74,604)	1,650	(44)	**(72,998)**
Net debt	(59,096)	10,506	(1,087)	**(49,677)**

The notes on pages 89 to 121 form an integral part of the consolidated financial statements.

Notes to the Consolidated Accounts

For the year ended 30 September 2017

1 General information

ITE Group plc is a company incorporated in the UK. The address of the registered office is given on page 134. The nature of the Group's operations and its principal activities are set out in the Strategic Review on pages 1 to 35 and in note 3.

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

Impact of new accounting standards

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after 1 October 2017. A list of these can be found below:

New, amended and revised Standards	Effective date
Amendments to IAS 7 'Statement of Cash Flows'	1 January 2017
Amendments to IFRS 2 'Share-based Payments'	1 January 2018
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	1 January 2018
IFRS 9 'Financial Instruments'	1 January 2018
IFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to IAS 12 'Income Taxes'	1 January 2019
IFRS 16 'Leases'	1 January 2019

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

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

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

The adoption of IFRS 15 is not expected to have a material impact on the Group's Income Statement but may lead to a change in the Statement of Financial Position. The Group has significant forward bookings, which are currently recognised within trade debtors and deferred income at the point at which a contractual obligation to provide the service arises. Under IFRS 15, the deferred income, and corresponding debtor, may not be recognised until the earlier of the service being provided and the payment falling due. This may result in a material reduction to the deferred income and trade receivables on adoption of the standard. Management is currently in the process of assessing the extent of the impact on adoption of the new standard and the financial impact of the changes have yet to be quantified.

2 Basis of accounting

ITE Group plc ('the Company') is a UK listed company and, together with its subsidiary operations, is hereafter referred to as the 'Group'. The Company is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. In addition, the Group has complied with IFRS as issued by the International Accounting Standards Board (IASB).

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

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

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future as disclosed in the Directors' Report on page 45.

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 on the following pages.

Financial statements

Notes to the Consolidated Accounts continued

For the year ended 30 September 2017

2 Basis of accounting continued

Basis of consolidation

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

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets is recognised as goodwill. The interest of non-controlling shareholders is stated at the non-controlling interest's proportion of the fair values of assets and liabilities recognised.

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

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

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

Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests as at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of their interest in the subsidiaries equity are allocated against non-controlling interests even if this results in a deficit balance.

Business combinations

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

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

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

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

Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies of the combination. CGUs 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 CGU 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 based on the carrying amount of each asset in the unit.

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

Goodwill on acquisition of a foreign entity is treated as an asset of the foreign entity and translated at the closing rate.

2 Basis of accounting continued

Intangible assets

Computer software is initially measured at purchase cost. Customer relationships, trademarks and licences and visitor databases are initially measured at fair value. Computer software, customer relationships, trademarks and licences and visitor databases have a definite useful life and are carried at cost or fair value less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life. The estimated useful lives are typically between three and ten years for customer relationships, for some trademarks up to 20 years and for visitor databases between five and eight years. Computer software is amortised over five years.

Impairment of assets excluding goodwill

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

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

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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 (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the Consolidated Income Statement immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, plant and equipment

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

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

Leasehold land and buildings	– term of lease
Plant and equipment	– 4 to 10 years

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

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

Associates and joint ventures

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

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

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

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

Notes to the Consolidated Accounts continued

For the year ended 30 September 2017

2 Basis of accounting continued

Venue advances

Venue advances arise where the Group has advanced funds to venue owners that can be repaid by either offsetting against future venue hire or by cash repayment. Where the advance can be settled in cash, the loan balance is measured at amortised cost using the effective interest rate method where the impact of discounting is material. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Advances that are prepayments of future venue hire and do not permit the repayment of the principal in cash are recognised at cost as venue advances and prepayments.

Provisions

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

Financial Instruments

Classes of financial instruments

The Group aggregates its financial instruments into classes based on their nature and characteristics. The details of financial instruments by class are disclosed in note 23 to the accounts.

Financial assets

The Group classifies its financial assets into the following categories: investments, cash and cash equivalents, loans and receivables and derivative assets at fair value through profit or loss. The classification is determined by management upon initial recognition, and is based on the purpose for which the financial assets were acquired.

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

At each balance sheet date, the Group assesses whether its financial assets are to be impaired. Impairment losses are recognised in the Consolidated Income Statement where there is objective evidence of impairment. Financial assets are derecognised (in full or partly) when the Group's rights to cash flows from the respective assets have expired or have been transferred and the Group has neither exposure to the risks inherent in those assets nor entitlement to rewards from them.

Investments

Investments in unlisted shares that are not traded in an active market are classified as available-for-sale financial assets and stated at fair value. Fair value is determined in the manner described in note 23. Gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gain and losses on monetary assets which are recognised directly in the Consolidated Income Statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to the Consolidated Income Statement.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on-demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at initial recognition at fair value. Subsequent to initial recognition cash and cash equivalents are stated at fair value with all realised gains or losses recognised in the Consolidated Income Statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes the following classes of financial assets: trade and other receivables and venue advances.

Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Consolidated Income Statement when there is objective evidence that the asset is impaired. The estimates are based on specific credit circumstances and the Group's historical bad receivables experience. No interest is charged on the loans and receivables, due to either their short-term nature or specific arrangements in place, and hence the effective interest rate method is not applied.

Derivative assets

A derivative is a financial instrument that changes its value in response to changes in underlying variable, requires no or little net initial investment and is settled at a future date. Derivative assets are classified as at Fair Value Through Profit or Loss (FVTPL), unless designated in hedged relationships. Derivative assets are measured at initial recognition at fair value and are subsequently remeasured to their fair value at each balance date with the resulting gains and losses recognised in the Consolidated Income Statement. These derivatives are acquired in full compliance with the Group's treasury policies.

2 Basis of accounting continued
Financial liabilities
The Group classifies its financial liabilities into the following categories: written put options, bank borrowings, trade and other payables held at amortised cost and derivative liabilities through profit or loss.

Financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Written equity options
Any contract with a single or multiple settlement option that contains an obligation for the Group to purchase equity in a subsidiary for cash gives rise to a financial liability for the present value of the repurchase price. An amount equal to the liability is recorded in equity on initial recognition of a written equity option. The liability is subsequently remeasured through the Consolidated Income Statement.

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

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accruals basis in the Consolidated Income Statement and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan and overdraft interest and associated costs that are considered to be financing in nature are presented as financing activities in the cash flow statement.

Trade and other payables
Trade payables are measured at initial recognition at fair value and are subsequently measured at amortised cost. Trade payables are derecognised in full when the Group is discharged from its obligation, it expires, is cancelled or replaced by a new liability with substantially modified terms. Trade and other payables are short-term and there is no interest charged in connection with these, hence the effective interest method is not applied.

Derivative liabilities
A derivative is a financial instrument that changes its value in response to changes in an underlying variable, requires no or little net initial investment and is settled at a future date. Derivative liabilities are classified as FVTPL. Derivative liabilities are measured at initial recognition at fair value and are subsequently remeasured to their fair value at the end of each financial year with the resulting gains and losses recognised in the Consolidated Income Statement. These derivatives are acquired in full compliance with the Group's treasury policies.

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each financial year. The resulting gain or loss is recognised in the Consolidated Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Consolidated Income Statement depends on the nature of the hedge relationship. The Group designates its derivative financial instruments as cash flow hedges. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and strategy for undertaking various hedging transactions. At the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in the fair values of cash flows of the hedged item.

Derivative instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each financial year. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity.

The gain or loss relating to any ineffective portion is recognised immediately in the Consolidated Income Statement as investment revenue or finance costs respectively. Amounts deferred in equity are recycled in the Consolidated Income Statement in the periods when the hedged item is recognised in the Consolidated Income Statement, in the same line of the Consolidated Income Statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the Income Statement.

Financial statements

Notes to the Consolidated Accounts continued

For the year ended 30 September 2017

2 Basis of accounting continued
The Group's use of financial derivatives is governed by the Group's financial policies.

Fair values
The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value.

The Group determines the fair value of its financial instruments using market prices for quoted instruments and widely accepted valuation techniques for other instruments.

Valuation techniques include discounted cash flows, standard valuation models based on market parameters, dealer quotes for similar instruments and use of comparable arm's length transactions.

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

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

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

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

Barter transactions
Where barter transactions occur between advertising and exhibition space and the revenue can be measured reliably, revenues and costs are recognised in the Income Statement.

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

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

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

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

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

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.

2 Basis of accounting continued

Foreign currencies

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

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

On consolidation, the monthly Income Statements of overseas operations are translated at the average rates of exchange for each month, and each Statement of Financial Position at the rates ruling at the end of each financial year. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the period in which the operation is disposed of.

Under the exemption permitted from IAS 21 'The Effects of Changes in Foreign Exchange Rates', cumulative translation differences for all foreign operations prior to 1 October 2004 have been treated as zero. Consequently, any gain or loss on disposal will exclude translation differences that arose prior to 1 October 2004.

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

Employee Share Ownership Trust

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

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

Pension and other retirement benefits

The Group operates defined contribution pension plans in multiple regions around the Group. Contributions payable are charged to the Income Statement as they fall due as an operating expense.

Share-based payments

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

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

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

Leases

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

Financial statements

Notes to the Consolidated Accounts continued

For the year ended 30 September 2017

2 Basis of accounting continued

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, a number of estimates have been made by management. Those that have the most significant effect on the amounts recognised in the financial statements or have the most risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key sources of estimation uncertainty

Impairment of goodwill and intangible assets

There are a number of estimates management considers when determining value in use, most significantly the growth rates applied to future cash flows and the discount rates used to derive the present value of those cash flows. Growth rates reflect management's view of the long-term forecast rates of growth, using third party sources such as the International Monetary Fund where appropriate. Discount rates are selected to reflect the risk adjusted cost of capital for the respective territories. The most significant area of estimation uncertainty relates to forecast cash flows at each CGU. Forecast cash flows are based on Board-approved budgets and plans.

The carrying value of goodwill and intangible assets at 30 September 2017 is £92.6m (2016: £97.9m) and £61.9m (2016: £70.8m) respectively.

Taxation

The Group operates and derives profits from a range of international markets, and as such it is subject to tax in a number of territories. International and domestic tax rules are inherently complex, frequently subject to change, and are not always applied consistently by tax authorities in different jurisdictions. The Group complies with all tax legislation in the local territories and does not have any significant tax authority challenges or investigations in any territory. The Group actively monitors developments in international and domestic tax rules to which it is subject and continually assesses the potential impact of measures announced as part of the OECD's 'Base Erosion and Profit Shifting'.

The Group is also subject to withholding tax on remittances from overseas investments. From time to time tax rules and treaties change and this can impact the amount of tax the Group has to withhold and pay on such remittances.

The Group takes a considered view of changes to tax legislation, considers a range of potential outcomes, and models the potential financial impact of those outcomes. The Group holds tax provisions in respect of potential challenge to historical arrangements, on which there are no current ongoing investigations. However, the inherent uncertainty regarding these items means that any eventual resolution could differ from the accounting estimates and therefore impact the Group's results and future cash flows.

Equity option liabilities

The valuation of equity option liabilities held over own equity, of £12.6m (2016: £20.6m), requires management to estimate the fair value of the liabilities to be settled in future years to acquire non-controlling interests in subsidiary companies. The liabilities are to be settled based on a multiple of future years' EBITDA. The EBITDA estimates are based on the latest budgeted information grown in line with projected GDP growth rates for the countries in which the subsidiaries operate. The valuation of the equity option liabilities is highly sensitive to changes to forecast results, given that the equity options are based on multiples of 7.5x-12.5x EBITDA. A £100,000 movement in EBITDA in the relevant period could therefore result in up to a £1,250,000 movement in the equity option liability valuation.

3 Segmental information

The Group has identified reportable segments based on financial information used by the Senior Operating Board in allocating resources and making strategic decisions. The Senior Operating Board (consisting of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Strategy Director and HR Director) is considered to be the Group's Chief Operating Decision Maker. The Group evaluates performance on the basis of headline profit or loss before tax.

The Group's reportable segments are operational business units and groups of events that are managed separately, either based on geographic location or as portfolios of events. During the year the Group has made changes to the reportable segments, adding a new Brands segment, which includes our Africa Oil Week, Breakbulk and Moda portfolios and is managed by the Brands Managing Director. This replaces the Rest of the World segment reported in the prior year, which also previously included central costs and other unallocated costs that are now presented separately, as a reconciling segment.

The products and services offered by each business unit are identical across the Group. The revenue and headline profit before tax are attributable to the Group's one principal activity, the organisation of trade exhibitions, conferences and related activities and can be analysed by operating segment as follows:

Year ended 30 September 2017	**Asia £000**	**Brands £000**	**Central Asia £000**	**Eastern & Southern Europe £000**	**Russia £000**	**Total Group £000**
Revenue	**23,777**	**18,704**	**21,736**	**17,041**	**71,365**	**152,623**
Segment headline profit before tax	**6,885**	**5,374**	**6,541**	**4,766**	**26,339**	**49,905**
Unallocated costs						**(18,283)**
Headline profit before tax						**31,622**
Adjusting items (note 5)						**(34,785)**
Loss before tax						**(3,163)**
Tax						**(3,252)**
Loss after tax						**(6,415)**

3 Segmental information continued

The revenue in the year of £152.6m includes £0.3m (2016: £0.4m) of barter sales. No individual customer amounts to more than 10% of Group revenues.

Unallocated costs include:

- other income;
- head office costs;
- unallocated TAG costs of £1.3m;
- foreign exchange gains and losses on translation of monetary assets and liabilities held in Group subsidiary companies that are denominated in currencies other than the functional currency of the subsidiaries; and
- net finance costs.

The Group's share of profits from associates and joint ventures, capital expenditure and amortisation and depreciation can be analysed by operating segment as follows:

Year ended 30 September 2017	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	Total Group £000
Share of results of associates and joint ventures						
Share of results before tax	**5,095**	**–**	**–**	**–**	**1,415**	**6,510**
Tax	**(1,173)**	**–**	**–**	**–**	**(331)**	**(1,504)**
Share of results after tax	**3,922**	**–**	**–**	**–**	**1,084**	**5,006**
Capital expenditure						
Segment capital expenditure	**885**	**10**	**47**	**261**	**98**	**1,301**
Unallocated capital expenditure						**1,835**
						3,136
Depreciation and amortisation						
Segment depreciation and amortisation	**4,567**	**5,166**	**566**	**3,815**	**959**	**15,073**
Unallocated depreciation and amortisation						**1,253**
						16,326

The impairment charges recognised in respect of goodwill, intangible assets and investments in associates and joint ventures can be analysed by operating segment as follows:

	2017 £000	2016 £000
Asia	**8,235**	25,273
Brands	**3,547**	–
Eastern & Southern Europe	**2,494**	–
Russia	**–**	1,236
	14,276	26,509

The Group's assets and liabilities can be analysed by operating segment as follows:

30 September 2017	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	Total Group £000
Assets						
Segment assets	**116,002**	**56,156**	**13,063**	**27,373**	**68,813**	**281,407**
Unallocated assets						**17,894**
						299,271
Liabilities						
Segment liabilities	**(63,022)**	**(9,369)**	**(5,359)**	**(9,079)**	**(33,300)**	**(120,129)**
Unallocated liabilities						**(88,820)**
						(208,949)
Net assets						**90,322**

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Notes to the Consolidated Accounts continued

For the year ended 30 September 2017

3 Segmental information continued

The comparative period segmental information has been restated to reflect the changes made to the operating segments in the current year.

Year ended 30 September 2016 (restated)	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	Total Group £000
Revenue	17,102	24,385	21,980	19,337	51,618	134,422
Segment headline profit before tax	5,523	10,987	6,997	5,593	19,767	48,867
Unallocated costs						(12,363)
Headline profit before tax						36,504
Adjusting items (note 5)						(40,599)
Loss before tax						(4,095)
Tax						(3,076)
Loss after tax						(7,171)

Year ended 30 September 2016 (restated)	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	Total Group £000
Share of results of associates and joint ventures						
Share of results before tax	4,443	–	–	(23)	208	4,628
Tax	(1,041)	–	–	5	(42)	(1,078)
Share of results after tax	3,402	–	–	(18)	166	3,550
Capital expenditure						
Segment capital expenditure	253	14	58	100	722	1,147
Unallocated capital expenditure						1,272
						2,419
Depreciation and amortisation						
Segment depreciation and amortisation	3,309	5,050	611	4,674	2,458	16,102
Unallocated depreciation and amortisation						1,089
						17,191

The Group's assets and liabilities can be analysed by operating segment as follows:

30 September 2016 (restated)	Asia £000	Brands £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	Total Group £000
Assets						
Segment assets	102,219	73,279	12,021	43,962	46,921	278,402
Unallocated assets						12,662
						291,064
Liabilities						
Segment liabilities	(59,994)	(17,483)	(4,202)	(10,084)	(25,962)	(117,725)
Unallocated liabilities						(76,977)
						(194,702)
Net assets						96,362

3 Segmental information continued

Geographical information

Information about the Group's revenue by origin of sale and non-current assets by geographical location are detailed below:

	Revenue		Non-current assets[1]	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Asia	**26,133**	23,619	**89,948**	84,995
Central Asia	**13,073**	11,946	**4,250**	5,012
Eastern & Southern Europe	**15,032**	20,185	**22,617**	33,628
Russia	**52,340**	33,647	**28,783**	27,219
Rest of the World	**46,045**	45,025	**60,636**	68,908
	152,623	134,422	**206,234**	219,762

1 Non-current assets exclude deferred tax assets.

4 Operating profit

Operating profit is stated after charging/(crediting):

	2017 £000	2016 £000
Staff costs (note 8)	**42,410**	31,728
Depreciation of property, plant and equipment (note 15)	**1,135**	816
Amortisation of intangible assets included within administrative expenses (note 14)	**15,191**	16,375
Impairment of goodwill (note 12)	**11,204**	24,650
Impairment of acquired intangible assets (note 14)	**1,381**	–
Impairment of investments in associates and joint ventures (note 18)	**1,691**	1,859
Loss/(profit) on disposal of investments (note 17)	**3,712**	(1,498)
Operating lease rentals – land and buildings (note 27)	**2,128**	2,180
Net gain on derivative financial instruments – cash flow hedges (notes 6 and 7)	**–**	(107)
Gain on derivative financial instruments – equity options (note 6)	**(4,839)**	(6,940)
Foreign exchange gain on operating activities	**(337)**	(1,956)

Auditor's remuneration

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

	2017 £000	2016 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**279**	250
Fees payable to the Company's auditors and its associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	**80**	75
Total audit fees	**359**	325
– Other services pursuant to legislation (Interim review)	**47**	45
– Tax services	**–**	27
– Treasury policy review	**–**	26
Total non-audit fees	**47**	98
	406	423

Details on the Group's policy on the use of the auditor for non-audit services, the reasons why the auditors were used rather than another supplier and how the auditors' independence and objectivity was safeguarded are set out in the Audit Committee Report on page 48.
No services were provided pursuant to contingent fee arrangements.

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5 Adjusting items

	2017 £000	2016 £000
Operating items		
Amortisation of acquired intangible assets (note 14)	**14,069**	15,468
Impairment of goodwill (note 12)	**11,204**	24,650
Impairment of intangible assets (note 14)	**1,381**	–
Impairment of investments in associates and joint ventures (note 18)	**1,691**	1,859
Transaction costs on completed and pending acquisitions	**406**	330
Restructuring costs	**4,982**	–
Loss/(profit) on disposal of investments (note 17)	**3,712**	(1,498)
Tax on income from associates and joint ventures	**1,504**	1,078
Total operating items	**38,949**	41,887
Financing items		
Revaluation of liabilities on completed acquisitions	**(4,164)**	(1,288)
Total adjusting items	**34,785**	40,599

The adjusting items are discussed in the Chief Financial Officer's Statement on pages 19 to 20.

6 Investment revenue

	2017 £000	2016 £000
Interest receivable from bank deposits	**688**	385
Gain on revaluation of equity options	**4,839**	6,940
Gain on cash flow hedges	**–**	169
Gain on revaluation of deferred and contingent consideration	**503**	–
	6,030	7,494

7 Finance costs

	2017 £000	2016 £000
Interest on bank loans	**2,512**	2,403
Bank charges	**1,312**	1,141
Loss on revaluation of deferred and contingent consideration	**–**	3,094
Loss on cash flow hedges	**–**	62
Imputed interest charge on discounted equity option liabilities	**1,178**	2,558
	5,002	9,258

8 Staff costs

	2017 Number	2016 Number
The average monthly number of employees (including Directors) was:		
Administration	**353**	402
Technical and sales	**1,040**	938
	1,393	1,340

	2017 £000	2016 £000
Their aggregate remuneration comprised:		
Wages and salaries	**35,179**	26,422
Social security costs	**5,765**	4,257
Other staff benefits	**440**	446
Defined contribution pension contributions	**808**	213
Share-based payments	**218**	390
	42,410	31,728

The defined contribution pension contributions relate to the schemes in multiple regions around the Group.

Details of audited Directors' remuneration are shown in the Annual Report on Remuneration on pages 62 to 72.

9 Tax on profit on ordinary activities

Analysis of tax charge for the year:

	2017 £000	2016 £000
Group taxation on current year result:		
UK corporation tax charge/(credit) on result for the year	**(249)**	820
Adjustment to UK tax in respect of previous years	**(49)**	(8)
	(298)	812
Overseas tax – current year	**7,402**	5,721
Overseas tax – previous years	**675**	(39)
	8,077	5,682
Current tax	**7,779**	6,494
Deferred tax		
Origination and reversal of timing differences:		
Current year	**(3,457)**	(3,218)
Prior year	**(1,070)**	(200)
	(4,527)	(3,418)
	3,252	3,076

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

	2017 £000	2016 £000
Loss on ordinary activities before tax	**(3,163)**	(4,095)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.5% (2016: 20.0%)	**(617)**	(819)
Effects of:		
Expenses not deductible for tax purposes	**407**	247
Loss on sale of investments	**724**	–
Permanent differences	**128**	(59)
Increase in uncertain contingencies	**920**	303
Tax effect of equity options and deferred/contingent consideration	**(809)**	(491)
Impairment of goodwill	**2,678**	5,302
Tax effect of amortisation of intangibles	**(801)**	(755)
Deferred tax asset not recognised	**1,208**	674
Withholding tax and other irrecoverable tax	**231**	533
Deferred tax provision on repatriation of overseas profits	**829**	49
Tax charge in respect of previous period	**(444)**	(248)
Reduction in DT rate from 19% to 17%	**297**	42
Effect of different tax rates of subsidiaries in other jurisdictions	**(524)**	(1,006)
Associate tax	**(975)**	(696)
	3,252	3,076

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

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Notes to the Consolidated Accounts continued

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9 Tax on profit on ordinary activities continued

	2017 £000	2016 £000
Tax relating to components of comprehensive income:		
Cash flow gains – current	**–**	262
Cash flow (losses)/gains – deferred	**(222)**	1,407
	(222)	1,669
Tax relating to amounts (charged)/credited to equity:		
Share options – current	**–**	(84)
Share options – deferred	**(12)**	68
	(12)	(16)
	(234)	1,653

10 Dividends

	2017			2016		
	Per share p	**Settled in cash £000**	**Settled in scrip £000**	Per share p	Settled in cash £000	Settled in scrip £000
Amounts recognised as distributions to equity holders in the year:						
Final dividend in respect of the prior year	**3.0**	**5,350**	**2,497**	4.9	12,436	–
Interim dividend in respect of the current year	**1.5**	**3,328**	**686**	1.5	3,158	720
	4.5	**8,678**	**3,183**	6.4	15,594	720

The Directors are proposing a final dividend for the year ended 30 September 2017 of 2.5p per ordinary share, a distribution of approximately £6.7m. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 2,783,585 (2016: 2,869,603) ordinary shares representing 1.0% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

11 Earnings per share

The calculation of basic, diluted, headline basic and headline diluted earnings per share is based on the following numbers of shares and earnings:

	2017 No. of shares (000)	2016 No. of shares (000)
Weighted average number of shares:		
For basic earnings per share	**263,241**	255,598
Effect of dilutive potential ordinary shares	**309**	79
For diluted and headline diluted earnings per share	**263,550**	255,677

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share are based on the loss for the financial year attributable to equity holders of the Parent of £8.2m (2016: loss of £9.3m). Basic and diluted earnings per share were (3.1)p (2016: (3.6)p).

11 Earnings per share continued

Headline diluted earnings per share

Headline diluted earnings per share is intended to provide a consistent measure of Group earnings on a year-on-year basis and is 8.1p per share (2016: 10.7p). Headline basic earnings per share is 8.2p (2016: 10.7p).

	2017 £000	2016 £000
Loss for the financial year attributable to equity holders of the parent	**(8,246)**	(9,327)
Amortisation of acquired intangible assets	**14,069**	15,468
Tax effect of amortisation of acquired intangible assets	**(3,559)**	(2,905)
Impairment of goodwill	**11,204**	24,650
Impairment of acquired intangible assets	**1,381**	–
Impairment of investments in associates and joint ventures	**1,691**	1,859
Transaction costs on completed and pending acquisitions	**406**	330
Restructuring costs	**4,982**	–
Loss/(profit) on disposal of investments	**3,712**	(1,498)
Revaluation of liabilities on completed acquisitions	**(4,164)**	(1,288)
Headline earnings attributable to owners of the Company for the financial year after tax	**21,476**	27,289

12 Goodwill

	Goodwill £000
Cost	
At 1 October 2015	77,219
Additions through business combinations	35,431
Foreign exchange	14,999
At 30 September 2016	**127,649**
Additions through business combinations (note 13)	**9,782**
Disposal (note 17)	**(3,307)**
Foreign exchange	**(1,097)**
At 30 September 2017	**133,027**
Accumulated impairment losses	
At 1 October 2015	(4,729)
Impairment	(24,650)
Foreign exchange	(415)
At 30 September 2016	**(29,794)**
Impairment	**(11,204)**
Foreign exchange	**537**
At 30 September 2017	**(40,461)**
Net book value	
At 30 September 2017	**92,566**
At 30 September 2016	97,855

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

	2017 £000	2016 (restated) £000
Asia	**28,519**	25,506
Brands	**23,630**	26,411
Central Asia	**3,961**	4,181
Eastern & Southern Europe	**13,189**	19,823
Russia	**23,267**	21,934
	92,566	97,855

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Notes to the Consolidated Accounts continued

For the year ended 30 September 2017

12 Goodwill continued

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, projected future cash flows and growth rates.

Management estimates discount rates that reflect the current market assessments of the time value of money and risks specific to the CGUs. The pre-tax discount rates applied to the CGUs are between 10% and 28% (2016: 10% and 31%). The large variance in discount rates applied reflects the differences in risks inherent in the regions in which the CGUs operate.

The Group prepares cash flow forecasts based upon the most recent one-year financial plans approved by the Board and extrapolates the planned cash flows. Central costs are allocated to the CGUs to the extent that they are considered to contribute to the cash inflow generation of the CGUs. The allocation has increased in the year, reflecting the shift to a more centralised operating model. Growth rates beyond the detailed plans are based on IMF forecasts of GDP growth rates in the local markets, with management judgements applied to the first three years. These growth rates, of between 1% and 8% (2016: between 1% and 8%), do not exceed the long-term growth rates for the economies in which these business operate.

Individually significant CGUs

India

The India CGU has goodwill and intangible assets with a carrying value of £24.0m. The intangible assets for the Indian business have a finite useful life and are amortised in accordance with the Group's amortisation policy disclosed in note 2. The recoverable amount of the goodwill and intangible assets was determined using the value in use calculation using the following information:

- Cash flow forecasts based on the 2018 financial plan approved by the Board which assumes exchange rates at September 2017 levels.
- These forecasts are extrapolated based on assumed long-term growth rate for the Indian business of 7.9%, based on IMF forecasts of GDP growth in India.
- A pre-tax discount rate of 16.1%.

Using the above methodology, the total carrying value exceeded the recoverable amount by £6.0m resulting in the need to recognise an impairment. Recent trading has improved, but refinements to our value in use calculations, when coupled with existing low headroom, has resulted in an impairment. The refinements included an increase in the allocation of central costs to the CGU, reflecting the shift to a more centralised operating model, together with an update to the discount rate methodology. Headroom was limited due to the impairment of the goodwill and intangible assets to their value in use in the prior period.

Breakbulk

The Breakbulk CGU has goodwill and intangible assets with a carrying value of £28.0m. The intangible assets for the Breakbulk business have a finite useful life and are amortised in accordance with the Group's amortisation policy disclosed in note 2. The recoverable amount of the goodwill and intangible assets was determined using the value in use calculation using the following information:

- Cash flow forecasts based on the 2018 financial plan approved by the Board which assumes exchange rates at September 2017 levels.
- These forecasts are extrapolated based on assumed long-term growth rate for the Breakbulk business of 1.7%, based on IMF forecasts of GDP growth in Belgium and the US, the markets in which the CGU's largest events are typically held each year.
- A pre-tax discount rate of 10.2%.

Using the above methodology, the recoverable amount exceeded the total carrying value by £5.3m. Sensitivity analysis has been carried out considering reasonably possible changes to the discount rate and the forecast cash flows as outlined below. A 2% increase in the discount rate would decrease the value in use of the Breakbulk CGU by £6.1m, which would result in a potential impairment of £0.8m. A reasonably possible change in the forecast cash flows would not result in the need to recognise an impairment charge.

Impairment of goodwill

India

As noted above, an impairment loss of £6.0m has been recognised in the Consolidated Income Statement in respect of goodwill in India, within the Asia segment.

Turkey

An impairment loss of £2.5m has been recognised in the Consolidated Income Statement in respect of goodwill in Turkey, within the Eastern & Southern Europe segment. Recent trading has improved in Turkey, but refinements to our value in use calculations, discussed above, when coupled with existing low headroom have resulted in an impairment being recognised. Prior to the refinements, headroom at the Turkey CGU was lower as a result of the adverse macro-economic and geopolitical conditions the country has faced in recent years.

Africa Oil Week (AOW)

An impairment loss of £3.5m has been recognised in the Consolidated Income Statement in respect of goodwill (£2.4m) and intangible assets (£1.1m) in AOW, within the Brands segment. The impairment loss in AOW is also as a result of the refinements made to our value in use calculations. Headroom at the CGU was lower prior to the methodology changes, following the significant downturn in the oil price in 2015 which adversely affected our AOW oil show in South Africa. The event runs annually in October and the edition that ran last month exceeded management's expectations.

12 Goodwill continued

China

An impairment loss of £0.6m has been recognised in the Consolidated Income Statement in respect of goodwill (£0.3m) and intangible assets (£0.3m) in China, within the Asia segment. This arose due to the cessation of trading at The Hub during the year, resulting in the write off in full of the carrying value of the goodwill and intangible assets held.

The Group's annual impairment review identified no impairments at any other CGU.

Sensitivity to changes in assumptions

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

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

The sensitivity analysis shows that no further impairment would result from either an increase in the discount rates or a decrease in forecast cash flows in any CGU other than in those CGUs disclosed above which have had their headroom impaired to nil and at the Breakbulk CGU, as discussed above.

13 Goodwill acquired through business combinations

Gehua

On 9 December 2016, ITE's wholly-owned subsidiary, ITE Asia Exhibitions Limited, acquired a 70% holding in ITE Gehua Exhibitions Co Ltd (Gehua), a company incorporated in Shanghai, for consideration of £10.8m.

Gehua is a Shanghai-based business, founded in 2001, that runs a portfolio of complementary exhibitions in China spanning Textile and Clothing, Auto Parts and Accessories, Mechanical Equipment, Gifts, and Food – attracting both domestic and international exhibitors and visitors.

During the period the Group incurred transaction costs on the Gehua acquisition of £0.1m, which are included within administrative expenses.

Details of the fair values of the net assets acquired, and the goodwill arising, are presented as follows:

	Fair value £000
Assets acquired	
Intangible assets – customer relationships	**4,451**
Intangible assets – trademarks	**2,983**
Trade and other receivables	**1,811**
Cash and cash equivalents	**343**
Current liabilities	**(2,058)**
Deferred tax liabilities	**(1,859)**
	5,671
Non-controlling interest	**(4,636)**
Net assets acquired	**1,035**
Goodwill arising on acquisition	**9,782**
Total cost of acquisition	**10,817**
Satisfied by	
Cash consideration	**5,951**
Share consideration	**3,500**
Contingent consideration	**1,366**
	10,817
Net cash outflow arising on acquisition	
Cash consideration paid	**5,951**
Cash and cash equivalents acquired	**(343)**
	5,608

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13 Goodwill acquired through business combinations continued

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

Goodwill arising on acquisition of £9.8m reflects the strategic value in increasing the Group's presence in China and the expected synergies with the Group's existing industry sectors and Chinese operations. None of the acquired goodwill and intangibles are expected to qualify for tax deductions in the UK.

The acquired business has contributed £3.0m to Group revenue and a profit of £1.0m since acquisition. If the acquisition had occurred on 1 October 2016 it would have contributed £4.3m to revenue and £1.7m to profit.

14 Other intangible assets

	Customer relationships £000	Trademarks and licences £000	Visitor databases £000	Computer software £000	Total £000
Cost					
At 1 October 2015	94,560	24,077	448	5,714	124,799
Additions through business combinations	6,152	7,982	–	9	14,143
Additions	–	–	–	1,156	1,156
Disposals	–	–	–	(60)	(60)
Foreign exchange	11,142	4,138	85	(145)	15,220
At 30 September 2016	**111,854**	**36,197**	**533**	**6,674**	**155,258**
Additions through business combinations (note 13)	**4,451**	**2,983**	**–**	**–**	**7,434**
Additions	**–**	**–**	**–**	**1,396**	**1,396**
Disposals	**(36,069)**	**(6)**	**–**	**(15)**	**(36,090)**
Foreign exchange	**(1,210)**	**(664)**	**(98)**	**3**	**(1,969)**
At 30 September 2017	**79,026**	**38,510**	**435**	**8,058**	**126,029**
Amortisation					
At 1 October 2015	45,675	10,225	232	3,354	59,486
Additions through business combinations	–	–	–	6	6
Charge for the year	11,116	4,291	61	907	16,375
Disposals	–	–	–	(58)	(58)
Foreign exchange	6,915	1,835	51	(168)	8,633
At 30 September 2016	**63,706**	**16,351**	**344**	**4,041**	**84,442**
Charge for the year	**10,042**	**3,968**	**58**	**1,123**	**15,191**
Impairments	**91**	**1,290**	**–**	**–**	**1,381**
Disposals	**(36,069)**	**(6)**	**–**	**(6)**	**(36,081)**
Foreign exchange	**(427)**	**(280)**	**(67)**	**3**	**(771)**
At 30 September 2017	**37,343**	**21,323**	**335**	**5,161**	**64,162**
Net book value					
At 30 September 2017	**41,683**	**17,187**	**100**	**2,897**	**61,867**
At 30 September 2016	48,148	19,846	189	2,633	70,816

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

The additions to customer relationships and trademarks and licences through business combinations of £7.4m relate to the purchase of Gehua. The intangible assets acquired during the year are amortised in accordance with the Group's amortisation policy for intangible assets as detailed in note 2.

Included in disposals for the year are assets written off with nil net book value that are not expected to generate any future economic benefits. All of these assets written off were acquired in 2010 or earlier.

15 Property, plant and equipment

	Leasehold land and buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 October 2015	1,347	4,615	5,962
Additions through business combinations	162	693	855
Additions	471	792	1,263
Disposals	(77)	(212)	(289)
Foreign exchange	145	353	498
At 30 September 2016	**2,048**	**6,241**	**8,289**
Additions	**440**	**1,300**	**1,740**
Disposals	**(80)**	**(184)**	**(264)**
Foreign exchange	**5**	**(112)**	**(107)**
At 30 September 2017	**2,413**	**7,245**	**9,658**
Depreciation			
At 1 October 2015	1,031	3,223	4,254
Additions through business combinations	129	449	578
Charge for the year	141	675	816
Disposals	(29)	(150)	(179)
Foreign exchange	72	279	351
At 30 September 2016	**1,344**	**4,476**	**5,820**
Charge for the year	**257**	**878**	**1,135**
Disposals	**(7)**	**(28)**	**(35)**
Foreign exchange	**(4)**	**(41)**	**(45)**
At 30 September 2017	**1,590**	**5,285**	**6,875**
Net book value			
At 30 September 2017	**823**	**1,960**	**2,783**
At 30 September 2016	704	1,765	2,469

16 Subsidiaries

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

17 Disposal of subsidiaries

On 1 April 2017 the Group disposed of its interest in ITE Germany GmbH ('GiMA').

The net assets of GiMA at the date of disposal were as follows:

	£000
Attributable goodwill	**3,307**
Cash and cash equivalents	**125**
Other net assets	**280**
Loss on disposal	**3,712**
Total consideration	**128**

Satisfied by:	
Cash and cash equivalents	**128**
Net cash inflow arising on disposal:	
Consideration received in cash and cash equivalents	**128**
Less: cash and cash equivalents disposed of	**(125)**
	3

There were no disposals of subsidiaries made in 2016.

The loss on disposal is included in the profit for the year from continuing operations.

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17 Disposal of subsidiaries continued

Events previously operated by ITE in Turkmenistan were licensed to a third party with effect from 1 March 2017 and from that date are no longer included in revenues or costs. The license fee revenue arising from the arrangement will be recognised once the contractual requirements of the license agreement have been fulfilled. These events have been included within disposed of events for the purposes of presenting like-for-like results, as defined on page 1.

18 Interests in associates and joint ventures

Associates and joint ventures

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

	Total £000
At 1 October 2016	**45,677**
Investments	**220**
Share of results of associates and joint ventures	**5,007**
Dividends received	**(3,831)**
Foreign exchange	**88**
Impairment	**(1,691)**
At 30 September 2017	**45,470**

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

During the year the Group increased its investment in its joint venture, ECMI, by £0.2m. The Group received dividends from Sinostar of approximately £3.5m, from ITE MF of approximately £0.3m and from ECMI of approximately £0.1m.

The carrying value of interests in associates and joint ventures have been assessed for impairment at the year end. The recoverable amounts of each investment were determined from value in use calculations, using assumptions consistent with those applied in the goodwill and intangible assets impairment review detailed in note 12. The review resulted in an impairment charge of £1.7m being recognised on the interest held in our Indonesian joint venture, due to uncertainties regarding the future trading performance of the business.

18 Interests in associates and joint ventures continued

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

Results of joint ventures at 100% share

	2017 £000	2016 £000
Cash and cash equivalents	**15,753**	12,416
Current assets	**2,574**	2,656
Non-current assets	**39**	53
Total assets	**18,366**	15,125
Current liabilities	**(18,818)**	(15,713)
Non-current liabilities	**(42,989)**	(45,598)
Total liabilities	**(61,807)**	(61,311)
Revenue	**13,920**	12,098
Interest income	**19**	119
Depreciation and amortisation	**(108)**	(16)
Profit from continuing operations	**9,503**	7,445
Tax expense	**(2,548)**	(2,148)
Profit from continuing operations after tax	**6,955**	5,297
Total comprehensive income	**6,955**	5,297

The Group's non-material joint ventures have an aggregate profit after tax from continuing operations and total comprehensive income of £2.8m (2016: £1.2m), at a 100% share.

The Group's non-material associates have an aggregate profit after tax from continuing operations and total comprehensive income of £nil (2016: £0.1m), at a 100% share.

19 Current assets and non-current assets

Current assets

	2017 £000	2016 £000
Trade and other receivables		
Trade receivables	**44,133**	32,499
Other receivables	**3,917**	3,634
Venue advances and prepayments	**2,580**	3,322
Prepayments and accrued income	**10,795**	11,155
	61,425	50,610
Taxation prepayments	**2,880**	2,115

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

Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	**23,321**	15,508

The cash at bank and in hand comprises cash held by the Group and short-term deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value. The cash balance is represented by £1.0m of Sterling, £2.2m of Euros, £3.6m of US Dollars, £2.0m of Russian Rubles, £7.9m of Indian Rupees and £6.6m of other currencies. Surplus funds are placed on short-term deposit with floating interest rates.

Non-current assets

Venue advances and prepayments – non-current

	2017 £000	2016 £000
Venue advances and prepayments – non-current	**3,548**	2,945

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19 Current assets and non-current assets continued

Total venue advances and prepayments

The venue advances and prepayments of £3.5m due after one year are all due within five years (2016: £2.9m due within five years). The venue advances repayable in cash are measured at fair value. The venue prepayments are held at cost. All venue advances are stated net of allowance for doubtful receivables. The venue advances and prepayments are analysed as follows:

	2017 £000	2016 £000
Venue advances		
Denominated in US Dollars	**123**	862
Venue prepayments		
Denominated in Russian Rubles	**5,351**	4,612
Denominated in US Dollars	**275**	–
Denominated in Euros	**58**	58
Denominated in other currencies	**321**	735
	6,005	5,405
Total venue advances and prepayments	**6,128**	6,267

20 Bank borrowings

During the year the Group's multi-currency revolving credit facility reduced to £86.0m (30 September 2016: £93.0m), committed through to 31 March 2019. The facility amortises by £7.0m in June 2018. The facility was secured by a guarantee between a number of Group companies.

The Group's borrowings were arranged at floating interest rates, thus exposing the Group to interest rate risk. Drawdowns under the facility bear interest at interbank rates of interest plus a margin of between 2.15% and 2.65%. The Group took out interest rate swaps during the prior period, totalling £40.0m, which reduced the exposure to fluctuations in interest rates. Refer to note 23 for further details. During the year ended 30 September 2017, the average interest rate on the Group's borrowings approximated 3.0% (2016: 2.8%).

The total drawdowns under the facility of £72.9m at 30 September 2017 were denominated in Sterling (£71.0m) (2016: £73.0m) and US Dollars (£1.9m) (2016: £1.6m). The Directors estimate that the carrying value of the borrowings approximates their fair value. At 30 September 2017 the Group had £13.1m (2016: £18.4m) of undrawn committed facilities.

On 22 November 2017 a refinancing of the Group's external debt facility was completed. Refer to note 30 for further details.

21 Trade and other payables

	2017 £000	2016 £000
Trade payables	**2,595**	2,699
Taxation and social security	**6,191**	2,776
Other payables	**5,715**	3,469
Accruals	**9,712**	8,075
Deferred consideration	**953**	1,654
Contingent consideration	**–**	2,171
	25,166	20,844
Deferred income	**82,591**	61,918

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying value of trade payables approximates their fair value.

Included within 'Taxation and social security' is a balance of £2.9m relating to provisions in respect of uncertain tax contingencies (2016: £2.0m).

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

	Total £000
At 1 October 2016	**3,825**
Arising on acquisition	**1,366**
Settlement	**(3,722)**
Foreign exchange	**(12)**
Revaluation	**(504)**
At 30 September 2017	**953**

22 Provisions

	National Insurance on share options £000	Leases £000	Other £000	Total £000
At 1 October 2016	**29**	**229**	**171**	**429**
Charged to profit or loss	**32**	**467**	**–**	**499**
Utilised in the year	**(11)**	**(117)**	**–**	**(128)**
At 30 September 2017	**50**	**579**	**171**	**800**
Included in current liabilities				**527**
Included in non-current liabilities				**273**
				800

National Insurance on share options is calculated by reference to the employer's National Insurance cost on the potential gain based on the difference between the exercise price and share price for those share options where the share price exceeds the exercise price at 30 September 2017.

The lease provision relates to the spreading of a reduced rent period over the full period of the lease and the recognition of onerous leases in respect of unused office space.

23 Financial instruments

Financial assets and liabilities

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in the accounting policies note on pages 89 to 96.

Categories and maturities of financial assets and liabilities

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

30 September 2017 £000	**Carrying amount and fair value**	**Contractual cash flows**	**Less than 1 year**	**1–2 years**	**2–5 years**	**Greater than 5 years**
Non-derivative financial assets						
Cash and cash equivalents	**23,321**	**23,321**	**23,321**	**–**	**–**	**–**
Loans and receivables:						
Trade receivables	**44,133**	**44,133**	**44,133**	**–**	**–**	**–**
Venue advances and prepayments	**6,128**	**6,128**	**2,580**	**–**	**3,548**	**–**
Other receivables	**3,917**	**3,917**	**3,917**	**–**	**–**	**–**
	77,499	**77,499**	**73,951**	**–**	**3,548**	**–**
Non-derivative financial liabilities						
Bank loan and overdrafts	**(72,998)**	**(72,998)**	**(57)**	**(72,941)**	**–**	**–**
Amortised cost:						
Trade payables	**(2,595)**	**(2,595)**	**(2,595)**	**–**	**–**	**–**
Other payables	**(5,715)**	**(5,715)**	**(5,715)**	**–**	**–**	**–**
Accruals	**(9,712)**	**(9,712)**	**(9,712)**	**–**	**–**	**–**
Deferred consideration	**(953)**	**(953)**	**(953)**	**–**	**–**	**–**
Derivative financial liabilities						
Equity option liabilities	**(12,575)**	**(17,382)**	**(2,278)**	**(14,468)**	**(636)**	**–**
Interest rate swaps	**(40)**	**(40)**	**(33)**	**(7)**	**–**	**–**
Foreign currency forward contracts	**(2,285)**	**(23,407)**	**(15,346)**	**(8,061)**	**–**	**–**
	(106,873)	**(132,802)**	**(36,689)**	**(95,447)**	**(636)**	**–**

The Group seeks to minimise the effects of foreign currency and interest rate risks by using derivative financial instruments to hedge the risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board. Compliance with policies and exposure limits is reviewed by the Board on a continuous basis. The Group does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

The Fasteners and Scoop equity option liabilities have not been discounted as the effect is not material. The options held in respect of ECMI and Debindo are valued at £nil.

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23 Financial instruments continued

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair value due to the short maturity of the instruments.

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

Fair value hierarchy

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

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measured using inputs, other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data.

30 September 2017	**Fair value £000**	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**
Liabilities measured at fair value				
Foreign currency forward contracts	**2,285**	**–**	**2,285**	**–**
Interest rate swaps	**40**	**–**	**40**	**–**
Equity options	**12,575**	**–**	**–**	**12,575**
Total	**14,900**	**–**	**2,325**	**12,575**

23 Financial instruments continued

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

Level 1 financial instruments are valued based on quoted bid prices in an active market. Level 2 financial instruments are measured by discounted cash flow. For interest rate swaps future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the various counterparties. For foreign exchange contracts future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the various counterparties. For equity instruments that are classified as Level 3 financial instruments the carrying value approximates to fair value.

For the Level 3 equity options, these are valued based on a multiple as contractually agreed of forecast future EBITDA for each relevant option. The key unobservable inputs relate to the EBITDA multiple (ranging from 7.5x to 12.5x) and the forecast future EBITDA for each entity.

Level 3 reconciliation of equity options

	£000
At 1 October 2016	**20,571**
Credit to Consolidated Income Statement (within investment revenue and finance costs)	**(3,661)**
Foreign exchange	**242**
Settlement	**(4,577)**
At 30 September 2017	**12,575**

All Level 3 amounts credited to the Consolidated Income Statement in the year are attributable to the change in unrealised gains or losses relating to those liabilities held at the end of the reporting period.

The Level 3 inputs are highly sensitive to the EBITDA forecasts. Given that the EBITDA multiples range from 7.5x to 12.5x, a movement in the forecast EBITDA results for the relevant period could have a significant impact on the equity option valuation.

Financial risk management
In the course of its business, the Group is exposed to a number of financial risks: market risk (including foreign currency and interest rate), credit risk, liquidity risk and capital risk. This note presents the Group's exposure to each of the above risks. The Group's objectives, policies and processes for measuring and managing risks can be found in the Strategic Report on pages 1 to 35.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established policies to identify and analyse risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Market risk management
Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into derivative financial instruments to manage its exposure to both. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management
The Group undertakes certain transactions denominated in foreign currencies and therefore exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts.

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23 Financial instruments continued

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Financial assets

	2017 £000	2016 £000
EUR	**10,699**	8,193
GBP	**3,946**	4,734
USD	**7,498**	5,629
RUB	**20,173**	14,981
INR	**16,840**	12,378
Other	**18,342**	11,993
	77,498	57,908

Financial liabilities

	2017 £000	2016 £000
EUR	**2,750**	5,776
GBP	**79,316**	83,448
USD	**1,405**	2,433
RUB	**3,087**	327
INR	**14,673**	14,417
Other	**5,643**	10,504
	106,874	116,905

Foreign currency sensitivity analysis

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

2017 (£000)	**USD**	**EUR**	**RUB**	**INR**	**OTHER**
Monetary assets	**7,498**	**10,699**	**20,173**	**16,840**	**22,288**
Monetary liabilities	**(1,405)**	**(2,750)**	**(3,087)**	**(14,673)**	**(84,959)**
Net monetary assets / (liabilities)	**6,093**	**7,949**	**17,086**	**2,167**	**(62,671)**
Currency Impact					
Profit before tax gain/(loss)	**531**	**625**	**6**	**(1,389)**	**(53)**
Equity gain	**78**	**170**	**1,703**	**1,606**	**886**

2016 (£000)	USD	EUR	RUB	INR	OTHER
Monetary assets	5,629	8,193	14,981	12,378	16,727
Monetary liabilities	(2,433)	(5,776)	(327)	(14,417)	(93,952)
Net monetary (liabilities) / assets	3,196	2,417	14,654	(2,039)	(77,225)
Currency Impact					
Profit before tax (loss) / gain	322	312	(16)	(1,362)	(136)
Equity gain / (loss)	(3)	(70)	1,481	1,320	121

The following significant exchange rates versus sterling applied during the year and in the prior year:

	Average		Reporting date	
	2017	2016	**2017**	2016
EUR	**1.15**	1.28	**1.14**	1.16
USD	**1.27**	1.42	**1.34**	1.30
RUB	**75.30**	96.45	**77.35**	82.05

23 Financial instruments continued

Foreign currency forward contracts

As at 30 September 2017 the notional amounts of outstanding foreign currency forward contracts that the Group has committed to amounted to £23.4m (2016: £45.6m). These arrangements are designed to address significant exchange exposures for the next 24 months and are renewed on a revolving basis as required, subject to not committing the Group to less than six months or more than 36 months in the future.

At 30 September 2017, the fair value of these derivatives is estimated to be a net liability of approximately £2.3m (2016: net liability of £3.3m). These amounts are based on market valuations.

Interest rate risk management

As the Group has no significant interest-bearing assets, other than cash, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk through its borrowings at floating interest rates. This risk is managed by the Group by maintaining an appropriate level of floating interest rate borrowings and through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

Interest structure of financial liabilities

	2017 £000	2016 £000
Financial liabilities at variable rates:		
Bank loan and overdrafts	**72,998**	74,604

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

	2017 %	2016 %
GBP	**3.0**	2.8
USD	**3.6**	3.0

Average interest rate applicable to cash balances were 2.7% in 2017 and 1.8% in 2016.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets and financial liabilities at the balance sheet date. With all other variables held constant, the table below demonstrates the sensitivity to a 1% change in interest rates applied to the major currencies of net variable rate assets/liabilities. 1% is the sensitivity rate that represents management's assessment of the reasonably possible change in interest rates.

	USD-denominated		EUR-denominated		GBP-denominated		RUB-denominated		INR-denominated		Other	
£000	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Cash and cash equivalents	**3,596**	2,485	**2,240**	1,521	**954**	1,087	**2,008**	1,319	**7,878**	5,612	**6,644**	3,485
Bank loan and overdrafts	**(1,941)**	(1,526)	**–**	–	**(71,000)**	(73,000)	**–**	–	**–**	–	**(58)**	(78)
Net variable rate assets/(liabilities)	**1,655**	959	**2,240**	1,521	**(70,046)**	(71,913)	**2,008**	1,319	**7,878**	5,612	**6,586**	3,407

	USD-denominated		EUR-denominated		GBP-denominated		RUB-denominated		INR-denominated		Other denominated	
£000	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Profit before tax – gain/(loss)												
+ 1% change in interest rates	**17**	10	**22**	15	**(700)**	719	**20**	(13)	**79**	56	**66**	34
– 1% change in interest rates	**(17)**	(10)	**(22)**	(15)	**700**	(719)	**(20)**	13	**(79)**	(56)	**(66)**	(34)

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23 Financial instruments continued

Interest rate swap contracts

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

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

These arrangements were designed to address significant interest rate exposures over the next 18 months and were expected to affect the Consolidated Income Statement over that time period.

Subsequent to the year end, on completion of the refinancing of the Group's external debt (see note 30), the interest rate swaps have been terminated.

Credit risk management

Credit risk arises because a counterparty may fail to perform its contractual obligations. The Group's principal financial assets are cash and cash equivalents, trade and other receivables, venue advances and derivative financial instruments. The Group considers its maximum exposure to credit risk to be as follows:

	2017 £000	2016 £000
Cash and cash equivalents	**23,321**	15,508
Trade receivables (net of bad debt provision)	**44,133**	32,499
Venue advances and prepayments	**6,128**	6,267
Other receivables	**3,917**	3,634
	77,499	57,908

The Group's credit risk is primarily attributable to its trade and other receivables. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's objective is to ensure all customers have paid before any service is provided to them. The concentration of credit risk is limited due to the customer base being large and unrelated.

The ageing profile of the Group's trade receivables and the details of the Group's allowances for doubtful receivables can be seen below.

The credit risk on liquid funds arises due to where the liquid funds are held. The territories in which ITE operates do not always have banks with high credit ratings assigned by international credit rating agencies such as Moody's and Fitch. The Group aims to minimise the exposure to credit risk by minimising the level of cash held in such banks. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved financial institutions.

Credit rating of financial assets (excluding loans and receivables and derivative assets)

		2017 £000	2016 £000
Investments grade A and above	37%	**8,559**	8,680
Investments grade B and above	50%	**11,598**	4,334
Investments grade C or below or not rated	13%	**3,164**	2,494
	100%	**23,321**	15,508

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

Ageing profile of trade receivables based on event date

	2017 £000	2016 £000
Not past due	**43,066**	30,428
Past due 1–30 days	**574**	870
Past due 31–60 days	**139**	245
Past due 61–90 days	**77**	174
Past due 91–120 days	**154**	144
Past due more than 120 days	**123**	638
	44,133	32,499

23 Financial instruments continued
Management review debtors based on when an event has been held. The Group invoices on receipt of signed contracts, with payments typically due in stages in the lead up to events. Any overdue amounts, after the stage of payment due date, are reviewed and chased.

Trade receivables not past due represent contracts with customers for future events. It therefore includes receivables for events taking place in 2018. Customers are typically due to settle the full contractual amount at least 30 days before an event. The increase in trade receivables not yet due is a result of the increased focus on customer retention and early booking initiatives.

The trade receivables amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience, specific credit issues and their assessment of the current economic environment. Trade receivables consist of a large number of customers spread across diverse industries and geographical areas and the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including default risk of the industry and country, in which the customers operate, has less of an influence on credit risk.

The Group establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade receivables when there is objective evidence that the debt will not be collected in full. The allowance is recognised and measured as the difference between the asset's carrying amount and the present value of future cash flows. Where material, it is discounted at the effective interest rate computed at initial recognition. The main component of this allowance is a specific loss component that relates to individually significant exposure on shows which have taken place but the debt has not been collected in full. This allowance is determined by reference to the specific circumstances of each show and past experience.

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

Allowance for doubtful receivables

	2017 £000	2016 £000
At 1 October	**2,434**	785
Arising on acquisition	**–**	1,181
Allowances made in the period	**2,095**	1,585
Amounts used and reversal of unused amounts	**(86)**	(1,117)
	4,443	2,434

Ageing of impaired receivables

	2017 £000	2016 £000
Past due 0–3 months	**783**	875
Past due 3–6 months	**243**	358
Past due more than 6 months	**3,417**	1,201
	4,443	2,434

No allowance for doubtful receivables relating to venue loans was held in the current year (2016: £nil).

Liquidity risk management
Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. Such risk may result from inadequate market depth or disruption or refinancing problems. Ultimate responsibility for liquidity risk management rests with the Board of Directors. They have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by ensuring continuity of funding for operational needs through cash deposits and debt facilities as appropriate.

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents and bank loan which are disclosed in note 19 and note 20 and equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained earnings as disclosed in note 25 and in the Consolidated Statement of Changes in Equity.

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Notes to the Consolidated Accounts continued

For the year ended 30 September 2017

24 Deferred tax

	Accelerated tax depreciation £000	Intangibles £000	Tax losses £000	Provisions and accruals £000	Hedges £000	Share-based payments £000	Repatriation of profit £000	Total £000
At 1 October 2015	232	(7,153)	459	13	(675)	94	(1,363)	(8,393)
Credit / (charge) to profit or loss	316	2,724	262	233	–	(68)	(48)	3,419
Charge to OCI	–	–	–	–	1,407	–	–	1,407
Charge to equity	–	–	–	–	–	68	–	68
Acquisition of subsidiary	–	(4,665)	–	174	–	–	–	(4,491)
Foreign exchange	–	(1,587)	–	(28)	–	–	–	(1,615)
At 30 September 2016	548	(10,681)	721	392	732	94	(1,411)	(9,605)
Credit / (charge) to profit or loss	**149**	**2,580**	**2,059**	**670**	**–**	**9**	**(829)**	**4,638**
Charge to OCI	**–**	**–**	**–**	**–**	**(222)**	**–**	**–**	**(222)**
Charge to equity	**–**	**(1,858)**	**–**	**–**	**(113)**	**(12)**	**–**	**(1,983)**
Foreign exchange	**–**	**190**	**–**	**(101)**	**–**	**–**	**–**	**89**
At 30 September 2017	**697**	**(9,769)**	**2,780**	**961**	**397**	**91**	**(2,240)**	**(7,083)**

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:

	2017 £000	2016 £000
Deferred tax liabilities	**(12,494)**	(12,675)
Deferred tax assets	**5,411**	3,070
	(7,083)	(9,605)

As at 30 September 2017, the Group has unused tax losses of £19.0m (2016: £12.0m) 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 £33.0m (2016: £13.0m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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

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

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

25 Share capital

	2017 £000	2016 £000
Authorised		
375,000,000 ordinary shares of 1 pence each (2016: 375,000,000)	**3,750**	3,750
Allotted and fully-paid		
269,280,274 ordinary shares of 1 pence each (2016: 262,139,673)	**2,693**	2,621

During the year, the Group issued 2,299,379 shares of 1p each as part of the consideration paid to acquire a 70% shareholding in Gehua (note 13).

During the year, the Group exercised its put option in respect of the acquisition of the final 25% shareholding in Africa Oil Week. The consideration was settled through the allotment and issue of 2,791,120 ordinary shares of 1p each.

25 Share capital continued

The Company announced a scrip dividend alternative for the year ended 30 September 2016 final dividend, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. As a result of this, 1,605,813 new ordinary shares of 1p each were issued. The Company also announced a scrip dividend alternative for the year ended 30 September 2017 interim dividend, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. As a result of this, 444,289 new ordinary shares of 1p each were issued.

The Company has one class of ordinary shares which carry no right to fixed income. At the Extraordinary General Meeting held on 17 November 1998, shareholders approved the establishment of the ITE Group Employee Share Ownership Trust (ESOT). The terms of the ESOT allow the trustees to transfer shares to employees who exercise options under the Company's Share Option Schemes, to grant options to employees and to accumulate shares by buying in the market or subscribing for shares at market value. The ESOT is capable of holding a maximum of 5% of the Company's issued ordinary share capital. The ESOT reserve arises in connection with the 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 end of each financial year.

The ESOT held 2,783,585 shares in ITE Group plc at 30 September 2017 (2016: 2,869,603 shares). During the year 1,908,175 nominal share options under the Employees PSP were granted against ESOT held shares. No shares (2016: none) were purchased for the ESOT. The market value of the ordinary shares held by the ESOT at 30 September 2017 was £5.0m (2016: £4.7m).

The Company has agreed to make available to the ESOT an interest-free loan of up to £12.5m for the purpose of buying shares. At 30 September 2017, the amount of the loan drawn down was £11.6m. The ITE Group plc Company profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2017.

The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. 86,018 options were exercised from ESOT during the year. The total consideration for the options exercised from ESOT was £70,000. 8,249,626 of outstanding options are to be settled by ESOT, so all shares held by the ESOT are under option as at 30 September 2017. Details of the options in issue and their exercise dates can be seen at note 28 to the accounts.

26 Non-controlling interests

	2017 £000	2016 £000
At 1 October	**25,427**	16,361
Non-controlling interest arising on acquisition (note 13)	**4,636**	17,084
Dividends payable to non-controlling interests	**(1,315)**	(1,520)
Acquisition of non-controlling interest	**(7,800)**	(8,654)
Disposal of non-controlling interest	**(127)**	–
Profit on ordinary activities after taxation	**1,831**	2,156
At 30 September	**22,652**	25,427

Summarised financial information in respect of the Group's one subsidiary that has material non-controlling interests, ABEC, is set out below. The summarised financial information below represents amounts before intra-Group eliminations.

	2017 £000	2016 £000
Equity attributable to owners of the Company	**(12,781)**	(12,939)
Non-controlling interests	**16,206**	16,006
Net assets	**3,425**	3,067

	2017 £000	2016 £000
Profit attributable to owners of the Company	**1,132**	630
Profit attributable to the non-controlling interests	**755**	785
Profit for the year	**1,887**	1,415

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Notes to the Consolidated Accounts continued

For the year ended 30 September 2017

27 Operating lease arrangements

The Group has a number of operating leases for which it is a lessee.

	2017 £000	2016 £000
Lease payments under operating leases recognised as an expense in the year:		
Land and buildings	**2,128**	2,180
Venues	**30,068**	26,485

At 30 September 2017 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2017 £000	Venues 2017 £000	Land and buildings 2016 £000	Venues 2016 £000
Within one year	**1,782**	**6,182**	1,846	12,941
Between two and five years	**2,773**	**5,398**	4,285	2,426
After five years	**426**	**–**	254	–
	4,981	**11,580**	6,385	15,367

Operating lease payments for land and buildings represent rentals payable by the Group for its office properties. Leases are negotiated for an average term of two years. Payments for venues represent the non-cancellable amount of contracted venue agreements for future events.

The Group also earned rental income of £0.3m during the year (2016: £0.3m) from sub-letting unused space in the London office.

28 Share-based payments

The Company operates two share option schemes.

Share option plans

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

Performance share plans

The Company operates a Performance Share Plan (PSP) for executives and staff. Awards under the PSP are at an exercise value of 1p. Awards can be made to an employee over shares up to a maximum of 100% of base salary, or 150% for the Chief Executive Officer and 120% for the Chief Financial Officer, each year based on market value. The vesting period is three years and awards are exercisable up to ten years from the date of grant. For conditional awards the vesting is automatic on the satisfaction of performance targets. The options are forfeited if the employee leaves the Group before the options vest. The awards are also subject to a performance target. Further details of the performance targets can be found in the Report on Remuneration on pages 62 to 72.

Details of the share options outstanding as at 30 September 2017 are as follows:

	Number of share options 2017	Weighted average exercise price 2017 (p)	Number of share options 2016	Weighted average exercise price 2016 (p)
Share option plans				
Outstanding at beginning of period	**6,884,299**	**178.5**	6,234,419	185.7
Granted during the period	**–**	**–**	1,350,000	145.9
Lapsed during the period	**(1,320,281)**	**164.1**	(700,120)	179.9
Exercised during the period	**(49,418)**	**143.1**	–	–
	5,514,600	**182.3**	6,884,299	178.5
Performance share plans				
Outstanding at beginning of period	**1,773,745**	**1.0**	2,745,410	1.0
Granted during the period	**1,908,175**	**1.0**	460,750	1.0
Lapsed during the period	**(861,294)**	**1.0**	(1,130,364)	1.0
Exercised during the period	**(36,600)**	**1.0**	(302,051)	1.0
	2,784,026	**1.0**	1,773,745	1.0

The total number of exercisable options in the share option plans is 50,000 and in the performance share plans is 20,230.

28 Share-based payments continued
The weighted average share price at the date of exercise for share options exercised during the period was 177.4p. The options outstanding at 30 September 2017 had a weighted average exercise price of 121.5p, and a weighted average remaining contractual life of 332 days. In 2017, PSP options were granted on 19 June. The aggregate of the estimated fair value of these options is £689,758.

The inputs into the Black-Scholes model for the instruments issued during the year are as follows:

	PSP 2017	**Share option plans 2017**	PSP 2016	Share option plans 2016
Weighted average share price	**1p**	**–**	1p	148p
Weighted average exercise price	**1p**	**–**	1p	147p
Expected volatility	**33%**	**–**	34%	34%
Expected life	**3 years**	**–**	3 years	3 years
Risk free rate	**0.2%**	**–**	0.7%	0.7%
Dividend yield	**2.9%**	**–**	4.5%	4.5%

The Group recognised a total expense of £0.2m (2016: £0.4m) related to equity-settled share-based payment arrangements.

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

Trading transactions
During the year ended 30 September 2017 the Group charged management fees of £233,000 (2016: £111,000) to Sinostar ITE, the Group's joint venture operation in Hong Kong and China.

Remuneration of key management personnel
The remuneration of Directors and the Senior Management Board, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual Directors is provided in the audited part of the Report on Remuneration on pages 62 to 72.

	2017 £000	2016 £000
Short-term employee benefits	**2,330**	2,970
Share-based payments	**–**	473
Other long-term benefits	**73**	87
	2,403	3,530

30 Post balance sheet events
A refinancing of the Group's external debt facility was completed on 22 November 2017 and gives the Group access to a new £100.0m facility from a syndicate of four banks, HSBC, Barclays, Citibank and Commerzbank. The facility amortises by £10.0m each year and expires in November 2021.

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Company Statement of Financial Position

30 September 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Investments in subsidiaries	5	**7,501**	7,283
Intangible assets	5	**57**	56
		7,558	7,339
Current assets			
Debtors due within one year	6	**151,743**	154,317
Cash at bank and in hand		**644**	110
		152,387	154,427
Creditors: amounts falling due within one year	8	**(17,509)**	(13,449)
Net current assets		**134,877**	140,978
Net assets		**142,435**	148,317
Capital and reserves			
Called up share capital	9	**2,693**	2,621
Share premium account		**28,567**	20,629
Merger reserve		**2,746**	2,746
Capital redemption reserve		**457**	457
ESOT reserve		**(4,240)**	(4,370)
Profit and loss account		**112,212**	126,234
Shareholders' funds		**142,435**	148,317

The accounts of the Company, registered number 01927339, on pages 122 to 133, were approved by the Board of Directors and signed on their behalf, on 27 November 2017, by:

Andrew Beach
Chief Financial Officer
27 November 2017

Company Statement of Changes in Equity
For the year ended 30 September 2017

	Called up share capital (note 9) £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Profit and loss account £000	Total £000
1 October 2015	2,570	14,875	2,746	457	(4,825)	120,334	136,157
Exercise of options	–	–	–	–	455	(452)	3
Net profit for the year	–	–	–	–	–	21,107	21,107
Dividends	5	(5)	–	–	–	(15,594)	(15,594)
Capital contribution	–	–	–	–	–	393	393
Share-based payments	–	–	–	–	–	(3)	(3)
Issue of shares	46	5,759	–	–	–	449	6,254
30 September 2016	2,621	20,629	2,746	457	(4,370)	126,234	148,317
Exercise of share options	**–**	**–**	**–**	**–**	**130**	**(60)**	**70**
Net loss for the year	**–**	**–**	**–**	**–**	**–**	**(5,502)**	**(5,502)**
Dividends	**21**	**(21)**	**–**	**–**	**–**	**(8,678)**	**(8,678)**
Capital contribution	**–**	**–**	**–**	**–**	**–**	**218**	**218**
Issue of shares	**23**	**3,409**	**–**	**–**	**–**	**–**	**3,432**
Scrip dividend	**28**	**4,550**	**–**	**–**	**–**	**–**	**4,578**
30 September 2017	**2,693**	**28,567**	**2,746**	**457**	**(4,240)**	**112,212**	**142,435**

Financial statements

Notes to the Company Accounts

For the year ended 30 September 2017

1 Basis of preparation and accounting policies

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

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments and related party transactions. The Directors' Report, Corporate Governance Statement and Directors' Remuneration Report disclosures are on pages 43, 41, and 55, respectively, of this Report.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company has also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes; and
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of financial risks.

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

Going concern

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

Investments

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

Intangible assets

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

Provisions

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

Financial instruments

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

Trade debtors and creditors

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

Bank borrowings

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

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

1 Basis of preparation and accounting policies continued

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

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

Employee Share Ownership Trust

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

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

Share-based payments

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

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

Details of the Company's equity-settled share-based payments are included in note 28 to the Group accounts.

2 Profit/(loss) for the year

As permitted by FRS 102, the Company has elected not to present its own profit and loss account for the period. The loss after tax for the year ended 30 September 2017 was £5.5m (2016: profit of £21.1m).

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

3 Staff costs

a) Number of employees

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

	2017 No.	2016 No.
Directors	**7**	7

b) Employee costs

Their aggregate remuneration comprised:

	2017 £000	2016 £000
Wages and salaries	**2,064**	954
Social security costs	**285**	132
Share-based payments	**–**	(3)
	2,349	1,083
Highest paid Director	**1,035**	497

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Notes to the Company Accounts continued

For the year ended 30 September 2017

4 Dividends

	2017			2016		
	Per share p	**Settled in cash £000**	**Settled in scrip £000**	Per share p	Settled in cash £000	Settled in scrip £000
Amounts recognised as distributions to equity holders in the year:						
Final dividend in respect of the prior year	**3.0**	**5,350**	**2,497**	4.9	12,436	-
Interim dividend in respect of the current year	**1.5**	**3,328**	**686**	1.5	3,158	720
	4.5	**8,678**	**3,183**	6.4	15,594	720

The Directors are proposing a final dividend for the year ended 30 September 2017 of 2.5p per ordinary share, a distribution of approximately £6.7m. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 2,783,585 (2016: 2,869,603) ordinary shares representing 1.0% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

5 Fixed assets

Investments in subsidiaries

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

Subsidiary undertakings	Address	Effective Holding	%
ITE Holdings Ltd[1]	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
ITE Enterprises Limited	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
International Trade and Exhibitions (JV) Limited	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
ITE Exhibitions & Conferences Limited	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
Fin-mark S.r.l.u	Via del Cestello 4, 40124 Bologna, Italy	Ordinary shares	100
ITE Eurasian Exhibitions FZ LLC	Al Shatha Tower 26th Floor – Office 2613 Sheikh Zayed Road – Dubai UAE	Ordinary shares	100
International Trade and Exhibitions (ITE) Worldwide B.V.	Business Center Demka, Demkaweg 11, 3555 HW Utrecht, The Netherlands	Ordinary shares	100
ITE Exhibitions BV	Business Center Demka, Demkaweg 11, 3555 HW Utrecht, The Netherlands	Ordinary shares	100
ITE Expo LLC	Verhniaia Krasnoselskaya st.,3/2, Moscow, Russia	Ordinary shares	100
OOO Primexpo	24 A, Yakubovicha str., 190000 St.Petersburg, Russia	Ordinary shares	100
Primexpo North West LLC	24 A, Yakubovicha str., 190000 St.Petersburg, Russia	Ordinary shares	100
ZAO Primexpo	24 A, Yakubovicha str., 190000 St.Petersburg, Russia	Ordinary shares	100
ITE Siberia	Novosibirsk, ul. Station 104, Russia	Ordinary shares	100
Krasnodar Expo	1 Kongressnaya Str., pavilion 2, 350005, Krasnodar, Russia	Ordinary shares	100
ITECA LLP	42 Timiryazev str., Almaty, Kazakhstan	Ordinary shares	100
Iteca Caspian LLC	15, Nobel ave., /Azure Business Center 7th floor – Baku AZ1025 – Azerbaijan	Ordinary shares	100
ITE Uzbekistan	59A, Mustakillik Ave., Tashkent, 100000, Uzbekistan	Ordinary shares	100
ITE Moda Limited	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
RAS Publishing Limited	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100

5 Fixed assets continued

Subsidiary undertakings	Address	Effective Holding	%
ITE Moda Footwear Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
Jacket Required Limited	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
E Uluslararasi Fuar Tantitim Hizmetleri A.S.	19 Mayıs Caddesi Golden Plaza Kat:7 Şişli, İstanbul, Turkey	Ordinary shares	100
Yem Fuar	19 Mayıs Caddesi Golden Plaza Kat:7 Şişli, İstanbul, Turkey	Ordinary shares	100
Platform Exhibitions Inc	19 Mayıs Caddesi Golden Plaza Kat:7 Şişli, İstanbul, Turkey	Ordinary shares	100
Premier Expo	Pimonenko 13, 4a/21, Ukraine	Ordinary shares	100
Beautex Co LLC	Pimonenko 13, 4a/21, Ukraine	Ordinary shares	100
Airgate Holdings Limited	42 Dositheou, Strovolos, Nicosia, 2028, Cyprus	Ordinary shares	100
International Trade and Exhibitions India Private Ltd	B-1001-1014, Statesman House, 29 Barakhamaba Road, New Delhi-110001, India	Ordinary shares	100
ITE Asia Pacific SDN BHD	A-11-02A, Empire Tower Office, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Malaysia	Ordinary shares	100
Trade Link ITE SDN BHD	A-11-02A, Empire Tower Office, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Malaysia	Ordinary shares	100
ITE Holdings Ltd[1]	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
ITE Enterprises Limited	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
Premier ITE	A-11-02A, Empire Tower Office, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Malaysia	Ordinary shares	100
ITE Asia Pte Ltd	78 Shenton Way #26-02 Singapore 079120	Ordinary shares	100
ITE Asia Exhibitions Ltd	Suite 1004, 10th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	Ordinary shares	100
Cementone Properties Limited[1]	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
IEG International Limited[1]	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
ITE Events South Africa (Pty) Ltd	StoneMill Office Park, 1B Cornerstone House, 1st Floor, 300 Acacia Road, Darrenwood, 2194, South Africa	Ordinary shares	100
ITE Russia Ltd	The Old Town Hall Lewisham Road, Slaithwaite, Huddersfield HD7 5AL, United Kingdom	Ordinary shares	100
ITE (US) Exhibitions Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
ITE (Europe) Exhibitions Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
ITE International Holdings BV	Business Center Demka, Demkaweg 11, 3555 HW Utrecht, The Netherlands	Ordinary shares	100
RAS Holdings Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
WWB Magazines Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
MWB Magazines Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
Asian Business Exhibition & Conferences Ltd	530, Laxmi Plaza, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400053, India	Ordinary shares	60
Shanghai ITE Ebseek Exhibitions Co Ltd	Room 1801, B1 Wanda Square,No.2707 Kaichuang Avenue, Huangpu District. Guangzhou, China	Ordinary shares	70
ITE Ebseek Exhibitions Co Ltd	13/F Connaught Harbourfront House, Nos 35-36, Connaught West, Hong Kong	Ordinary shares	70

Financial statements

Notes to the Company Accounts continued

For the year ended 30 September 2017

5 Fixed assets continued

Subsidiary undertakings	Address	Effective Holding	%
ITE Gehua International Exhibition (Hong Kong) Company Ltd	13/F Connaught Harbourfront House, Nos 35-36, Connaught West, Hong Kong	Ordinary shares	70
ITE Asia Exhibitions Limited	13/F Connaught Harbourfront House, Nos 35-36, Connaught West, Hong Kong	Ordinary shares	100
The Hub (Hong Kong) Limited	1702, 17/F, One Peking, 1 Peking Road, Hong Kong	Ordinary shares	50.1
PT ITE Exhibitions Indonesia Ltd	Jl. Maritim Raya No. 4A Cilandak Barat, Jakarta Selatan, Dki Jakarta, Indonesia	Ordinary shares	51
ITE Footwear Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
ITE Expo UK Ltd	The Old Town Hall Lewisham Road, Slaithwaite, Huddersfield HD7 5AL, United Kingdom	Ordinary shares	100
ITE International Trade and Exhibitions EURL	24, route du CAP, 16412 Bordj El Kiffan, Algeria	Ordinary shares	100
ITECA ALA-TOO LLC	115 A, str. Iwbraimov, Bishkek, Kyrgyzstan	Ordinary shares	100
ITE International Exhibitions and Conferences Service (Beijing) Co Ltd	Room 705,Building 40,BPUSP, No.1 Disheng North Road, BDA, Beijing 100176,P.R.China	Ordinary shares	100
Azerexpomontage	Baku Expo Centre, AZ 1050, H. Aliyev ave.,515, Surakhani District, Baku, Azerbaijan	Ordinary shares	46
Too Kazexpomontag LLP	Timiryazev Str. 42, 2nd Floor, Almaty, Kazakhstan	Ordinary shares	100
International Trade and Exhibitions Overseas Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
Intermedia Exhibitions and Conferences Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
ITE Overseas Holdings BV	Business Center Demka, Demkaweg 11, 3555 HW Utrecht, The Netherlands	Ordinary shares	100
ITE Eurasian Exhibitions Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
ITECA Kavkasia	Apt.54, 7 Shavgulidze str. Tbilisi, Georgia	Ordinary shares	100
ITE Russia LLC UK Ltd	The Old Town Hall Lewisham Road, Slaithwaite, Huddersfield HD7 5AL, United Kingdom	Ordinary shares	100
Scoop International Fashion Limited	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	95
Summit Trade Events Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
Breakbulk UK Holdco Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
Breakbulk US Holdco Inc	One Gateway Centre, Suite 2600, Newark, New Jersey NJ07102	Ordinary shares	100
Breakbulk Ireland Ltd	Friar's Gate, Kinsale, Co Cork, Ireland	Ordinary shares	100
Breakbulk US Opco Inc	One Gateway Centre, Suite 2600, Newark, New Jersey NJ07102	Ordinary shares	100
Breakbulk Events and Media (China) Ltd	Room 1703, Soho Building, No. 575 Wusong Rd, Hongkou District, Shanghai, China	Ordinary shares	100
Africa Oil Week Ltd	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
ITE Global LLC	Verhniaia Krasnoselskaya st.,3/2, Moscow, Russia	Ordinary shares	100
International Trade and Exhibitions Limited	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
Premier ITE	A-11-02A, Empire Tower Office, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Malaysia	Ordinary shares	100
ITE Asia Pte Ltd	78 Shenton Way #26-02 Singapore 079120	Ordinary shares	100
ITE Asia Exhibitions Ltd	Suite 1004, 10th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	Ordinary shares	100

5 Fixed assets continued

Subsidiary undertakings	Address	Effective Holding	%
Cementone Properties Limited[1]	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100
IEG International Limited[1]	105 Salusbury Road, London NW6 6RG, United Kingdom	Ordinary shares	100

1 Held directly by ITE Group plc.

The Company has guaranteed the liabilities of the following subsidiary undertakings in order that they qualify for the exemption from audit granted by s479A of the Companies Act. The Directors of the Company expect that the possibility of this guarantee being called upon is remote.

Subsidiary undertakings	Registered numbers
Intermedia Exhibitions & Conferences Ltd	03640982
ITE Eurasian Exhibitions Ltd	07307385
IEG International Ltd	03448919
ITE Enterprises Ltd	03372928
International Trade & Exhibitions Overseas Ltd	02926434
ITE Russia Ltd	03942985
ITE Holdings Ltd	06975153
ITE (US) Exhibitions Ltd	07841956
ITE (Europe) Exhibitions Ltd	07843009
ITE Russia LLC UK Ltd	06975105
RAS Holdings Ltd	04211246
Summit Trade Events Ltd	06446907
Breakbulk UK Holdco Ltd	08707579
Africa Oil Week Ltd	09374049
International Trade and Exhibitions Limited	10128746
ITE Moda Limited	04211308
RAS Publishing Limited	02725777
ITE Moda Footwear Ltd	02924254
Jacket Required Limited	07563504
Scoop International Fashion Limited	10050720

Financial statements

Notes to the Company Accounts continued

For the year ended 30 September 2017

5 Fixed assets continued

Subsidiary undertakings

	Shares £000	Capital Contribution £000	Loans £000	Total £000
Cost				
1 October 2016	**1,429**	**6,283**	**23,574**	**31,286**
Capital contribution	**–**	**218**	**–**	**218**
30 September 2017	**1,429**	**6,501**	**23,574**	**31,504**
Provision for impairment				
1 October 2016 and 30 September 2017	**429**	**–**	**23,574**	**24,003**
Net Book Value				
30 September 2017	**1,000**	**6,501**	**–**	**7,501**
30 September 2016	1,000	6,283	–	7,283

Intangible assets

	Trademarks £000
Cost	
30 September 2016	**94**
Additions in the year	**9**
30 September 2017	**103**
Amortisation	
30 September 2016	**38**
Charge in the year	**8**
30 September 2017	**46**
Net book value	
30 September 2017	**57**
30 September 2016	56

6 Debtors due within one year

	2017 £000	2016 £000
Amounts owed by Group undertakings	**150,676**	152,716
Prepayments and accrued income	**992**	1,576
Corporation tax – Group relief	**60**	–
Other debtors	**15**	25
Deferred tax (note 7)	**–**	–
	151,743	154,317

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

7 Deferred tax

At the balance sheet date the Company has unused tax losses of £10.5m (2016: £4.9m) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams.

8 Trade and other creditors

	2017 £000	2016 £000
Bank overdraft	**4,063**	3,016
Amounts owed to Group undertakings	**13,058**	9,533
Accruals	**260**	202
Other creditors	**128**	698
	17,509	13,449

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

9 Called up share capital and reserves

	2017 £000	2016 £000
Authorised		
375,000,000 ordinary shares of 1 pence each (2016: 375,000,000)	**3,750**	3,750
Allotted and fully-paid		
269,280,274 ordinary shares of 1 pence each (2016: 262,139,673)	**2,693**	2,621

During the year, the Group exercised its put option in respect of the acquisition of an additional 25% shareholding in Africa Oil Week. The consideration was settled through the allotment and issue of 2,791,120 ordinary shares of 1p each.

The Company announced a scrip dividend alternative for the year ended 30 September 2016 final dividend, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. As a result of this, 1,605,813 new ordinary shares of 1p each were issued. The Company also announced a scrip dividend alternative for the year ended 30 September 2017 interim dividend, allowing shareholders to elect to receive their dividend in the form of new ordinary shares. As a result of this, 444,289 new ordinary shares of 1p each were issued.

No (2016: nil) ordinary shares were issued in respect of Directors' remuneration. The total consideration for the shares issued was £nil (2016: £nil).

The Company has one class of ordinary shares which carry no right to fixed income. At the Extraordinary General Meeting held on 17 November 1998, shareholders approved the establishment of the ITE Group Employee Share Ownership Trust (ESOT). The terms of the ESOT allow the trustees to transfer shares to employees who exercise options under the Company's Share Option Schemes, to grant options to employees and to accumulate shares by buying in the market or subscribing for shares at market value. The ESOT is capable of holding a maximum of 5% of the Company's issued ordinary share capital. The ESOT reserve arises in connection with the 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 end of each financial year.

The ESOT held 2,783,585 shares in ITE Group plc at 30 September 2017 (2016: 2,869,603 shares). During the year no share options and 1,908,175 nominal share options under the Employees Performance Share Plan were granted against ESOT held shares. No shares (2016: none) were purchased for the ESOT. The market value of the ordinary shares held by the ESOT at 30 September 2017 was £5.0m (2016: £4.7m).

The Company has agreed to make available to the ESOT an interest-free loan of up to £12.5m for the purpose of buying shares. At 30 September 2017, the amount of the loan drawn down was £11.6m. 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 2017. The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. 86,018 options were exercised from ESOT during the year. The total consideration for the options exercised from ESOT was £70,000. 8,249,626 of outstanding options are to be settled by ESOT, so all shares held by the ESOT are under option as at 30 September 2017. Details of the options in issue and their exercise dates can be seen at note 28 to the consolidated accounts.

The Company's profit and loss reserve is £112.2m (2016: £126.2m). Part of this balance is non-distributable as it does not meet the requirements for recognition as distributable reserves, therefore the distributable reserves of the Company, and therefore the Group, are £16.8m (2016: £46.6m).

Financial statements

Shareholder Information

Shareholder profile as at 30 September 2017

Financial calendar

Pre close announcement	2 October 2017
Preliminary results announcement	28 November 2017
Annual General Meeting	25 January 2018
Q1 IMS	25 January 2018
Interim results announcement	8 May 2018
Q3 IMS	10 July 2018

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares	Percentage of issued share capital
1–100	215	19.44	5,822	0.00
101–1,000	276	24.95	141,836	0.05
1,001–10,000	372	33.63	1,139,609	0.42
10,001–100,000	125	11.30	4,335,988	1.61
100,001–1,000,000	75	6.78	24,994,177	9.28
1,000,001–highest	43	3.90	238,662,842	88.64
	1,106	100.00	269,280,274	100.00

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares	Percentage of issued share capital
Private individuals	756	68.35	3,413,770	1.27
Nominee companies	264	23.87	244,273,293	90.71
Limited and Public Limited Companies	56	5.06	19,202,492	7.13
Other organisations and banks	30	2.72	2,390,719	0.89
	1,106	100.00	269,280,274	100.00

Share price	
London Stock Exchange, pence per 1 pence shares	
Highest	187.25p
Lowest	133.00p

Dividend calendar

Final dividend 2017

Ex-dividend date	4 January 2018
Record date	5 January 2018
Payment date	5 February 2018

Interim dividend 2018

Ex-dividend date	21 June 2018
Record date	22 June 2018
Payment date	2 August 2018

Dividend mandates
Shareholders who wish dividends to be paid directly into a bank or building society account should contact the Registrar for a dividend mandate form.

This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

SCRIP dividend
A SCRIP dividend allows the Company to issue a dividend to the appropriate shareholders while retaining the relevant capital within the Company. Rather than receiving a cash dividend, the shareholder can elect to receive the equivalent value of shares as newly allotted shares, reducing the amount of cash reserves paid out by the Company.

Share dealing services
The Company's Registrar, Equiniti Limited, offers a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 03456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealings log onto www.shareview.co.uk/dealing.

Electronic communications
Shareholders can elect to receive shareholder documents electronically by registering with Shareview at www.shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information. When registering, you will need your shareholder reference number which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

Financial statements

Directors, Advisers and Other Information

Directors
Neil England
Non-executive Chairman

Mark Shashoua
Chief Executive Officer

Andrew Beach
Chief Financial Officer
(Appointed 17 October 2016)

Linda Jensen
Senior Independent Director and Non-executive Director

Sharon Baylay
Non-executive Director

Stephen Puckett
Non-executive Director

Marco Sodi
Non-executive Chairman and Director
(Resigned as Chairman 13 July 2017, and as Non-executive Director 11 October 2017).

Company Secretary
Anneka Kingan

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Registration number
1927339

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Principal bankers
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Citibank
Canada Square
London E14 5LB

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HSBC Bank plc
60 Queen Victoria Street
London EC4N 4TR

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Notes

Notes

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