



Connecting your business to the world



ITE Group plc
Annual Report and
Accounts 2014
30 September 2014

Introduction



ITE is one of the world's leading organisers of international trade exhibitions and conferences, specialising in emerging markets.

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Improve

ITE's existing positions of market leadership are founded on its ability to generate international sales, its recognised brands, its local office infrastructure and its longstanding relationships with venues.

PG 16



Expand

ITE's strategy is to leverage its business model into new sectors or regions where there is potential for the participation of international exhibitors, and new markets with the clear opportunity for strong future growth.

PG 18



Brand

ITE has established strong brand identity in certain exhibition sectors, and works to enhance and extend its existing brand identities, as well as developing brand identities in other sectors.

PG 20



People

ITE is aware that its success is dependent on its people. As such, ITE is committed to investing in staff development throughout the Group and in particular, the management team that supports growing events and the continued expansion of the business.

PG 22



Highlights 2014



Headline profit before tax £m

2014	60.3
2013	59.4
2012	53.0
2011	51.4
2010	36.6

Headline diluted earnings per share p

2014	20.2
2013	19.3
2012	16.9
2011	16.6
2010	11.6

Revenue £m

2014	174.8
2013	192.3
2012	172.3
2011	155.5
2010	113.5

Free cash flow £m

2014	38.9
2013	55.2
2012	44.1
2011	46.2
2010	33.4

OPERATING
COUNTRIES

18

GLOBAL
EVENTS HELD

246

M² SOLD (000s)

733

ITE at a glance

Our regions

Russia

ITE offices
Moscow, St Petersburg, Novosibirsk, Krasnodar, Ekaterinburg

Key sectors
Construction, Food, Travel, Transport & Logistics, Oil & Gas

380.2 m² sold (000s)
(2013: 399.1)

102.9 Revenue (£m)
(2013: 121.1)

444 Number of staff
(2013: 457)

→ Divisional review page 26

Central Asia & Caucasus

ITE offices
Almaty, Astana, Baku, Tashkent, Bishkek, Ashgabat

Key sectors
Construction, Oil & Gas, Food, Travel

103.1 m² sold (000s)
(2013: 82.3)

33.5 Revenue (£m)
(2013: 28.9)

176 Number of staff
(2013: 171)

→ Divisional review page 28

Eastern & Southern Europe

ITE offices
Istanbul, Kyiv, Warsaw, Poznan

Key sectors
Construction, Travel, Beauty

174.3 m² sold (000s)
(2013: 252.8)

21.1 Revenue (£m)
(2013: 28.9)

175 Number of staff
(2013: 185)

→ Divisional review page 29

Asia

ITE offices
Beijing, Shanghai, Guangzhou, Hong Kong (x2), Kuala Lumpur (x3), Jakarta, Dubai, New Delhi, Mumbai

Key sectors
Construction, Coatings, Metalworking, Beauty

32.5 m² sold (000s)
(2013: 18.1)

5.7 Revenue (£m)
(2013: 3.7)

85 Number of staff
(2013: 83)

→ Divisional review page 30

UK & Western Europe

ITE offices
London, Huddersfield, Hamburg, Utrecht

Key sectors
Fashion

42.8 m² sold (000s)
(2013: 40.3)

11.6 Revenue (£m)
(2013: 9.7)

184 Number of staff
(2013: 199)

→ Divisional review page 31

ITE regional breakdown

Region	Offices	Staff ¹	Events	% of 2014 Group revenues
Russia	5	444	118	59%
Central Asia & Caucasus	6	176	79	19%
Eastern & Southern Europe	4	175	30	12%
UK & Western Europe	4	184	9	7%
Asia	12	85	10	3%
Total	31	1,064	246	100%

1. As at 30 September 2014.

Our events

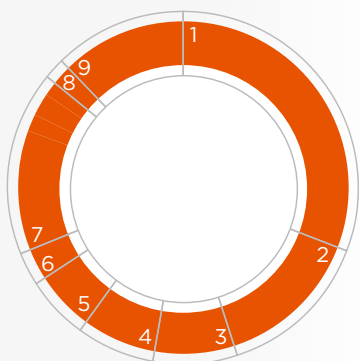
ITE's top 50 events in 2014 (by profit) categorised by region and sector

	Beauty	Build & interiors	Fashion	Food	Oil & Gas	Other	Other Industrial	Transport & Logistics	Travel	Total
Moscow		● ●		● ● ● ● ● ● ●	●	● ●	● ● ● ● ●	● ●	●	17
St Petersburg		●					● ● ● ●			4
Novosibirsk		●				●				2
Krasnodar		● ●		●						3
Kazakhstan		● ●		●	●	●	●		●	7
Azerbaijan		●				● ●				3
Uzbekistan					●	●				3
Ukraine	●	●							●	2
Turkey	●	●							●	3
India							●			1
Malaysia							●			1
UK			● ● ● ●							4
Total	2	11	4	7	3	7	10	2	4	50

● > £1 million revenue.

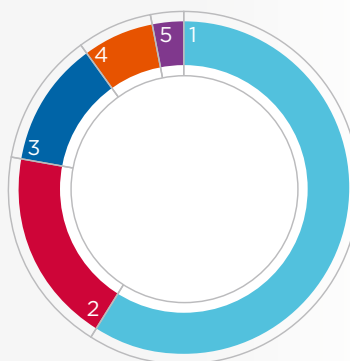
● < £1 million revenue.

ITE Group Revenue by sector



	2014	2013
1. Build & Interiors	31%	33%
2. Food	14%	12%
3. Travel	8%	8%
4. Fashion	7%	5%
5. Oil & Gas	6%	11%
6. Transport & Logistics	3%	3%
7. Industrial & Engineering	17%	14%
8. Beauty	2%	1%
9. Other	12%	13%

ITE Group Revenue by region



	2014	2013
1. Russia	59%	62%
2. Central Asia & Causcasus	19%	15%
3. Eastern & Southern Europe	12%	15%
4. UK & Western Europe	7%	6%
5. Asia	3%	2%

Our business

■ Local knowledge, international sales ■ Focus on emerging markets

What we do

ITE is an organiser of business to business (B2B) exhibitions and conferences specialising in emerging and developing markets. ITE organises high-quality events of an international standard throughout the 18 countries in which it operates. As an exhibition organiser, ITE hires venues at which it stages its events and markets the events to both exhibitors and visitors. Exhibitions and conferences provide an opportunity for participants from national and international companies to meet, network and transact business.

ITE's principal business of organising B2B trade exhibitions accounts for 97% of the Group's revenues. Conferences account for circa 2% of the Group's revenues and other activities relating to the core exhibition business (mostly publishing) account for 1% of revenue.

Why we do it

The exhibition media is the best media for suppliers to display and demonstrate their products to potential buyers. This is particularly powerful in emerging and developing markets where face to face meetings are the cultural norm and where alternative media, B2B publishing and online marketing opportunities are less developed.

How we do it

ITE's strength derives from its focus on organising B2B exhibitions and conferences, the development of strong brands in key industry sectors and the regional expertise in the markets in which it operates. ITE has been operating in these markets for approaching 20 years and its experience and local knowledge are unique.

ITE's sector brands are a key asset. The brands have been established through a sustained record of presenting high quality events which meet customer expectations. ITE events serve key industries including Construction & Interiors, Oil & Gas, Food & Drink, Travel & Leisure, Transport & Logistics, Security and Protection, Fashion and Beauty.

ITE has an extensive office network, covering both the territories where our events are held and international sales offices in other countries. ITE is able to operate at national level where local staff are close to local industry trends, and at an international level where our sales teams are in regular communication with key industry suppliers in our sectors. The Group has 31 offices across the world, each of them employing almost exclusively local staff.

The offices of the Group co-operate in a unique way. Each office sells its own exhibitions, but participates with equal levels of commitment in the exhibitions organised by other offices. This holistic approach has been carefully cultivated through the years and enables ITE's business to follow long-established trading patterns.



Our business in a global context

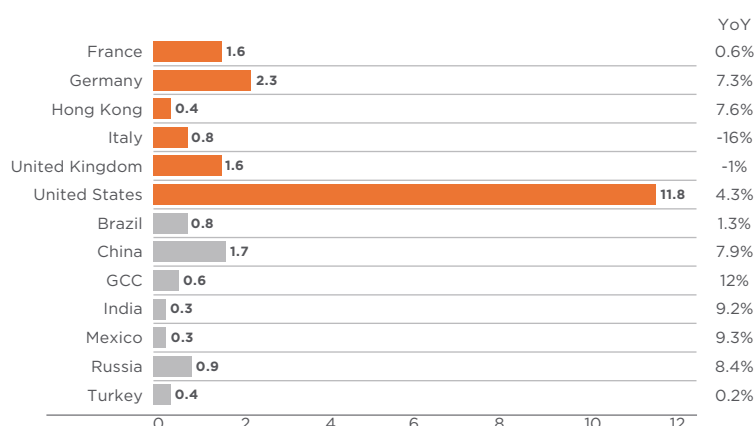
The global exhibition market was estimated to be worth circa US\$24 billion in 2013, a 4% increase on 2012. The graph to the right sets out the distribution of the world's exhibition business and shows that developed markets continue to account for the majority of the global market. However, emerging markets have increased their share of the global market and now account for over one third of the total. Russia, Turkey and the CIS countries – ITE's core market area – account for approximately 6% of the global market, whilst Asian markets (China, India and South East Asia) account for approximately 10%. During 2013 China overtook the UK to become the world's third largest exhibition market.

The graph to the right illustrates that emerging markets grew more quickly than developed markets during 2013. A metric commonly used to illustrate future growth prospects is the share that an exhibition market has of GDP. Based on this metric, India and China have the most substantial growth potential amongst exhibition markets worth US\$200 million or more. Growth is expected to be led by both price increases, on the back of growing professionalism and increased international participation, and square metres increases, as new venue capacity comes on stream.

ITE was the fifth largest organiser in the world by revenue in 2013, and the third largest in emerging markets. ITE remains the largest exhibition organiser in Russia by some distance, with an estimated market share of 22%. Strong prices and a highly internationalised outlook mean that in the medium to long term, Russia continues to be an attractive market. ITE's position in Central Asian markets is even stronger, where it is the dominant international exhibition organiser. The market in Turkey is more fragmented but ITE retains its position as the leading international exhibition organiser, with 7% of the market.

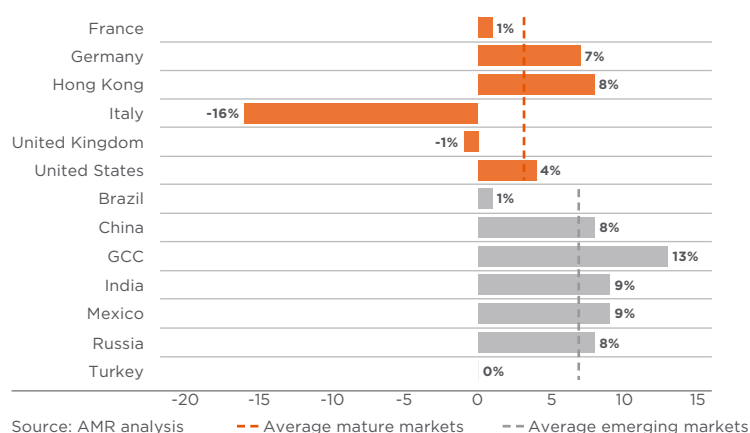
With good potential for long-term growth in its core markets, a key part of ITE's strategy is to ensure it retains and builds upon its leading positions in these markets. In addition, ITE aims to apply the free cash flow from its exhibition business to expanding its business model to new markets where there is good potential for growth. Recent investments in Turkey, South East Asia and China are all designed to enable ITE to participate in the strong growth expected in these regions.

Market size and growth by market, 2013 (\$bn)



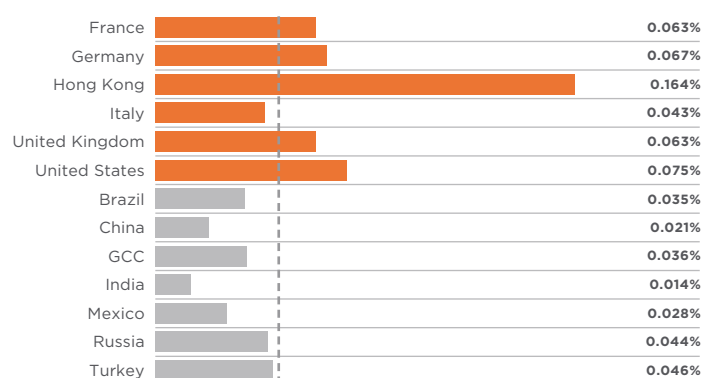
Source: AMR analysis

Growth by market, 2012-2013 (%)



Source: AMR analysis — Average mature markets — Average emerging markets

Exhibition market as a percentage of GDP by market, 2013 (%)



Source: AMR analysis — Average = 0.054%

Our strategy

Strategic priorities

→ 01 **Improve** PG 16

Build and strengthen existing market leadership

ITE's existing positions of market leadership are founded on its ability to generate international sales, its recognised brands, its local office infrastructure and its long-standing relationships with venues. ITE targets new sectors and regions within its existing markets where there is potential to increase the participation of international exhibitors.

→ 02 **Expand** PG 18

Leverage our business model into new markets and geographies

In existing markets this strategy means targeting new sectors and regions in which to acquire or develop businesses where there is potential for the participation of international exhibitors. In new markets, ITE is targeting the development of exhibition businesses where there is clear opportunity for strong future growth.

→ 03 **Brand** PG 20

Grow and develop our portfolio of international brands

ITE has established strong brand identity in certain exhibition sectors. ITE aims to ensure that new launches and acquisitions are aligned with existing brands in these sectors. ITE is also working to enhance and extend its existing brand identities, as well as developing brand identities in other sectors.

→ 04 **People** PG 22

Invest in the development of our management

ITE is aware that its success is dependent on its people. As such, ITE is committed to investing in staff development throughout the Group and in particular, the management team that supports growing events and the continued expansion of the business.

ITE's objective is to create sustainable growth in headline earnings per share through a strategy of creating and maintaining sustainable positions of market leadership in the exhibition business in developing markets.

Headline diluted earnings per share p

2014	20.2
2013	19.3
2012	16.9
2011	16.6
2010	11.6

Achievements

The Group has established a loyal customer base and a geographic reach which is increasingly valuable as it seeks to leverage its sales into new markets. In 2014 the Group's international sales offices once again sold 132,000m² which represents circa 25% of the Group's 2014 revenues.

In its core markets ITE has supported the development of venue facilities which in turn has helped the Group's exhibitions to prosper. Most of ITE's major events have

agreements which provide for venue facilities for at least three years ahead. This year ITE has provided funding to its key venues in Moscow and Istanbul in return for rights over future venue use and advantageous pricing arrangements through long-term agreements.

During the year, ITE has built on the business base in Asia that was established in 2013. The most significant acquisition in the year was the purchase of a 50% stake in the Chinacoat – Surface Finishing event, the leading coatings and finishings exhibition in China and South East Asia, in November 2013. The 2013 event, which took place shortly after ITE acquired its interest, sold 34,500m²

in the year. The Group also acquired a 50% stake in Indobuildtech, the leading construction event in Indonesia which has significant potential to grow as new venue capacity becomes available over the next four years.

ITE has continued to strengthen its existing brands and improve international recognition of its local brands. As part of this, the industry vertical groupings established in 2013 have been strengthened through investments in the management team and focused marketing to ensure consistency of presentation and message across the Group.

ITE is continuing to develop its brand portfolios and the acquisition of Beauty Eurasia in October 2013 has been an important addition to the Group's growing Beauty sector.

The Group has continued its programme of developing the strength and depth of the leadership and management teams in the year as well as improving communications between offices. Current initiatives include a developing talent management programme focusing on our best employees, setting out development plans to enable to them to grow into future leaders, a Leadership Development Programme for our senior managers,

and a rolling programme of development conferences, last year for Event Directors and this year by industry.

Communications have continued to improve, with a high level of usage of the intranet and newsletter and more co-operation by cross border industry groups. We will be conducting an Employee Engagement Survey later in the year, of which a major part will be how we communicate.

Chairman's statement



'With good cash flow and a strong balance sheet, the Group is well positioned to benefit from recovery in its core markets as well as diversifying into new sectors and markets.'

Revenue £m

2014	174.8
2013	192.3
2012	172.3
2011	155.5
2010	113.5

DIVIDEND
PER SHARE

7.4p



Group performance

These results reflect a good underlying trading performance in most of our markets. ITE has reported revenues of £175 million (2013: £192 million), and record headline profits before tax of £60 million (2013: £59 million) for the 2014 financial year. The political upheaval in Ukraine and the relative strength of Sterling against our principal trading currencies have had a significant impact on the year's results and held back what would have otherwise been an even stronger financial and operating performance. Importantly, the Group has continued its strategy to diversify its business interests into Asia with the acquisition of 50% interests in the Chinacoat exhibition and the Indonesian construction event representing first steps in China and Indonesia. The acquisition of Beauty Eurasia in Turkey and the majority interest in Scoop, the Group's London womenswear fashion business, have both helped to build on our industry positions in growth sectors. In this, the Group's lesser biennial year, headline diluted earnings per share was 20.2p (2013: 19.3p). Reported pre-tax profit was £41.5 million (2013: £43.9 million) and fully diluted earnings per share was 13.8p (2013: 14.0p). The Group finished the year with net debt of £15 million (2013: cash of £23 million), after investing £50 million on acquisitions during the year.

Board and management

Mike Hartley stepped down from the Board at last year's AGM, having handed over his duties as Audit Committee Chairman to Stephen Puckett who joined the Board last year. Edward Strachan, who has been an executive Director since 2003, stepped down from the Board on 1 April 2014, but remains a key member of ITE's management team as a Regional Director for certain territories in Central Asia which he originally established for the Group. Sharon Baylay was appointed to the Board as a non-executive Director on 1 April 2014. She brings a wealth of international marketing, branding and communications expertise together with a strong understanding of digital marketing from her career at Microsoft and the BBC. I would like to express my gratitude to both Mike and Edward for their contributions to the Board over the last decade.

ITE is first and foremost a people business and its success is based upon the hard work and loyalty of its staff worldwide. The Group has over 1,000 employees conducting its business in 31 offices in 18 different countries with a broad range of cultural backgrounds, all co-operating with each other and participating in the development of ITE. Almost 50% of our staff have been employees of ITE for more than five years, and 54% are participants in one of our equity schemes. As Chairman I would, on behalf of the Board, like to thank and acknowledge the contribution of all of ITE's employees to this year's result and especially those staff in Ukraine who have worked under very difficult circumstances.

ITE's Board recognises that good corporate governance is in the long-term interests of the Group and we are conscious of our responsibilities for setting values which underpin the Group culture. As Chairman, I am mindful of my personal responsibility for leading the Board and ensuring it operates diligently and effectively.

Dividend

ITE's growth has supported a consistent increase in annual dividends. This year the interim dividend was increased from 2.3p to 2.5p and the proposed final dividend is 4.9p, making a full dividend for the year of 7.4p (2013: 7.0p). This is an increase in dividend of circa 6%, in line with the underlying earnings growth in headline profits over the biennial cycle. The final dividend is proposed for payment on 10 February 2015.

Outlook

In the year ending 30 September 2014 the Group enjoyed good trading conditions in its major markets for most of the first half of the year. The political crisis in Ukraine and the consequent sanctions imposed on Russia have increasingly changed the economic and trading environment in those countries over the second half of the year. Currency movements have also had a significant effect on the financial result for 2014 with Sterling being on average 20% stronger against the Ruble and having also appreciated against other emerging market currencies. Both these issues continue to affect the outlook for the next financial year. At 27 November revenues booked for FY 2015 were £81 million representing circa 51% of

market expectations for the full year. Like-for-like revenues are circa 17% behind this time last year, and 9% behind at constant currency.

ITE's results remain sensitive to the economic climate in Russia which remains its largest market but with strong market positions the Group is well positioned to respond positively to any future improvement in the economies of its markets. ITE also enjoys increasingly good growth prospects in many of its other markets and its portfolio of leading events continue to perform well. Management will continue to review the Group's cost base to ensure that it has the most efficient structure to execute its strategy of growing its business and diversifying its sensitivity to the circumstances of any one region. ITE is well equipped to achieve these objectives through its strong balance sheet and good operating cash flow. Accordingly the Board has confidence in the Group's future prospects.



Marco Sodi Chairman
1 December 2014

Note

In these results, we refer to 'like-for-like' movements. This is defined as financial performance or volumes after adjusting for the impact of acquisitions, and timing/biennial events. We also refer to 'constant currency'. Constant currency results are calculated on the basis of translation of the results at the same exchange rates as the prior year.

Chief Executive's statement



'The Group's portfolio of leading events continues to perform well, delivering a good trading performance in 2014.'

Headline profit before tax £m

2014	60.3
2013	59.4
2012	53.0
2011	51.4
2010	36.6

HEADLINE
DILUTED EPS

20.2_p



The Group's performance this year

ITE has delivered a good performance this year with the underlying business delivering a solid improvement in constant currency revenue and profits. However on account of the relative strength of Sterling against our principal trading currencies and the political upheaval in Ukraine, the Group is reporting lower revenues this year. Despite these circumstances the Group has reported an increase in headline profits before tax to £60.3 million. The Ukrainian business reported profits £2.6 million down from last year, and movements in foreign exchange had a further £4.0 million net negative effect on headline profits. However excluding Ukraine, ITE's recurring events performed strongly, growing constant currency profits by £5.9 million, and profits were further enhanced by a first time contribution from acquisitions of £4.7 million. This was a smaller biennial year, and the net contribution from biennial events and timing differences this year was £3.1 million less than in the previous year.

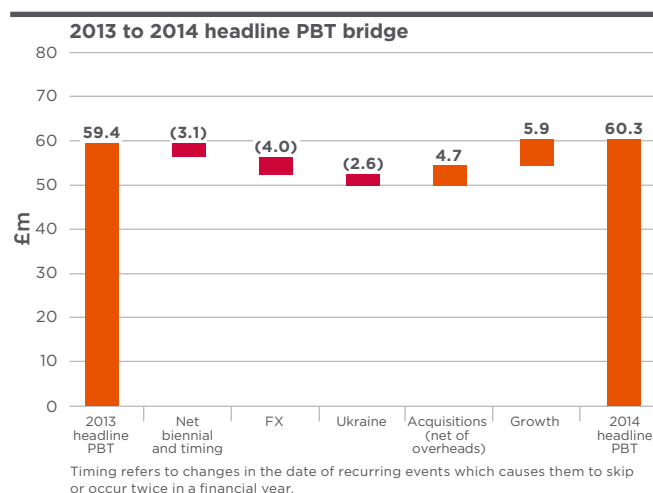
The year started well with good trading conditions across most of our markets resulting in a strong first quarter financial performance. However the second quarter saw the onset of political instability and conflict in Eastern Ukraine. Subsequently, sanctions imposed by the West on Russia and the ensuing deterioration in the Russian Ruble began to affect the Russian economy, firstly affecting the viability of import related businesses into Russia. Subsequently the construction sector across all the Group's Russian offices was impacted, and latterly the indications are of a more widespread effect on other sectors. The Ukrainian office reported a 50% reduction in square metres sold over the year, and like-for-like trading volumes in Russia were down 4% over the year. The Central Asian business was a highlight growing like-for-like volumes by 7% overall, led by a very strong performance from the Azerbaijan business. The Turkish and Asian businesses traded well, whilst the UK's fashion market was a little flat overall.

Development of the business

The main objectives for the Group this year were continuing to expand and diversify the Group's business and managing the effects of the Ukrainian crisis.

The Group made major steps forward in establishing a business base in Asia in the last financial year and in 2014 continued to build on this base. The most significant acquisition of the year was announced in October 2013, with the Group taking a 50% stake in the Chinacoat – Surface Finishing event. The event addresses two sectors of the industry, the paint sector, and the machinery and technology involved in applying the paints. Both sectors have grown significantly over the last few years in line with Chinese manufacturing industries. The 2013 event took place in Shanghai, shortly after ITE acquired its interest, and sold 34,500m², which was in line with expectations at the time of acquisition. The 2014 event opens tomorrow with 34,200m², an increase of 11% over its biennially equivalent event from 2012.

The main factors affecting Group profitability this year are summarised in the profit bridge below.



In June 2014 ITE announced the acquisition of 50% of Indobuildtech, the leading construction event in Indonesia. Indonesia is a bright prospect for the exhibition industry as it combines a large population and healthy GDP growth. With two potential new exhibition venues, which will quadruple the space available over the next four years, Indobuildtech (currently wall bound) has significant potential to grow. ITE has now developed a strong base for growing its business in South East Asia with offices in Indonesia and Malaysia, with both countries having started construction of new exhibition space.

Chief Executive's statement continued



In October 2013 ITE announced the acquisition of 100% of Beauty Eurasia, the Istanbul-based cosmetics and beauty event. This is an important addition to our beauty portfolio in addition to the Ukrainian and South East Asian events in Indonesia, Vietnam and Malaysia. Beauty products are a strong proposition and early to respond to growing consumer prosperity – so a good asset for emerging markets. The June 2014 event was a success selling 9,900m² in its new venue, ahead of initial expectations.

Earlier in the year ITE extended its ownership in Scoop, the London-based high end womenswear exhibition which was an associate business, but is now a subsidiary. Scoop takes place twice a year in central London as part of the MODA portfolio and has become an important feature of the fashion calendar.

ITE's diversification strategy is working well and remains a priority going forward as we have illustrated in today's announcement of the acquisition of Eurasia Rail in Turkey. In addition, ITE is increasingly focused on developing industry expertise and brands in its portfolio of events. The historic development of our business in Russia-CIS has left us with strong industry positions in Construction, Oil & Gas, Travel & Tourism and Food, with multiple shows in each sector. Often the events will represent slightly different parts of the supply chain for the industry depending upon where they are based. This logic is increasingly driving the development of our future new business as it both reduces risk and increases synergy to develop the business within sectors where there is expertise and a common

customer base. The acquisitions of Beauty Eurasia and Indobuildtech are developments along this sector-based approach. Increasingly the entry into new markets will be driven by this logic, as acquisitions can be much less risky where ITE has customers and brands in place to support the new initiative.

In Russia, the benefits of common brands and systems which have been developed over the last few years are now being realised with an active programme of replicating and cross-marketing events into and across the regional markets. The expertise developed by the Russian team is forming the base for a systems roll-out across the Group, bringing all customers and exhibitors into a common system. This will support the development of industry-based expansion strategies.

Venue expansion is important to the development of our business. In autumn 2014 the ExpoForum venue opened in St Petersburg. This is a major new venue of 50,000m² gross with conference facilities that presents new opportunities for the further development of exhibitions and conference businesses in the north west of Russia. Construction has commenced on the new venue in Krasnodar, and completion is planned for early 2016. As noted before, there is new venue development under way in Indonesia and Malaysia that is expected to create opportunities for the Group to grow its events. The Group is well positioned to participate in the growth that the investments in local exhibition facilities are expected to generate.

ITE's objectives and strategy

ITE's principal objective is to create a business with sustainable growth in headline earnings per share. Its strategy is to develop positions of market leadership in the exhibition business substantially in emerging and developing markets with good growth prospects.

ITE is evolving its strategic objectives. Whilst we have been successful in establishing positions in new markets the future accent will be more orientated towards development of brands and industry verticals in order to support our aim for industry leadership in certain sectors. This could also involve running exhibitions in established Western markets where there is synergy with our exhibitions in our existing markets. While we plan to continue our diversification efforts in our key emerging and developing markets with good prospects, we are also increasing our focus on expanding industry verticals.

Four priorities underpin ITE's strategy:

1. Improve its existing positions of market leadership;
2. Expand into new sectors and geographies with potential for strong market positions;
3. Enhance and improve our exhibition brands;
4. Invest in developing our people.

ITE's performance against its strategic priorities is set out below:

(i) Improve on existing positions of market leadership:

ITE's existing positions of market leadership are founded on its ability to generate international sales, its recognised brands, its local office infrastructure and its long-standing relationships with venues.

International sales strength

ITE's ability to generate international sales has differentiated it from its local competition in Russia and the related CIS markets. The same pattern is also true of China and South East Asia, with international participation and content being key differentiators for pricing and position. The Group has established a loyal customer base and a geographic reach, which is increasingly valuable as it seeks to leverage its sales into new markets. In 2014 the Group's international sales offices once again sold 132,000m² which represents circa 25% of the Group's 2014 revenues. Approximately 13% of revenues were sold by the Group's London office, and 4% by each of its German, Chinese and Turkish offices.

ITE's international brands

ITE has established strong brand identities in certain exhibition sectors. In particular, the Build brand in construction, the Oil & Gas events brand, the ITE Travel exhibition and World Food brands all have strong reputations with customers as leading events in the Russian and CIS markets earned through more than 15 years of sustained good performance. There are also new initiatives this year to enhance and develop brands in the Oil & Gas, Transport, Travel & Tourism, Food and Security portfolios.

Local office infrastructure

ITE's brands have built their reputation through sustained delivery of successful exhibitions to customers. The foundation of this is in ITE's local offices which now employ over 900 staff. Local offices generate the local sales, reputation and visitor participation of the event as well as managing technical staging of the exhibitions. Critically they own and develop the database of local visitors who make the exhibition successful for the exhibitors. In its core markets, ITE's local offices have always been a competitive advantage over other international exhibition organisers and a barrier to entry for new organisers wishing to run events. ITE will continue to develop strong local offices as part of its exhibition business in new markets. The Group has an integration programme for new offices acquired into the ITE network and is increasing its investment in the infrastructure that underpins these offices and in staff training. The Group has high rates of employee retention in its offices, and supports this by its commitment to having widespread equity ownership – currently 54% of staff participate in some form of equity scheme.

Venue relationships

ITE has always enjoyed long-standing relationships with the venues that host its exhibitions. In its core markets ITE has supported the development of venue facilities which in turn has helped the Group's exhibitions to prosper. The Group has always sought to establish rights to run its main exhibition themes in its partner venues at the time of its choice and ITE has continued to work on maintaining and improving the venue relationships that underpin its business. Most of ITE's major events have agreements which provide for venue facilities for at least three years ahead.

(ii) Expand into new sectors and geographies with potential for strong market positions:

In existing markets this strategy means targeting new sectors and regions in which to acquire or develop exhibitions where there is potential for the participation of international exhibitors. In new markets, ITE is targeting the development of exhibition businesses where there is clear opportunity for strong future growth.

This year the Group has continued to expand its business presence into Turkey, South East Asia and China. In so doing it has acquired expertise in new sectors – some of which has potential in ITE's core markets, and also made it possible for the Group to run its existing brands in the new markets. The acquisition of Beauty Eurasia in Turkey has strengthened the opportunity for ITE to build a series of events in the Beauty and personal care sector. Indonesia is a market with potential for expansion of the exhibition business and in acquiring Indobuildtech, ITE is well positioned to build a presence in this market and the Group is working to ensure that Indobuildtech benefits from being part of the Build brand and that best practice is shared. The Group plans to extend the Chinacoat brand into South East Asia, and is reviewing opportunities to leverage the brand strength elsewhere.

As the Group's acquisition activity over the last few years has opened up access to new markets, there are now increasing synergies and benefits to be gained from strengthening its industry portfolio in each sector. The Group aims to increasingly focus its acquisition activity on building portfolio strength and leadership in exhibition sectors – creating stronger more defensible business positioning for its exhibitions.

Chief Executive's statement continued



(iii) Enhance our exhibition brands:

The Group's management has been working to improve the strength of ITE's existing international brands. The acquisition of Beauty Eurasia has strengthened the opportunity for ITE to build an internationally recognised brand in the Beauty and personal care sector. This is being supported by introducing product improvements to enhance customer experience and ensuring consistency in the presentation and promotion of similar events in ITE's vertical industry sectors. The Group's brand development projects have covered all aspects of product quality, naming, character, tone-of-voice and graphic designs associated with events in the Group's largest portfolios. The improvements will deliver numerous benefits, including increasing the global recognition of ITE's brands and enabling the Group to launch events into new territories.

ITE is evolving its strategic priorities by which it seeks to achieve its overall objectives. The Group has been successful in establishing positions in new markets and the future accent will be more orientated towards development of brands and industry verticals in order to develop industry leadership in certain sectors. This may involve running exhibitions in both emerging and established markets where there is synergy with the Group's existing portfolio of events.

Russell Taylor Chief Executive Officer
1 December 2014

(iv) Invest in developing our people:

The Group has continued its programme of developing the strength and depth of the leadership and management teams in the year as well as improving communications between offices. Current initiatives include a developing talent management programme focusing on the Group's most promising employees which sets out development plans to enable them to grow into future leaders. In addition we continue to run a Leadership Development Programme for our senior managers, and a rolling programme of cross-Group development conferences. Communications have continued to improve, with a high level of employee engagement via the intranet, the newsletter and through co-operation in cross border industry groups.

Key Performance Indicators



Headline profit before tax £m

2014	60.3
2013	59.4
2012	53.0
2011	51.4
2010	36.6

+2%

Free cashflow £m

2014	38.9
2013	55.2
2012	44.1
2011	46.2
2010	33.4

-29%

Headline diluted earnings per share pence

2014	20.2
2013	19.3
2012	16.9
2011	16.6
2010	11.6

+5%

Annually recurring volume base m² (000s)

2014	654
2013	672
2012	724
2011	587
2010	434

-3%

Revenue £m

2014	174.8
2013	192.3
2012	172.3
2011	155.5
2010	113.5

-9%

Contractually secured venue rights m² (000s)

+5 years	48.9
2-5 years	164.6
1-2 years	192.3
1 year	174.1



01

Build and strengthen existing market leadership



ITE's existing positions of market leadership are founded on its ability to generate international sales, its recognised brands, its local office infrastructure and its long-standing relationships with venues.

The Group has established a loyal customer base and a geographic reach which is increasingly valuable as it seeks to leverage its sales into new markets. In 2014 the Group's international sales offices once again sold 132,000m² which represents circa 25% of the Group's 2014 revenues.

ITE's local offices continue to provide a competitive advantage over other international exhibition organisers and a barrier to entry for new organisers wishing to run events. ITE's local offices now employ over 900 staff and during the year further steps have been taken to integrate recently acquired offices into the ITE network.

In its core markets ITE has supported the development of venue facilities which in turn has helped the Group's exhibitions to prosper. Most of ITE's major events have agreements which provide for venue facilities for at least three years ahead. This year ITE has provided funding to its key venues in Moscow and Istanbul in return for rights over future venue use and advantageous pricing arrangements through long-term agreements. New opportunities are expected to rise from the expansion in regional venue capacity over the next few years. New regional exhibition centres in Ekaterinburg and Novosibirsk have demonstrated the positive effect that additional venue capacity can have on ITE's exhibition portfolio, so the planned developments of new venues in both St Petersburg, Krasnodar and Indonesia offer considerable opportunities for future growth.

GROUP
REVENUE FROM
INTERNATIONAL
SALES OFFICES

25%

Scoop

Delivering excellent profit growth

Scoop is a high end womenswear show based in London. ITE's involvement, first through a minority stake and then, since December 2013, as a majority owner, has helped to take the event to a leading position in its sector of the market. This has been possible by leveraging the industry expertise in ITE's existing fashion business, Moda, and building on the existing loyal customer base. This has helped to deliver excellent growth in profits over the past three years.



Expand



02

Expand into new sectors and geographies with potential for strong market positions

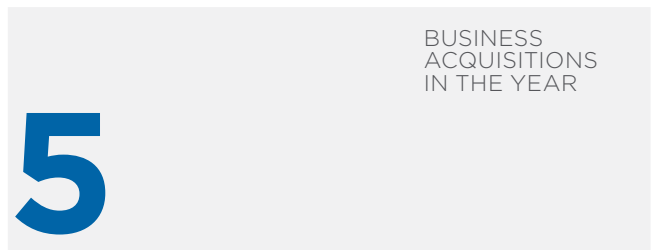


In existing markets, ITE targets new sectors or regions in which to acquire and develop acquisitions where there is potential for the participation of international exhibitors. In new markets, ITE is targeting the development of exhibition businesses where there is clear opportunity for strong future growth.

During the year, ITE has built on the business base in Asia that was established in 2013. The most significant acquisition in the year was the purchase of a 50% stake in the Chinacoat – Surface Finishing event, the leading coatings and finishings exhibition in China and South East Asia, in November 2013. The 2013 event, which took place shortly after ITE acquired its interest, sold 34,500m² in the year. The Group also acquired a 50% stake in Indobuildtech, the leading construction event in Indonesia which has significant potential to grow as new venue capacity becomes available over the next four years.

In October 2013, ITE acquired 100% of the Platform Exhibitions Inc. Platform runs the successful Beauty Eurasia event which serves the beauty, personal care and cosmetics industries in Turkey and the surrounding region. Beauty Eurasia is held in Istanbul in June each year and is the leading event of its kind in Turkey. The 2013 exhibition was the 9th edition of this successful event which sold 9,900m² and was attended by over 21,000 professional visitors.

During the year ITE also acquired a majority stake in Scoop, its London-based womenswear fashion business which has delivered strong growth in recent years.



In December ITE announced the acquisition of the Eurasia Rail exhibition. The Eurasia Rail exhibition serves the rolling stock and railway infrastructure industries in Turkey and the surrounding region and is held each year at the IFM (World Trade Center) in Istanbul. The upcoming exhibition will be held in March 2015, marking the 5th edition of this event, which is expected to sell more than 10,000m² net and be attended by around 20,000 professional visitors over three days.

These acquisitions, whilst being earnings-enhancing in their own right, also create significant opportunities for the Group by providing access to new marketplaces and offering synergies across industry verticals.

Brand →



03

Enhance and improve
our exhibition brands

In the last two decades, ITE has developed a number of successful brands that are renowned for providing effective marketplaces for businesses. ITE has established leading brands in a number of key sectors, in particular the Build brand in construction, but the Group also leads in Oil & Gas, Travel, Food and increasingly Beauty.

ITE has continued to strengthen its existing brands and improve international recognition of its local brands. As part of this, the industry vertical groupings established in 2013 have been strengthened through investments in the management team and focused marketing to ensure consistency of presentation and message across the Group. The Group has also continued its series of brand development projects which have covered all aspects of product quality, naming, character, tone-of-voice and graphic designs associated with events in the Group's largest portfolios.

ITE is continuing to develop its brand portfolios and the acquisition of Beauty Eurasia in October 2013, which is the principal event serving the beauty industry in Turkey, has been an important addition to the Group's growing Beauty sector.

Key Beauty brands acquired

Portfolio of leading exhibitions

ITE first gained significant exposure to the Beauty sector through its acquisition in 2012 of Beautex Co LLC, which operates the Intercharm and Estet Beautex Expo events in Kiev. This exposure was bolstered by the acquisition of ECMI in April 2013, and Beauty Eurasia in October 2013. As a result, the Group now has a portfolio of leading exhibitions in the Beauty and Personal Care sector which increasingly benefit from shared sector knowledge, management expertise and cross-selling.



People



04

Invest in developing our people



ITE is aware that its success is dependent on its people. As such, ITE is committed to investing in staff development throughout the Group and in particular, the management team that supports growing events and the continued expansion of the business.

Job satisfaction and staff retention have always been strengths associated with ITE. The Group encourages staff to seize career development opportunities. Staff can switch job functions if they possess the necessary skills and drive to succeed in another role. Others move offices, relocating to a new city or country in order to progress. There are no fewer rewards for those who choose to stick to their profession of choice, because working for ITE provides the variety of products, markets and projects for people to constantly develop and test their talents.

ITE has high rates of employee retention in its offices, with almost half of the Group employees having served in the business for five years or more. Key to this commitment is widespread equity ownership – currently more than 50% of staff participate in some form of equity scheme.

The Group has continued its programme of developing the strength and depth of the leadership and management teams in the year as well as improving communications between offices. Current initiatives include a developing talent management programme focusing on our best employees, setting out development plans to enable them to grow into future leaders, a Leadership Development Programme for our senior managers, and a rolling programme of development conferences, last year for Event Directors and this year by industry.

Communications have continued to improve, with a high level of usage of the intranet and newsletter and more co-operation by cross border industry groups. We will be conducting an Employee Engagement Survey later in the year, of which a major part will be how we communicate.

OF EMPLOYEES IN
EQUITY SCHEMES

54%

Global conferences

Developing ITE's management teams

As part of our rolling programme of global conferences, the summer of 2014 saw 68 of our Event Directors (EDs) gather in Istanbul for our first Event Directors' Conference. Participants included the EDs from our top 40 shows, together with colleagues from newly acquired businesses. The conference provided the opportunity for this important group of people to meet, share ideas and work on the development of their shows and their own skills.



Trading summary 2014



Overall in 2014 the Group ran 246 events (2013: 233). The Increase in the number of events is attributable to a combination of acquisition activity, launches and timing differences. A detailed analysis of volumes, revenues and gross profits from the Group's exhibition and conference activities is detailed below:

		Square metres Sold (000)	Revenue £m	Gross profit £m	Average yield per m ²
2013	All events	793	192	88	
	Non-annual	(26)	(12)	(7)	
	Discontinued events	(95)	(6)	-	
2013	Annually recurring	672	174	81	258
	Acquisitions	14	5	2	
	FX Translation	-	(22)	(10)	
	Net Growth	(32)	5	4	
2014	Annually recurring	654	162	77	247
	Non-annual	64	10	3	
	Timing	15	3	1	
2014	All events	733	175	81	

ITE delivered a good business performance in its lesser biennial year despite reporting lower revenues and gross profits. The underlying business has delivered a 10% improvement in constant currency profits, but this is obscured by the relative strength of Sterling against our principal trading currencies and the political upheaval in Ukraine. As part of ITE's ongoing review of its event portfolio the Group discontinued four high volume low profit events in Turkey. Overall, the Group saw volume sales fall by 8% to 732,900m² and revenues decrease by 9% to £174.8 million. On a like-for-like basis excluding discontinued events, volume sales fell by 4% and revenues fell by 10%.

Revenue

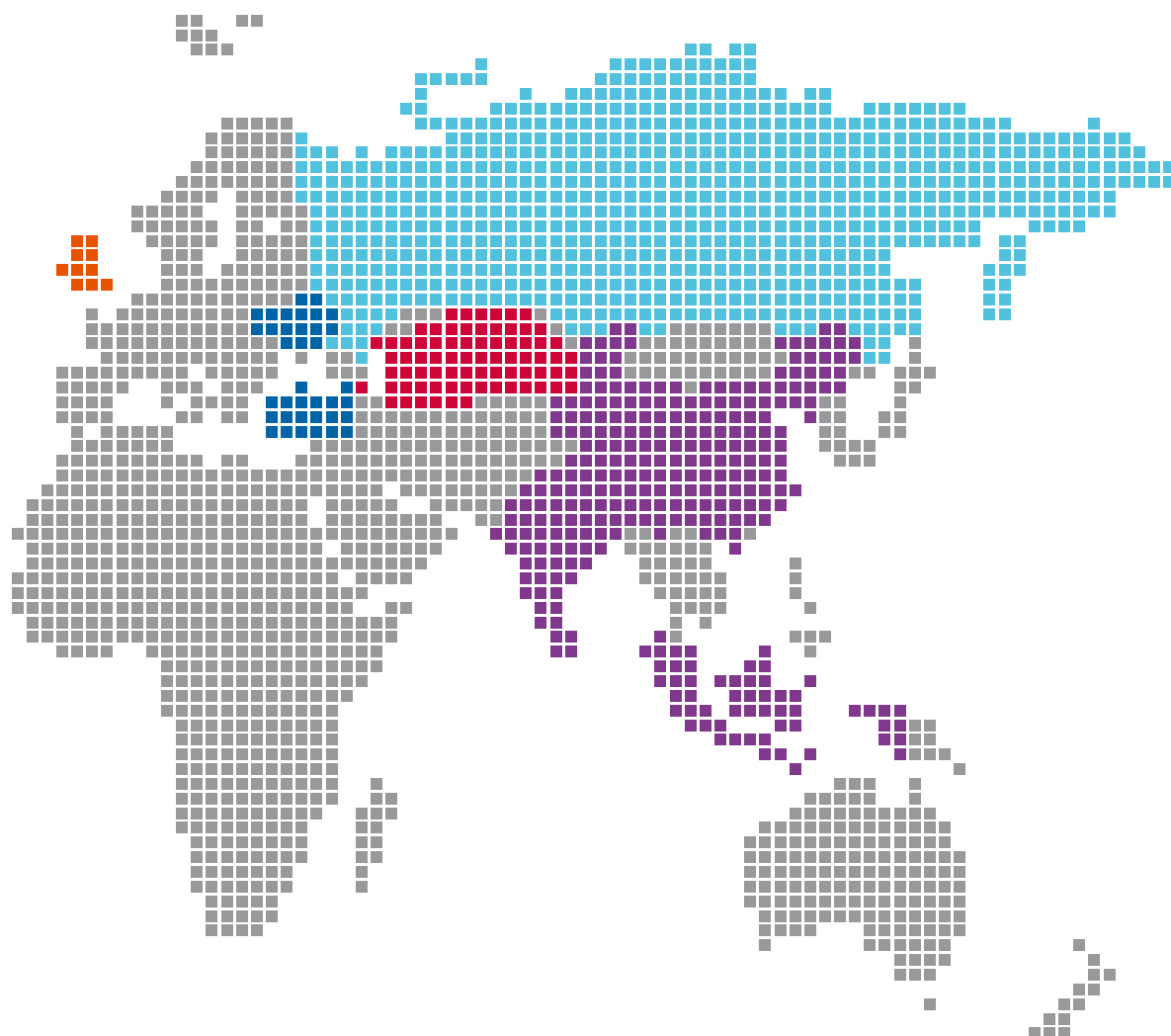
	2014 £m	2013 £m	% change	% change like-for-like ¹
Russia	102,851	121,138	-15%	-9%
Central Asia & Caucasus	33,509	28,836	+16%	0%
Eastern & Southern Europe	21,125	28,930	-27%	-39%
UK & Western Europe	11,677	9,696	+20%	1%
Asia	5,665	3,661	+55%	-2%
Total	174,827	192,261	-9%	-13%

1. Measures the change over the previous year after excluding acquired events impacting the results for the first time, event timing differences (where changes in the date of recurring events causes them to skip or occur twice in a financial year) and biennial events.

Sectors and geographies



18	OPERATING COUNTRIES	246	EVENTS HELD	733	M ² SOLD (000s)
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Russia



3% growth in like-for-like constant currency revenues

ITE offices

Moscow
St Petersburg
Novosibirsk
Krasnodar
Ekaterinburg

During the year ITE held 118 events in Russia (2013: 112), with total volume sales this year of 380,200m² (2013: 399,100m²).

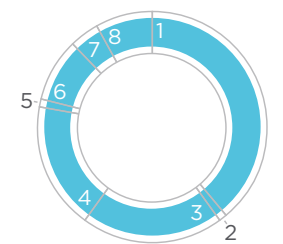
Revenue of £102.9m was 15% lower than the previous year, reflecting a flat trading environment, the absence of the biennial Moscow International Oil & Gas exhibition (MIOGE) and a weaker Ruble to Sterling exchange rate. On a like-for-like basis, volume sales in Russia decreased by 4% and revenues decreased by 9% over the prior year, although revenues improved on a constant currency basis.

The Russian economy has slowly weakened during the year and this has impacted the ability of the business to grow as quickly as in previous years. This is particularly noticeable in the regions outside Moscow which have experienced a recessionary environment for a large part of the year. The construction sector across the whole country has experienced a contraction in activity during the year, which is reflected in the results.

Moscow is ITE's largest office in Russia accounting for around 75% of the region's revenues. The office operates the Group's largest events a number of which are the 'number one, must attend' events which help insulate the Group in the event of economic weakness. Moscow's volume sales for the year were 243,700m² (2013: 252,000m²); on a like-for-like basis volume sales were similar to the prior year with revenues higher after excluding the effects of foreign currency movements.

The leading events in Moscow produced a mixed performance this year. The portfolio of industrial events held in the first quarter performed strongly as did the Moscow International Travel and Tourism exhibition which delivered sales of 20,000m² (2013: 19,500m²). The Group's largest event Mosbuild delivered a solid performance but in common with other construction businesses in Russia reported lower volumes than the previous year's event, delivering volume sales of 65,400m² a decrease of 5% on the prior edition (2013: 68,700). The logistics event TransRussia saw volumes decline by 11% to 10,000m² (2013: 11,200m²), whilst the security event, Moscow International Security & Protection continued to grow. The key event for the Group in September is World Food Moscow which again achieved a record size, growing by 4% to 25,800m², despite recently announced sanctions on food imports from the EU and US.

Revenue by sector



2014

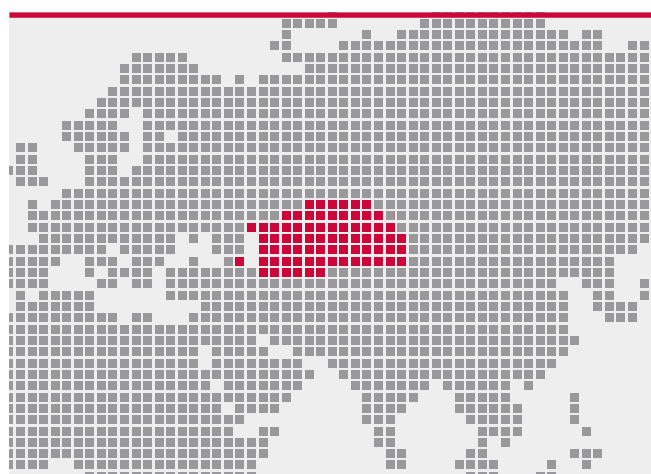
1. Build & Interiors	39%
2. Fashion	1%
3. Food	20%
4. Industrial	18%
5. Oil & Gas	1%
6. Other	9%
7. Transport & Logistics	4%
8. Travel	8%

The Group operated 16 events from the St Petersburg office during the year, with overall volume sales of 34,900m² (2013: 38,200m²). Performance was mixed with growth in events such as Expo-electronica offset by a decline at those events in industries reliant on capital expenditure, such as construction and mining. From autumn 2014 ITE will run its St Petersburg events in a new, state of the art, venue which provides improved space and facilities in which to operate.

In Novosibirsk, Siberia, ITE is the anchor tenant in the city's main venue. The international quality space it offers has provided a platform for good growth in the Group's business in this region in recent years. However this trend reversed during 2014 as the region moved into a recessionary environment. During the year the region held 34 events (2013: 27), with overall volume sales declining to 41,500m² (2013: 45,000m²), although revenues grew in local currency terms.

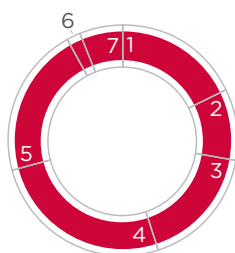
The Krasnodar region in south-west Russia is one of the most prosperous outside Moscow and recently hosted the 2014 winter Olympic Games. The exhibition portfolio covers a broad range of sectors, the largest events being in the agriculture and construction sectors. In total this office contributed volume sales of over 60,000m² (2013: 63,900m²) as the local economy moved into recession led by the construction sector. Despite the decline in sales volumes this year, the Group's business in Krasnodar continues to be restricted by the size of the current venue, especially in its two largest sectors. In 2013 the Group entered into an agreement to become the anchor tenant at a new 28,000m² venue in the city, which is on schedule to be completed in early 2016. It is anticipated that this new facility will allow ITE's largest events to grow and the business to expand into new industry sectors as the economy recovers.

Central Asia and the Caucasus



7% growth in like-for-like volumes

Revenue by sector



2014

1. Build & Interiors	18%
2. Food	10%
3. Industrial	17%
4. Oil & Gas	26%
5. Other	21%
6. Transport & Logistics	2%
7. Travel	6%

ITE offices

Almaty
Astana
Atyrau
Aktau
Baku
Tashkent
Bishkek

ITE's principal offices in Central Asia are in Kazakhstan, Azerbaijan and Uzbekistan.

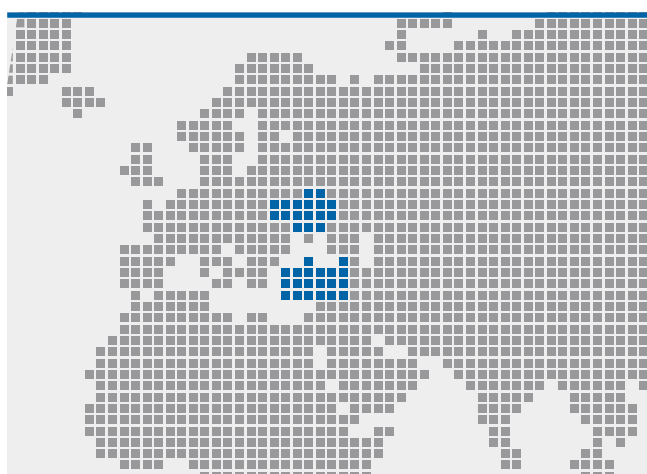
This year ITE organised a total of 79 events (2013: 69) across these territories with a number of events delivering total volume sales of 103,100m² (2013: 82,300m²) and revenues of £33.5 million. This year was favourably impacted by the return of a number of events that had 'skipped' 2013 and a favourable biennial pattern. Overall, on a like-for-like basis volumes increased by 7% over the previous year with revenues being impacted by the negative effects of foreign exchange movements, particularly in Kazakhstan our largest office in the region which saw a 30% devaluation of the Tenge in January 2014. Excluding currency movements, like-for-like revenue growth was 9%. All of the economies in this region are heavily dependent on Oil & Gas for their overseas earnings and economic wealth. The consistent US\$100+ price of oil during the past few years has helped support economic confidence within these economies feeding through to good levels of economic growth, which has been reflected in the growth of the Group's business in the region this year.

The financial results from Kazakhstan were impacted heavily by the Tenge devaluation. Revenues were flat on the prior year, despite the negative foreign currency movements. This was driven by another strong performance in the construction sector which, while it has not yet recovered to its pre-recession peaks, grew by 7%, along with a further strong performance in the leisure sector. Oil & Gas remains the largest sector in the region, accounting for around 30% of regional revenue, although continued delays in commissioning the Kashagan oil field have impacted sector performance this year. The largest event in the region is the Kazakhstan Oil & Gas Exhibition (KIOGE) which took place in Almaty in October 2013 and was slightly smaller than the prior edition at 8,000m² (2013: 8,200m²).

In Azerbaijan, ITE has once again experienced very strong growth backed by the country's continued economic expansion. This year helped by favourable timing and a biennial cycle the region achieved volume sales of 42,000m² (2013: 24,700m²) an increase of 28% on the prior year on a like-for-like basis. Revenues also increased strongly with all sectors showing good growth, especially Oil & Gas and Construction.

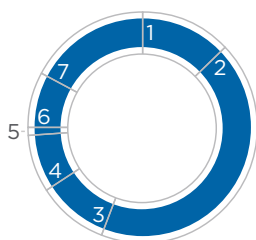
ITE's Uzbekistan business showed an increase in activity in 2014 selling 13,100m² (2013:11,600m²) as a result of a number of events returning having 'skipped' 2013. Excluding these timing differences, volumes and revenues were flat on a like-for-like basis.

Eastern and Southern Europe



Continued commitment to Ukrainian market

Revenue by sector



2014

1. Beauty	13%
2. Build & Interiors	43%
4. Food	10%
5. Industrial	8%
6. Oil & Gas	1%
7. Other	8%
9. Travel	17%

ITE offices

Istanbul
Antalya
Kiev
Warsaw
Poznan

The Eastern and Southern Europe region is by the Group's offices in Turkey and Ukraine.

Overall the region sold 174,300m² in 2014 (2013: 252,800m²), reflecting the impact of the political crisis in Ukraine and the closure of high-volume low margin events in Turkey. On a like-for-like basis excluding discontinued events this represented a decrease of 9% in volumes.

The Group's business in Ukraine has suffered heavily as a result of the political turmoil and civil war in the east of the country. ITE runs all of its Ukrainian events in Kiev and to the great credit of its dedicated staff it has continued to operate all events despite the troubles. The size and financial success of these events has declined in comparison to the prior year as the year has progressed, with a strong autumn season giving way to increasingly impacted events. Overall the Group sold 35,400m² in Ukraine during the year generating revenues of £6 million, which represents a decline of 46% in both volumes and revenues on the prior year. The Group's profits from the region in 2014 have declined by circa £3 million in comparison to the prior year to less than £2 million, although the business remains profitable. With a population of over 45 million people and economy to be repaired, ITE remains committed to operating its business in this region and believes it offers attractive returns in the longer term.

As part of ITE's ongoing review of its event portfolio the Group has reshaped its Turkish business during 2014, with the discontinuation of a number of high volume, low margin events; IMOB (furniture), TATEF (industrial machinery), Promuturk (promotional gifts) & Stationery. It now has a portfolio of high quality international events in its core sectors (Construction, Travel, Beauty and Food), all of which are free from the pressures of industry associations and operate at international profit margins. The acquisition of Beauty Eurasia announced in early October 2013 with its high level of international participants is in line with this strategy and improves the quality of the Turkish events portfolio and supports the Group's establishment of an international Beauty brand.

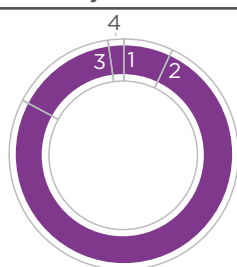
Overall total volumes in Turkey were 138,900m² (2013: 186,700m²), reflecting these changes. On a like-for-like basis excluding discontinued events volume sales were 4% ahead of last year and revenues were 3% down, although revenues were significantly ahead of the prior year in constant currency terms. In terms of specific events within the region, Turkeybuild, the pre-eminent construction event in Turkey, took place in early May and delivered its largest ever event with volume sales of 36,300m². The event enjoys strong demand for additional space from its exhibitors and the completion of additional capacity at the venue will allow the event to grow from the 2015 edition onwards. The Group's leading regional travel event EMITT again produced a record performance selling over 28,000m².

Asia



Expansion into China & Indonesia

Revenue by sector



2014

1. Build & Interiors	7%
2. Industrial	76%
3. Oil & Gas	15%
4. Transport & Logistics	2%

ITE offices

Beijing
Shanghai
Hong Kong
Kuala Lumpur
Singapore
Jakarta
Dubai
New Delhi
Chennai
Mumbai

The Group's operations in this region are based in India, China and South East Asia.

These regions represent relatively new markets for ITE in which to grow our existing products and develop new sectors. These markets are characterised by fast growing economies, underpinned by a rapidly expanding aspirational middle class population which is expected to drive consumer demand. In addition, they have relatively immature exhibition industries for the size of their economies and these two factors combine to offer excellent growth opportunities for ITE over the medium term. The Group's operations in this region are largely through a series of joint venture arrangements and the Group's income statement reflects only those revenues over which it has majority ownership, which totalled £5.7 million during the year (2013: £3.7 million), with profits largely recognised through the joint venture and associate line. In comparison revenues generated by 100% of the joint venture and associate businesses totalled around £35 million during the year.

The Indian exhibition industry offers significant potential due to the current lack of international quality venue space within the country which is severely limiting the industry at present. The Group operates two businesses in India: one through a small wholly owned subsidiary, ITE India, and the other through a 28.3% stake in ABEC, India's largest private exhibition organiser. ABEC's portfolio of 19 exhibitions across 11 sectors includes Acetech – India's leading construction event. Both businesses performed well this year, with ABEC delivering record profits and completing the successful launch of the Indian Travel and Tourism event. ITE India welcomed back its two leading biennial events MMMM and Paperex both of which showed good growth.

In China the Group operates through its Hong Kong headquartered 50% joint venture partner Sinostar which runs the Chinacoat/Surface Finishing China event. The Group acquired the interest shortly before the November 2013 event which was a record size selling over 34,000m². The Group is now looking to expand its portfolio of events in the coating sectors through a mixture of new launches and acquisitions.

In South East Asia the Group operates through three organisations based in Malaysia and Indonesia. In Kuala Lumpur, Malaysia the Group owns 75% of Tradelink which runs the Metaltech event, serving the machine tool technology and metal fabrication industries. The event, which sells over 12,000m², takes place each May in Kuala Lumpur and performed well although it is likely to remain at its present size until construction of a new venue is completed in two to three years' time. Also based in Kuala Lumpur are ECMI in which the Group has a 50% holding, and which operates the pan-ASEA professional beauty event series 'Cosmobeaute' and the laboratory equipment 'Lab' exhibitions. These acquisitions, and ECMI in particular, offer the Group a base of operations from which to replicate its events across the region, and the Group has already successfully launched the inaugural Oil & Gas and Cosmobeaute events in Myanmar, Paperex in Indonesia, Cosmobeaute in Thailand and TransAsia in Singapore.

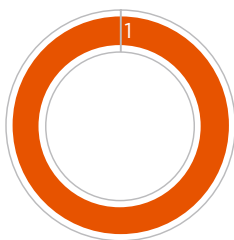
The Group further expanded its South East Asian operations in June with the acquisition of 50% of PT Debindo based in Jakarta, Indonesia. The company runs the Indobuildtech series of construction exhibitions, the largest of which takes place annually in Jakarta, and has already begun to leverage its international sales expertise in this sector to secure international participation at the 2015 event.

UK and Western Europe



Strong growth from London-based events

Revenue by sector



2014

1. Fashion

100%

ITE offices

London
Huddersfield
Hamburg
Utrecht

The Group's business in the UK is focused on the fashion industry.

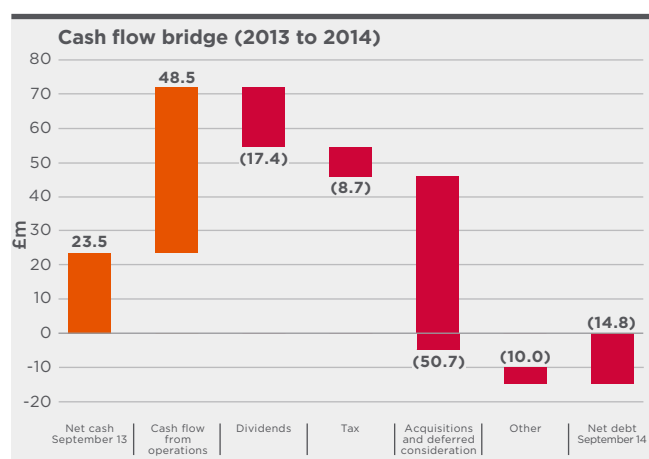
In MODA the Group owns the leading midmarket fashion event for Womenswear, Menswear, Footwear and Lingerie which runs twice a year in Birmingham. In London the Group operates Bubble, a niche high-end Childrenswear event; Jacket Required, a designer-led menswear event; and Scoop, a designer-led Womenswear event which the Group completed the purchase of during the year. Overall the portfolio achieved volumes sales of 42,800, a 4% decline on a like-for-like basis with continued growth in the London based events, especially at Jacket Required and Scoop, partially offsetting declines at MODA which continues to see the effects of a changing marketplace for midmarket independent fashion retailers. The Group is now looking to take its expertise in the fashion sector outside the UK and during the year it acquired a 40% interest in 'The Hub' a designer-led menswear event in Hong Kong.

Lentewenc, based in Warsaw, in which the Group has a 40% stake, continued to build its business and now runs events in four sectors (Construction, Food, Healthcare and Transport).

Chief Financial Officer's statement



'Record profits despite currency headwinds and difficult trading conditions in Russia and Ukraine.'



OPERATING
MARGIN

24%



Revenue and gross profit

Revenue for the year was £174.8 million (2013: £192.3 million) and gross profit for the year was £80.8 million (2013: £88.1 million), maintaining a gross margin of 46% (2013: 46%) in the Group's weaker biennial year.

Administrative expenses across the Group decreased to £42.0 million from £44.5 million in the previous year. Administrative expenses include significant non-cash items, including an amortisation charge of £11.8 million on acquired intangibles (2013: £13.1 million), an impairment charge of £6.2 million on goodwill relating to our business in Ukraine (2013: nil), a charge for share-based payments of £0.5 million (2013: £2.2 million) and a foreign exchange gain of £4.0 million arising on the revaluation of foreign currency monetary assets (2013: a loss of £0.2 million).

Excluding these non-cash items, administrative expenses decreased by £1.5 million to £27.5 million (2013: £29.0 million) primarily as a result of the strength of Sterling against the Ruble, in which a significant portion of overhead costs are incurred. Overall, Group administrative expenses excluding non-cash items and transaction related costs represented 15% of revenue (2013: 15%).

Operating profit was £41.8 million against a prior year profit of £45.0 million, resulting in net operating margins of 24% (2013: 23%) for the year.

Headline pre-tax profit for the year was £60.3 million (2013: £59.4 million).

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

	2014 £000	2013 £000
Profit on ordinary activities before taxation	41,478	43,894
<i>Operating items</i>		
Amortisation of acquired intangibles	11,815	13,116
Impairment of goodwill	6,212	-
Profit on disposal of investments included within administrative expenses	(716)	-
Recognition of negative goodwill from bargain purchase	(463)	-
Transaction costs (completed and pending)	1,582	1,178
Exceptional income	-	(109)
Tax on income from associates and joint ventures	868	105
<i>Financing items</i>		
(Gain)/loss on settlement of contingent consideration	(297)	75
(Gain)/loss on revaluation of put option liabilities	(318)	825
Unwind of discount of put option liabilities	100	281
Headline pre-tax profit	60,261	59,365

Other operating income

£0.4 million (2013: £0.3 million)

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

Investment revenue

£1.0 million (2013: £1.1 million)

Investment revenue came from interest on bank deposits of £0.4 million (2013: £1.0 million), a gain on the revaluation of put options of £0.3 million (2013: nil) and a gain on revaluation of contingent consideration of £0.3 million (2013: nil). In the prior year there was also a gain on cash flow hedges of £0.1 million.

Finance costs

£1.4 million (2013: £2.2 million)

Finance costs represent the interest cost of the Group's borrowings of £0.7 million (2013: £0.5 million), bank charges of £0.6 million (2013: £0.5 million) and an imputed interest charge arising on the discounting of the Group's put option liabilities of £0.1 million (2013: £0.3 million). In the prior year there was also a loss on the revaluation of put options on acquisitions of £0.8 million, and a loss on the revaluation of contingent consideration of £0.1 million.

Tax charge

The tax charge of £7.4 million represents 18% of profit before tax (2013: 19%). The Group continues to focus on tax efficiency across the Group, with the reduction in the tax rate this year primarily resulting from efficiencies within the Group structure.

Earnings per share

Basic earnings per share decreased by 3% to 13.8p (2013: 14.2p). Diluted earnings per share also decreased by 2% to 13.8p (2013: 14.0p).

The Group achieved headline diluted earnings per share of 20.2p (2013: 19.3p). Headline diluted earnings per share is based upon profit for the financial year attributable to equity holders of the parent, before amortisation and impairment of acquired intangible assets and goodwill, any profits or losses on disposal of Group undertakings, revaluation of financial liabilities in relation to put options over non-controlling interests, imputed interest charges on discounted put option liabilities and transaction costs relating to completed and pending acquisitions and disposals.

Chief Financial Officer's statement continued

Return to shareholders

The Group has recommended a final dividend of 4.9p per share for 2014, to bring the total dividend for the year to 7.4p per share (2013: 7.0p), an increase of 6%.

ITE is committed to maximising shareholder value through a long-term progressive dividend policy, set against a principle of maintaining at least two times cover across the biennial cycle, together with the reinvestment of profits into expanding the business.

Cash flow

Cash generated from operations in the year was £48.5 million (2013: £67.1 million), which after adjusting for the non-cash foreign exchange gain of £4.0 million (2013: a loss of £0.2 million) and venue advances of £6.9 million (2013: utilisation of £4.7 million) represents 98% of headline profits (2013: 105%). The principal applications of cash were £50.7 million applied to acquisitions (2013: £26.1 million); £6.9 million applied to new venue loans and advances (2013: utilisation of £4.7 million); £8.7 million was paid in tax (2013: £11.1 million); and £17.4 million was distributed as dividends to the Group's shareholders (2013: £16.4 million). The decrease in net cash balances over the year was £38.3 million, with the Group being £14.8 million in net debt at 30 September 2014 (2013: net cash of £23.5 million).

Acquisitions

On 15 October 2013, ITE acquired Platform Exhibitions Inc, which runs the Beauty Eurasia event, for cash consideration of £9.0 million, £3.3 million of which was deferred and paid in September 2014. This event contributed revenue of £1.9 million and £1.1 million of profit before tax to the Group's headline results.

On 1 December 2013, the Group exercised its call option to acquire the 60% of Scoop International Fashion Limited which it did not already own. Cash consideration of £1.8 million was paid.

On 3 February 2014, the Group's put option to acquire the 90% of Summit Trade Events Limited which it did not already own was exercised. Summit is organiser of a number of Oil & Gas events in Turkmenistan. Cash consideration of £1.1 million was paid and further consideration of £0.3 million is payable contingent on performance of the business in 2015.

Investments in Joint Ventures and Associates

On 15 November 2013, the Group acquired a 50% stake in Sinostar ITE which owns ChinaCoat and SFChina, the leading coatings and surface finishing exhibitions in China. The initial investment comprised £30.2 million cash with a further amount of £3.9 million payable contingent on the performance of the business to 31 March 2014. This deferred element was paid in two tranches, with the final tranche of £2.8 million paid in October 2014.

On 10 June 2014, the Group acquired a 50% stake in Debindo ITE which owns Indobuildtech, the leading construction show in Indonesia. The initial investment comprised £3.0 million cash, with a further amount estimated at £1.9 million payable in 2015 contingent on the results of the 2015 show.

Balance Sheet

The Group's consolidated balance sheet at 30 September 2014 is summarised in the table below:

	30 September 2014			30 September 2013
	Assets £m	Liabilities £m	Net assets £m	Net assets £m
Goodwill and intangibles	102.4	0.0	102.4	122.3
Property, plant and equipment	2.2	0.0	2.2	2.3
Venue advances	10.2	0.0	10.2	4.1
Cash	28.1	0.0	28.1	26.4
Bank loan	0.0	(42.9)	(42.9)	(3.0)
Other current assets and liabilities	45.0	(84.1)	(39.1)	(49.0)
Provisions - non-current	0.0	(0.2)	(0.2)	(0.4)
Deferred tax	1.9	(10.9)	(9.0)	(9.3)
Other non-current assets and liabilities	53.7	0.0	53.7	15.9
Total as at 30 September 2014	243.5	(138.1)	105.4	109.3

Net assets decreased by £3.9 million to £105.4 million. The main changes are in net cash (a decrease of £38.3 million), investments in joint ventures and associates (an increase of £34.5 million), goodwill and intangibles (a decrease of £19.9 million), the net derivative financial instruments balance (an increase of £8.0 million) and the movement in deferred revenue (a decrease of £16.0 million).

Goodwill and intangible assets

Goodwill and intangible assets have decreased during the year due to the retranslation of overseas balances to Sterling at year end exchange rates and an impairment of goodwill relating to our business in Ukraine. Whilst the Ukrainian business remains profitable, a review of this business using prudent future growth rates results in a £6.2 million impairment of the goodwill balance. This decrease is partly offset by the acquisition of Beauty Eurasia. The intangible assets balance represents acquired customer relationships, trademarks and licenses, visitor databases and computer software.

Investment and capital expenditure

The Group's capital expenditure on plant and equipment increased slightly during the year to £1.4 million (2013: £0.9 million) and included exhibition equipment, office fixtures and fittings. Capital expenditure on computer software in the year was £1.5 million (2013: £0.8 million). The increase reflects continued investment in computer software to enhance our exhibition visitor experiences, develop our office network and support our sales, marketing and accounting functions.

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

At 30 September 2014, the Group's Sterling value of the outstanding balances of advance payments and venue loans was £10.2 million (2013: £4.1 million) as follows:

	30 September 2013 £m	New £m	Repayments £m	Forex £m	30 September 2014 £m
Russia	2.7	8.4	(3.1)	(0.5)	7.5
Central Asia & Caucasus	0.3	1.2	(0.8)	(0.1)	0.6
Eastern & Southern Europe	1.1	2.0	(0.8)	(0.2)	2.1
Total	4.1	11.6	(4.7)	(0.8)	10.2

Share capital

During the year the Company issued 348,000 (2013: 509,117) ordinary shares of 1p in the year. All of the total new issues were pursuant to the exercise of options and yielded aggregate consideration of £11,930. During the year the Company purchased an additional 1,665,000 shares for the Employees Share Option Trust (ESOT) for a cost of £3,751,118. As at 30 September 2014 ESOT held 3,703,588 (1.5%) of the Company's issued share capital (2013: 3,654,988 (1.5%)).

Reserves

The movement in the translation reserve from £12.1 million to £33.3 million represents the loss on the retranslation of the Group's overseas assets denominated in foreign currencies. This is driven primarily by movements in Sterling/Ruble and Sterling/Ukrainian Hryvnia exchange rates. The movement in the hedge reserve from a debit balance of £0.4 million to a credit balance of £3.1 million primarily represents the gain on revaluation of Euro derivative instruments deemed effective hedges. The reduction in the put option reserve follows the acquisition of the remaining 20% equity stake in Turkeybuild that the Group did not own which was exercised in April 2014.

Treasury

During the year, the Group experienced a net foreign exchange gain of £4.0 million (2013: loss of £0.2 million). The exchange rate for the Euro at 30 September 2014 was €1.28:£1 (30 September 2013: €1.19:£1); the exchange rate for the Ruble at 30 September 2014 was R63.8:£1 (30 September 2013: R52.0:£1); the exchange rate for the US Dollar at 30 September 2014 was US\$1.63:£1 (30 September 2013: US\$1.61:£1).

During the year, 42% of the Group's sales were priced in Euros, 33% in Rubles, 8% in GBP, 3% in US Dollars, the balance being in various local currencies.

The average exchange rates used to translate sales into Sterling were: R58.7:£1 (2013: R48.9:£1), €1.22:£1 (2013: €1.20:£1). The Group estimates that a 1 cent movement in the Euro impacts profit by £250,000 and a 1 Ruble movement impacts profit by £500,000.

Chief Financial Officer's statement continued

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

- it will hedge no more than 75% of the value of anticipated Euro denominated sales derived from outside Russia and the CIS; and
- it will only enter into derivative transactions up to 36 months ahead.

At 30 September 2014, the Group had entered into forward contracts to sell Euros for Sterling between October 2014 and September 2017. The value of the contracts is €82.2 million at an average rate of €1.21:£1. These instruments are designated as hedging instruments.

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

Group borrowing facilities

The Group has long-term borrowing facilities provided by Barclays Bank and HSBC. The arrangements extend until 30 June 2018 and consist of revolving credit facilities totaling £80 million.

At 30 September 2014 the Group had borrowings in the form of revolving credit facility drawings of £42.9 million denominated in Sterling (2013: total borrowings of £20.6 million of which £15.9 million was denominated in Sterling, £1.8 million denominated in US Dollars and £2.9 million denominated in Euros).

For short-term debt, such as overdraft facilities or debt with a term of less than 12 months, fixed or floating rates of interest are used. For debt with a term of greater than 12 months, when the borrowing is not covered by existing cash holdings, it is policy that management will review the Group's exposure to interest rate movements and fix interest rates to the extent deemed appropriate. It is Group policy that its cash balances are not invested in instruments that would put the capital value at risk. All invested funds have a determinable rate of interest.

Liquidity risk

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

The Group is conscious of the risks associated with holding deposits in foreign-domiciled banks. The territories in which ITE operates do not all have internationally recognised banks and the Group has relationships with a number of domestic banks. The Group seeks to use the territories' leading banks and to minimise the level of cash held in such banks. Of the Group's total cash balance of £28.1 million as at 30 September 2014, 58% was held in institutions with a rating of grade A or above and 33% in B to BBB+.

Going concern

The Group and Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Review and Divisional Trading Summary. The financial position of the Group and Company, its cash flow, liquidity position and absence of net long-term borrowings are described within this Finance Director's statement. In addition, note 21 refers to the Group and Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

After making enquiries, reviewing the Group and Company's forecasts and projections and taking account of reasonably possible changes in trading performance, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the Annual Report and Financial Statements.



Neil Jones Chief Financial Officer
1 December 2014

Environmental impact



The Group is pleased to have met its target to reduce emissions per staff member during 2014

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.

Board level responsibility

The Group Finance Director 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.

Consistent with prior year, the scope of Group's reporting continued to cover GHG emissions at the global level covering all of the Group's operating offices.

The Group worked with CarbonSmart, a carbon consultancy, to develop a GHG Reporting Protocol, based on DEFRA and World Resource Institute guidelines. The Group has decided to measure 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; onsite 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 2014

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 above for the year ended 30 April 2014. 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 year the Group is pleased that it was able to reduce its total GHG emissions from 1,229 tonnes of CO₂e to 1,191 tonnes of CO₂e as well as to meet its published target by reducing its emissions per staff member – from 1.16 CO₂e to 1.08 CO₂e largely as a result of a reduction in gas consumption.

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).

Global GHG emissions data comparisons for the period from 1 May 2012 to 30 April 2014:

Tonnes of CO ₂ e	2014	2013
Scope 1	400	444
Scope 2	753	743
Estimated emissions for offices that have not reported data	38	42
Total GHG emissions (CO ₂ e)	1,191	1,229
Average staff number for period of measurement	1,100	1,058
Company's chosen intensity measurement:		
Emissions per staff member	1.08	1.16

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 2014 is illustrated in the table below:

	Male	Female
Board	5	2
Senior management	37	23
All employees ¹	315	749

1. Includes Board & senior management.

The Group has a policy of encouraging employees, especially those from the locations in emerging markets, to move around the offices of the Group, thus providing development opportunities for all staff. In addition, employees are assisted in their career development through an annual appraisal scheme, and sponsored training is provided where there is a benefit to both the individual and the Company. All 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 Company 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 regular Health and Safety training. 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 of the Company is aware of both the benefits to its business of engaging with its various constituencies in a socially-responsible manner and the risks of failing to do so. As an operator of internationally-focused businesses in emerging markets, the Company ensures that it is culturally sensitive in its dealings with the local community and that its employment and development policies are non-discriminatory and encourage the employment of local nationals at all levels in the Company.

The Company actively supports its employees in their support of local community projects. Charitable donations across the Group totalled over £49,500 in 2014 (2013: £46,000).

In Russia the Group supports a number of local charities – particularly those involving children's charities. During 2014 this has included providing direct financial funding as well as providing volunteers to assist on specific projects and workshops.

During the year, the Moscow office continued its support for the charity called 'Support Fund for Children in Difficult Circumstances'. As part of this support, the office organised a two-week collection of clothes and toys for children under 14, as well as raising money to buy nappies for the youngest children.

In St Petersburg, the local office raised funds for the local charity AdVita, which supports children with cancer. In return, AdVita gave ITE the right to use a drawing from one of its children for its corporate Christmas cards last year. Aged five and receiving treatment for leukaemia at the time of drawing, the artist is now nine and has overcome his illness.

In Uzbekistan, the local office raised funds to purchase hygiene products for local needy children who had lost their mother. This follows the office's previous efforts in helping disabled children.

In the UK, the London and Huddersfield offices held charity auctions and sponsored activities, matching funds raised by employee contributions. The office continued its work with Events for Namuwongo during the year. Namuwongo is a slum on the edge of Kampala, Uganda, which has been adopted by the UK exhibitions industry to provide support and to work with the community to help them achieve their long-term objectives. During the year, ITE's Chief Executive Officer, Russell Taylor, joined the charity's organised cycle ride and cycled over 350km from London to Paris to raise money for Namuwongo.

The Group is looking to increase further the number of its offices which take part in charitable activities.

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 available to all staff on the Group intranet.

The UK Bribery Act places obligations on the Group and senior management. Key management are required to complete an e-learning course, tailored to the requirements of the business and 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.

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 services. This helps to provide assurance to our exhibitors and visitors as to the standard of our exhibitions.

The Group aims to provide high quality of service at all its events in all locations. The Group operates to a strict minimum quality level to ensure events are provided to exhibitors and visitors at international 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.



FTSE4Good

FTSE confirms that ITE Group plc has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.



AdVita Christmas card



Wear It Pink: ITE London raises money for breast cancer research

Board of Directors



1 Marco Sodi (age 56)**Non-executive Chairman**

Marco Sodi was appointed a Non-executive Director on 1 February 2012 and took over as Chairman of ITE on 23 March 2012. He was a non-executive Director of ITE from 2003 to 2006 and has extensive experience of the media sector, and the exhibitions sector in particular. He left the Private Equity firm Veronis Suhler Stevenson in March 2010 after 23 successful years as both a General Partner and Investment Committee member. He is currently a non-executive Director of EuroTaxGlass's Int'l A.G., European Directories S.A. and Data Centrum Communications and Advisory Board Member of the Antenna Group. Previously he has served on the Boards of Hemscott plc, Centaur Communications plc, Pepcom GmbH, Berliner Verlag A.G., CSC Media Group plc, Granada Learning plc and Clarion plc.

2 Russell Taylor (56)**Chief Executive Officer**

Russell Taylor was appointed Chief Executive in May 2008 having joined ITE in March 2003 as Finance Director. He has extensive experience of all sectors of the exhibition industry, having earlier in his career spent seven years at Earls Court Olympia Group, as Group Finance Director and subsequently Managing Director of Earls Court & Olympia Halls. He is a qualified Chartered Accountant, having trained at Touche Ross & Co, where he became a Manager in their Corporate Finance Department. He holds a BA in Economics.

3 Neil Jones (age 48)**Chief Financial Officer**

Neil Jones was appointed as Chief Financial Officer in November 2008. He has held senior financial positions within the exhibitions industry for over 15 years. He was formerly Finance Director at Tarsus Group plc, which specialises in the organisation of trade exhibitions in Europe, America, UAE and Asia. Prior to that, he was European Finance Director for Advanstar Communications, one of the largest US media groups. Neil is a member of the Institute of Chartered Accountants of England & Wales, qualifying with Price Waterhouse in 1990. With effect from 28 May 2014, Neil was appointed as a non-executive Director of Marimedia Plc.

4 Linda Jensen (age 50)**Non-executive Director**

Linda Jensen was appointed a Non-executive Director of the Company on 7 July 2011 and Company's Senior Independent Director on 30 January 2014. She is CEO of HBO Europe, a position she has held since February 2005, and is responsible for all business operations of the HBO channels in the European region, currently covering 14 markets. From 2000 to early 2005, she was the President of MTV Russia, based in Moscow. Prior to MTV Russia, she gained valuable experience in the central European region as the Director of Development at Central European Media Enterprises (CME). Fluent in Russian, she holds a Masters degree in Political Science from Columbia University.

5 Neil England (age 60)**Non-executive Director**

Neil England was appointed a Non-executive Director of the Company in March 2008 and is currently Chairman of the Remuneration Committee. He has a breadth of sales and marketing experience and an extensive knowledge of ITE's key geographic markets. He was formerly Vice President for Mars Incorporated with responsibility for all the CIS countries and he built a market-leading business there. More recently, he was Group Commercial Director on the main board of Gallaher Group Plc. He is currently non-executive Chairman of three companies including BlackRock Emerging Europe Plc, an emerging market trust investing in Eastern Europe. Neil is a Fellow of the Chartered Institute of Marketing.

6 Stephen Puckett (age 53)**Non-executive Director**

Stephen Puckett was appointed a non-executive Director of the Company on 1 July 2013 and Chairman of the Audit Committee on 30 January 2014. He is a Chartered Accountant with over 20 years' experience as Finance Director of quoted companies. In 2012 he retired from the Board of Michael Page International plc after more than 11 years as Group Finance Director, during which time he oversaw a period of significant overseas expansion and growth. Stephen is also currently Senior Independent Director of Hydrogen Group plc and a non-executive Director of Redcentric plc and chairs both their respective Audit Committees.

7 Sharon Baylay (age 46)**Non-executive Director**

Sharon Baylay was appointed a non-executive Director of the Company on 1 April 2014. She is non-executive Chairman of Dot Net Solutions Ltd, and non-executive Director of Restore PLC. From 2009–2011 she was Marketing Director and Main Board Director of 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 BBC, Sharon held a number of senior roles at Microsoft Corporation over a period of 15 years from 1993–2008, 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 Communications and Advertising, London (WACL).

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 2014 and to the date of this report.

The Board

The Board of Directors ('the Board') currently has seven members, comprising the non-executive Chairman, Chief Executive, Chief Financial Officer and four independent non-executive Directors.

All the Directors bring strong judgement to the Board's deliberations. The Board is of sufficient size and diversity that the balance of skills and experience is considered to be appropriate for the requirements of the business.

The non-executive Directors 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 considers that the Chairman was independent on appointment.

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 AGM, and, as set out in the Code, the Board continuing to be satisfied that they remain independent.

The Chairman and Chief Executive

The different roles of the Chairman and Chief Executive 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 with effect from 30 January 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.

The Directors

The biographical details of the Board members are set out on pages 40 and 41. The Directors have all occupied, or occupy, senior positions in UK and/or non-UK listed companies and have substantial experience in business. 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. At all times at least half the Board, excluding the Chairman, has comprised independent non-executive Directors. At the AGM on 29 January 2015 all the Directors will once again offer themselves for re-election in compliance with Code provision B.7.1.

Role of the Board

The Board has overall responsibility to shareholders for the proper management of the Company. It met seven 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 and the approval of its long-term objectives and commercial strategy, 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 members receive appropriate documentation in advance of each Board or Committee meeting which normally includes a detailed report on current trading and full papers on matters where the Board will be required to make a decision or give approval. These 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.

Board discussions are held in an open and collaborative atmosphere with sufficient time allowed for debate and challenge.

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.

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.

Board effectiveness review

The formal annual review of the performance of the Board, its Committees and the Directors was carried out before the year end. This year the process consisted of an internally run exercise led by the Chairman 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.

The appraisal confirmed that the Board and its Committees were operating effectively. The feedback received resulted in the agreement of a clear action plan for the year ahead focusing on the following areas:

- Devoting more time to the discussion of the Group's strategic objectives.
- Progressing the Group's focus on succession planning and talent management.
- Improving communications between Board members between Board meetings.

Independent professional advice

The Board has approved a procedure for Directors to take independent professional advice at the Company's expense, if required. No such advice was sought by any Director during the year. In addition, the Directors have direct access to the advice and services of the Company Secretary.

Training and development

An induction programme is arranged for newly-appointed Directors which include 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 Directors 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). Their reports are set out on pages 46 to 71.

Corporate governance report continued

Attendance by Directors at Board and Committee meetings in 2014

	Board	Audit Committee ¹	Remuneration Committee ²	Nomination Committee ³	Risk Committee ⁴
Neil England	7	2	4	3	–
Sharon Baylay (appointed 1 April 2014)	4	2	1	–	–
Michael Hartley (resigned 30 January 2014)	2	2	3	1	–
Linda Jensen	7	4	4	3	–
Neil Jones	7	–	–	–	4
Stephen Puckett	7	4	3	3	4
Marco Sodi	7	4	4	3	–
Edward Strachan (resigned 31 March 2014)	2	–	–	–	1
Russell Taylor	7	–	–	–	–
Total number of meetings	7	4	4	3	4

Notes:

1. Neil England ceased to be a member of the Audit Committee from 30 January 2014 and Stephen Puckett replaced Michael Hartley as Committee Chairman following his resignation from the Board and its Committees on 30 January 2014.
2. Stephen Puckett ceased to be a member of the Remuneration Committee from 30 January 2014. Michael Hartley stepped down from the Board and its Committees on the same date. Sharon Baylay joined the Committee following her appointment to the Board on 1 April 2014.
3. As noted above, Michael Hartley stepped down from the Board and its Committees on 30 January 2014.
4. The Risk Committee is chaired by Neil Jones and is comprised of Stephen Puckett, the Chairman of the Audit Committee, and three operational Regional Directors including Edward Strachan who stepped down from the Board on 31 March 2014 but who continues as a Committee member.

Shareholder relations

The Company is committed to ongoing engagement with shareholders and has a well established cycle of communication based on the Group's financial reporting calendar. The Chairman, Chief Executive and Chief Financial Officer, have dialogue with individual institutional shareholders and general presentations are given to analysts and investors covering the annual and interim results. During the year, a presentation was made to Board members by the Company's brokers' to update them on the views of major shareholders about the Company. The Board also received institutional and analysts' feedback following both the interim and annual results roadshows.

The Strategic Report set out on pages 1 to 39 details the financial performance of the Company as well as setting out the risks it faces and plans for the future. All shareholders will have the opportunity to ask questions at the Company's AGM on 29 January 2015. At the AGM, the Chairman will give a statement on current trading conditions. The Chairmen of the Nomination, Remuneration and Audit 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

Whistle-blowing arrangements

The Company has an established policy which enables and encourages staff to report in confidence any possible improprieties in either financial reporting or other matters.

Corporate social responsibility

Neil Jones, Chief Financial Officer, is the Board sponsor for environmental, social governance, community investment and other corporate social responsibility 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 in January 2008.

Anti-corruption policy

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 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.

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). 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 Standards require 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 United Kingdom 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; and
- the Management Report, which is incorporated into the Directors' 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.
- 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.

By order of the Board



Russell Taylor Chief Executive Officer
1 December 2014



Neil Jones Chief Financial Officer
1 December 2014

Audit Committee report

The Audit Committee comprises Linda Jensen, Sharon Baylay (since April) and Stephen Puckett (Chair). All members of the Committee are independent non-executive Directors and they are considered to provide the wide range of international, financial and commercial expertise necessary to fulfil the Committee's duties. The Board considers that Stephen Puckett has the appropriate financial expertise, as required by the UK Corporate Governance Code ('the Code').

In either the current or prior year, individual members of the Committee have visited a range of the Group's offices and shows, including Kazakhstan, Ukraine, Moscow and the Group's main UK show Moda, holding meetings with local staff and, where appropriate, following up on matters previously identified by external and internal audits.

The Committee's role is to provide effective corporate governance over the appropriateness of the Group's financial reporting. The Committee's terms of reference can be found on our website at <http://www.ite-exhibitions.com/corporate-governance.aspx>

Specific 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 Company'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 monitor management's mitigation plans;
- reviewing the scope and results of the Group's internal audit activity and assessing the effectiveness of the Group's internal audit process;
- monitoring the Group's whistle-blowing process; and
- monitoring compliance with the UK Bribery Act.

The Committee met four times during the year. By invitation, all meetings were attended by the Group Chief Financial Officer, the Group Chairman and our external auditor Deloitte LLP and for certain meetings or parts of meetings, the Group Financial Controller, and the Group's Head of Internal Control. 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.

Separately, the Chairman of the Committee has also held meetings with:

- the Group Chief Financial Officer, the Group Financial Controller and the external auditor to review the progress with matters raised in the management letter and separately the potential impact of technical accounting updates;
- the external auditor, and;
- the Group's Head of Internal Control.

Each of the four Committee meetings held during the year has a particular specific focus, in order as follows: 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 results of the external audit and review of the annual financial statements and associated investor presentations. 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:

- **Acquisition accounting** as there is exercise of judgement involved in identifying and valuing the consideration and the assets acquired in a business combination. The Committee assesses the processes used in the identification and valuation of acquired assets and liabilities including the reasonableness of any assumptions used. The Committee also assesses the final split of consideration between goodwill and identified intangible assets. This year the Committee considered both management's papers and reports from the external auditors covering the principal acquisitions: Sinostar, Platform and Debindo.

- **Impairment of goodwill and intangible assets** which involves measuring the carrying value of goodwill against the discounted cash-flows of each of the cash generating units (CGU). Each regional office is considered to be a CGU. There are a number of judgements to consider including the forecast cash flows of the office, discount rates used, the growth rates applied and the expected life of the shows. 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 and the respective life of the shows reflect management's view of the long-term forecast rates of growth (using third party sources such as the IMF where appropriate) and longevity for the shows in the respective territory. This year the Committee considered closely the performance of the Russian offices (where there is significant headroom), and the Ukraine office due to the ongoing political and economic situation. A suitable impairment has been booked against goodwill in the Ukraine.
- **Recoverability of venue advances and loans.** One of the key factors of success in the exhibition business is maintaining strong relationships with suitable venues. As part of these relationships, the Group often makes loans or advances to venues. Assessing the future recoverability of the venue loans and advances involves judgement. This is exercised by considering the track record of recoveries, together with assessment of economic conditions and show performance in the relevant territory.
- **The appropriate recognition of revenue** is critical to the financial statements. The Committee believes that the risk is focused on the validity and cut-off of revenue. All revenue is recognised when the service has been delivered. With respect to exhibitions and conferences the Group usually invoices its customers in advance of the show and so defers the revenue until the date the event has completed. Floor plan audits¹ are seen as central to the controls process for the accurate recognition of revenue and confirming that floor plan audits are being performed on a timely and robust basis forms a critical part of internal audit testing of procedures during the year on a rolling basis to each operating unit.

Internal Control and Risk Management

The Group has a formal process of internal audit which involves the Group's Head of Internal Control identifying a limited scope audit of minimum acceptable control practices. These audits are performed on a rolling basis amongst the Group's operating units either by the Head of Internal Control or KPMG LLP. The reports are made available in summary form to the Committee and in detail form to the Group Chief Financial Officer, relevant operating management and the Chairman of the Audit Committee. The Group's Head of Internal Control assists with training and monitors correction to any identified issues.

The Committee reviews the reports and considers progress against the recommendations. The Group operates across a number of territories and the role of the internal audit reviews and appropriate follow up is an important part of the Group's overall control environment.

The effectiveness of the internal control process is assessed annually through discussions with local management teams and others involved in the process. The conclusion of the review was that the current internal audit process was operating effectively. As a result of the review this year, the Committee plans to broaden the scope of internal audit to include identification and assessment of commercial and risk management processes in local offices.

The Group's risk management process is covered in detail in the report of the Risk Committee. The Audit Committee Chairman is a member of the Risk Committee which ensures effective and sufficient coverage of financial reporting risks within the Group's risk management processes.

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 2014 financial year, the primary risks were in relation to acquisition accounting, impairment of intangible assets and goodwill, revenue recognition and recoverability of venue advances.

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 £40,000 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.

1. Floor plan audits are a process by which the floor plan map of the exhibition is matched and reconciled to the invoices issued to the exhibitors for their attendance at the exhibition to ensure completeness of revenue recognition.

Audit Committee report continued

Private meetings were held with Deloitte at both of the Audit Committee meetings which considered the financial statements (in May and November) to provide additional opportunity for open dialogue and feedback from the Committee and the auditor 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 2013 external audit process was formally assessed by the Committee in January 2014. Feedback was sought from various participants in the process (management, Audit Committee members and management of subsidiary units). The effectiveness of management input, audit planning, execution, reporting, communication, team knowledge and partner performance was assessed and was discussed in the Audit Committee meeting. Overall the effectiveness of the external audit process was assessed as performing as expected, with the quality of the audit team noted as a special strength.

Appointment and independence

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 is required to rotate the audit partner responsible for the Group audit every five years. The current audit partner was appointed last year. He was selected from a shortlist of three suitable and available partner candidates provided by Deloitte LLP and based on interviews conducted separately by the Group 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 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 external auditor, the Committee takes account of the ability of the auditor 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 auditor 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 AGM held after 17 June 2023. Taking account of this, the Committee nevertheless plans to tender the audit in 2017 to take effect for the year ending 30 September 2018, after the five-year rotation period of the current external audit partner, although this decision shall be reviewed annually. For the year ending 30 September 2015, 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 £343,000 (2013: £339,000) for audit and audit related services.

Non-audit services

To safeguard the objectivity and independence of the external auditor from becoming compromised, the Committee has a formal policy governing the engagement of the external auditor 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 Chair of the Committee, 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 6 on page 97.



Stephen Puckett Chairman of the Audit Committee
1 December 2014

Nomination Committee report

The Nomination Committee comprises Neil England, Linda Jensen and Stephen Puckett and is chaired by Marco Sodi. Michael Hartley served on the Committee during the year until stepping down from the Board on 30 January 2014.

It meets as required and is responsible for considering and recommending to the Board suitable candidates for appointment as executive and non-executive Directors. There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board which involves the Nomination Committee interviewing candidates proposed by either existing Board members or 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. When dealing with the appointment of a successor to the Chairman, the senior independent non-executive Director will chair the Committee instead of the 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 whole Board following recommendation from the Committee.

Diversity

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.

The Committee met three times during the year and was active in the appointment of ITE's new non-executive Director, Sharon Baylay. The selection process began with the agreement of a specification for the role by the Committee and the subsequent appointment of external search consultants, Sapphire Partners, who have no other connection with the Company, to carry out a search and review of prospective candidates. After completion of a rigorous interview process, the Committee's recommendation that Sharon Baylay be appointed was passed unanimously by the Board, with Sharon joining the Company as a non-executive Director on 1 April 2014.

Other activities during the year included:

- Reviewing the succession planning and talent mapping processes for senior management; and
- Reviewing the balance of skills and experience on the Board and considering if any changes were necessary.



Marco Sodi Chairman of the Nomination Committee
1 December 2014

Remuneration Committee report

I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2014, which has been prepared by the Remuneration Committee ('the Committee') and approved by the Board.

The Group delivered a robust set of results in 2014. Revenues were £174.8 million (2013: £192.3 million) and yielded headline profits before tax of £60.3 million (2013: £59.4 million) and headline diluted earnings per share of 20.2p (2013: 19.3p).

This is the Company's second year of reporting in line with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The report is divided into two sections. The first is the Policy Report which was approved by shareholders at the AGM on 30 January 2014 and which outlines the Group's remuneration policy applying from 1 October 2014 for Executive Directors. Whilst the remuneration policy is unchanged, for clarity we have updated the charts illustrating the application of the remuneration policy to reflect the latest salaries, and the recruitment policy to include the Committee's confirmation (provided in advance of the 2014 AGM) that use of Listing Rule 9.4.2R will be limited to the 'buy out' of incentive arrangements forfeited on leaving a previous employer, and have simplified the notes to the policy table and the section on consideration of shareholder views. The second section is the Annual Report on Remuneration which reviews how the policy was implemented in 2014 and includes a table showing a single figure of total remuneration for Executive Directors. It also summarises how the Remuneration Policy will be implemented in 2015. Mindful of the increasing length of remuneration reports, we have aimed here to be concise without compromising on transparency. I hope you find the Remuneration Report clear and easy to understand and would welcome any feedback or comments.

During autumn 2013, we undertook consultation with shareholders on the proposed introduction of a new long-term incentive plan. At the 2014 AGM, 99% of votes cast were in favour of the new Performance Share Plan (PSP) which the Committee felt reflected the constructive consultation exercise with shareholders. Awards were granted under the new PSP in March 2014.

The Committee reviewed the 3-year cumulative headline diluted EPS performance targets applying to the 2015 PSP cycle which are anticipated to be granted in January 2015. There are a number of factors likely to affect results which are either outside of management control or are difficult to mitigate in a material way. These effects include:

1. The appreciation of Sterling against the basket of transactional currencies used in the business, particularly the Euro and Ruble.
2. The translation of local currency profits into Sterling for reporting and target measurement.
3. The conflict in the Ukraine and its impact on exhibitors wishing to participate in Ukrainian events, together with the impact on the Ukrainian economy generally.
4. The slowdown in the Russian economy which represents ITE's largest market.
5. The effect of international sanctions on Russia.

In accordance with our stated policy, and recently published best practice guidelines, the Committee determined to make no adjustment as a result of any of the above. This will make the growth targets challenging but the Committee felt the scheme must not be disconnected from the reality of the business.

Reflecting the reduced growth forecast in the Company's core markets, the Committee has set a 3-year cumulative headline diluted EPS performance zone (2015 to 2017) of 62p to 70p, equivalent to a compound increase of 4% p.a. to 10% p.a..

A resolution to approve the Annual Report on Remuneration (subject to an advisory vote) will be put to shareholders at the AGM.



Neil England Chairman of the Remuneration Committee
1 December 2014

In line with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 the following parts of the Annual Report on Remuneration Report are audited: the single total figure of remuneration for each Director, including annual bonus and performance share plan outcomes for the financial year ending 30 September 2014; 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.

Policy Report

This section provides ITE's remuneration policy for Directors which was approved by shareholders at the 2014 AGM. The Group's principal remuneration policy aim is to ensure that the compensation offered is appropriate to attract, retain and motivate Executive Directors and staff with the ability and experience to deliver the Group's strategy and grow the business, having regard to the prevailing economic conditions and competition for such people in the markets in which the Group operates.

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

- the need to align the interests of the executive with those of the shareholders;
- the performance of the individual executive and of the Group as a whole;
- the remuneration practice in the markets in which the executive is principally based; and
- the remuneration packages offered to executives in companies competing in the same markets as the Group.

Summary of ITE's remuneration policy applying from 1 October 2014

The elements of the remuneration policy for Directors are set out below.

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Fixed pay Base salary/ fees	Set at competitive levels in the markets in which ITE operates, in order to attract and retain executives capable of meeting the ITE Key Performance Indicators set out on page 15.	Reviewed annually with changes normally effective from 1 October of each year. Reviews take account of: <ul style="list-style-type: none"> 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. 	There is no prescribed maximum to avoid setting unhelpful expectations. Any salary increases are applied in line with the outcome of the review and taking into account wider factors, for example, local market inflation.	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 are non-pensionable.	Benefits vary by role and individual circumstance and eligibility is reviewed periodically. Benefits are not anticipated to exceed 5% of salary p.a. over the period for which this policy applies. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation to an emerging market) or in circumstances where factors outside of the Group's control have materially changed (e.g. increases in medical premiums).	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.

Remuneration Committee report continued

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
Variable pay Annual performance bonus	Designed to reinforce individual performance and contribution to the achievement of sustainable profit growth and strategic objectives.	<p>Measures are reviewed prior to the start of the financial year to ensure they remain appropriate and reinforce the business strategy. Performance targets are set annually to ensure they are appropriately stretching and reflect strategic objectives. At the end of the year the Committee determines the extent to which these were achieved.</p> <p>Awards are payable in cash.</p> <p>Payments made under the annual bonus are subject to clawback for the later of one year following the date of award 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 is earned.</p>	<p>Maximum potential opportunity of up to 100% of base salary.</p> <p>Threshold bonus opportunity is 0% and Target bonus opportunity is 50% of maximum.</p>	<p>The annual bonus is based:</p> <ul style="list-style-type: none"> - 80% on financial KPIs - 20% on personal KPIs <p>The Committee may vary these weightings by $\pm 10\%$ from year-to-year.</p> <p>In exceptional circumstances, the Committee has the ability to exercise discretion to override the formulaic bonus outcome within the limits of the Plan where it believes the outcome is not truly reflective of performance and to ensure fairness to both shareholders and participants.</p>

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
PSP¹	Ensures that the Executive Directors interests are aligned with those of shareholders through rewarding sustained growth in headline diluted EPS over the medium to long term, delivery in shares and, for the CEO, the additional relative TSR performance condition.	<p>Awards of nominal-cost (or nil-cost) options may be granted annually as a percentage of base salary. Vesting is based on performance measured over three years. The performance period normally starts on the beginning of the financial year in which the date of grant falls.</p> <p>Dividends accrue on PSP awards and are paid on those shares which vest.</p> <p>Award levels and performance conditions are reviewed before each award cycle to ensure they remain appropriate.</p> <p>Payments made under the PSP are subject to clawback, for the later of one year following 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.</p>	<p>Award opportunities are up to 150% of base salary for the CEO (after consideration of the TSR performance condition) and up to 100% of base salary for other Executive Directors.</p> <p>Awards of up to 200% of base salary may be provided in exceptional circumstances (e.g. recruitment).</p> <p>20% of maximum vests for Threshold performance for the CEO (30% of maximum for other participants), rising on a straight line basis to full vesting for stretch performance.</p>	<p>Awards to Executive Directors are subject to three-year cumulative headline diluted EPS performance.</p> <p>Awards to the CEO are subject to an additional relative TSR performance condition which runs concurrently, such that relative TSR without EPS growth is not rewarded. The TSR comparator group is normally the FTSE 250. There is no uplift if ITE's TSR is median or below, rising on a straight line basis to a maximum uplift of 50% if ITE's TSR is upper quartile or above.</p> <p>In addition, for there to be any vesting on TSR, the Committee needs to satisfy itself that the recorded TSR outcome is a fair reflection of underlying business performance over the performance period.</p> <p>When assessing this, the Committee will consider factors including, but not limited to, underlying profit and cash flow.</p> <p>In exceptional circumstances, the Committee has the ability to exercise discretion to override the formulaic PSP outcome within the Plan limits to ensure alignment of pay with the underlying performance of the business during the performance period.</p>

1. Provided under the Employees' Performance Share Plan 2014 (or under the Key Contractors' Performance Share Plan 2014 which is subject to the same terms).

Remuneration Committee report continued

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
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.	<p>Annual fee for Chairman.</p> <p>Annual base fee for Non-executive Directors. Additional fees are paid to the Senior Independent Director and the Chairmen of the Committees to reflect additional responsibilities.</p> <p>Fees are reviewed annually, taking into account time commitment, responsibilities and fees paid by comparable companies.</p>	There is no prescribed maximum. Non-executive Director fee increases are applied in line with the outcome of the review and taking into account wider factors, for example, inflation.	Not applicable.

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

The measures used under the annual bonus plan are selected annually to reflect the Group's key strategic priorities for the year and reinforce financial performance and achievement of annual objectives as well as individual performance. Financial measures include, but may not be limited to, headline profit before tax to reinforce achievement of sustainable profit growth.

The annual bonus target is based on the annual budget approved by the Board. Prior to the start of the financial year, the Committee sets an appropriate performance zone (Threshold to Stretch) around the target, which it considers provides an appropriate degree of 'stretch' challenge and an incentive to outperform.

PSP

The Committee considers that headline diluted EPS is the most appropriate measure of long-term performance of the Group as it is well-aligned with shareholder interests and provides good line-of-sight. The scheme is simple and is well understood by participants. The additional relative TSR performance condition further reinforces alignment with shareholder interests and helps to provide a balanced and progressive relationship between pay and performance.

The Committee reviews the performance targets applying to the PSP 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.

Three-year cumulative headline diluted EPS performance targets are calculated as follows:

- adjust the headline diluted earnings per share figure achieved in the base year to remove the biennial effect;
- apply a compound increase to establish a 'Threshold' target for each of the three years;
- apply a compound increase to establish a 'Stretch' target for each of the three years; and
- aggregate the performance target figures for each year to produce the cumulative headline diluted earnings per share performance targets for Threshold vesting and for Stretch.

Ahead of the start of each new PSP cycle, the Committee will reconfirm the TSR comparator group to ensure it remains relevant and robust.

Differences in remuneration policy operated for other employees

ITE's approach to annual salary reviews is consistent across the Group. All employees are eligible to participate in an annual bonus scheme with similar metrics to those used for the Executive Directors. Opportunities and specific performance conditions vary by organisational level with business area-specific metrics incorporated where appropriate.

Senior managers and other employees are eligible for consideration of awards of performance shares (under the PSP) or share options to further support alignment with shareholder interests (see page 119 in the notes to the consolidated accounts for more information on all-employee share option plans).

Shareholding guidelines

The Committee recognises the importance of aligning the interests of executives 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 25% of the after-tax gain made on the vesting of awards under the Plans, until they have built up a minimum shareholding of a value equivalent to at least 100% of annual base salary. In 2013, the Group strengthened the shareholding guideline for the CEO to a minimum holding equivalent of 150% of base salary. Details of the current personal shareholdings are provided in the Annual Report on Remuneration on page 58.

Remuneration policy for new Directors

When hiring or 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-rated to reflect the proportion of the year served.	100% of base salary.
PSP	In line with the stated policy.	150% of base salary (200% in exceptional circumstances).

In determining appropriate remuneration for a new executive, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both ITE and its shareholders. The Committee may consider it appropriate to grant an award under a structure not included in the policy, for example to 'buy out' incentive arrangements forfeited on leaving a previous employer, and will exercise the discretion available under Listing Rule 9.4.2 R where necessary. In doing so, the Committee will consider relevant factors including the expected value of all outstanding equity awards using a Black-Scholes, or equivalent valuation and, where applicable, taking into account toughness of performance conditions attached to these awards and the likelihood of those conditions being met. The Committee has confirmed that the use of Listing Rule 9.4.2R will be limited to the 'buy out' of incentive arrangements forfeited on leaving a previous employer and that such buyout 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

Non-executive Directors are engaged on the basis of a letter of appointment. In line with the UK Corporate Governance Code, all Directors are subject to re-election annually at the AGM. The Chairman has a six-month notice period and the Non-executive Directors have a one-month notice period. The Non-executive Director Letters of Appointment are available to view at the Group's registered office and the effective dates of their Letters of Appointment are as follows:

Director	Date of Letter of Appointment	Notice period
Marco Sodi	1 February 2012	6 months
Sharon Baylay	24 March 2014	1 month
Neil England	18 March 2008	1 month
Linda Jensen	7 July 2011	1 month
Stephen Puckett	16 May 2013	1 month

Remuneration Committee report continued

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

Director	Effective date of contract	Notice period
Russell Taylor	25 March 2003	12 months
Neil Jones	3 November 2008	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 their loss.

Termination payments are limited to base salary and benefits during the notice period. If an Executive Director's contract is terminated, they are eligible for a pro-rated 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.

Component	Bad leaver	Good leaver	Change-of-control
Annual bonus ¹ .	No annual bonus payable.	Eligible for an award to the extent that performance conditions have been satisfied and pro rata for the proportion of the financial year served, with Committee discretion to treat otherwise.	Eligible for an award to the extent that performance conditions have been satisfied up to the change of control and pro rata for the proportion of the financial year served, with Committee discretion to treat otherwise.
PSP.	Outstanding awards are forfeited.	Outstanding awards will normally continue and be tested for performance over the full period, and pro rata for time based on the proportion of the period served, with Committee discretion to treat otherwise.	Outstanding awards will normally vest and be tested for performance over the period to change-of-control, and prorata for time based on the proportion of the period served, with Committee discretion to treat otherwise.

1. Treatment for future hires from 1 October 2014; current incumbents would be eligible for a pro rata award as described earlier. Any commitment made prior to, but due to be fulfilled after the policy comes into force will be honoured².

An individual would normally be considered a good leaver 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. Bad leaver provisions apply under other circumstances.

2. Under the 2004 PSP which expired in February 2014, awards normally lapse on leaving unless the awardholder is considered a good leaver. Upon death of an awardholder, awards would normally vest in full at that time. If an individual retires as determined by the Committee, outstanding PSP awards would normally continue and be pro rata for performance over the full period. The Committee can instead determine that the award will vest at the time of cessation, to the extent that performance targets are achieved and taking into account the length of the period served. Awards to other good leavers will normally vest to the extent that performance targets are achieved on the date of cessation. On a change-of-control, outstanding awards will normally vest to the extent that performance targets are achieved and taking into account the period served to the date of change-of-control.

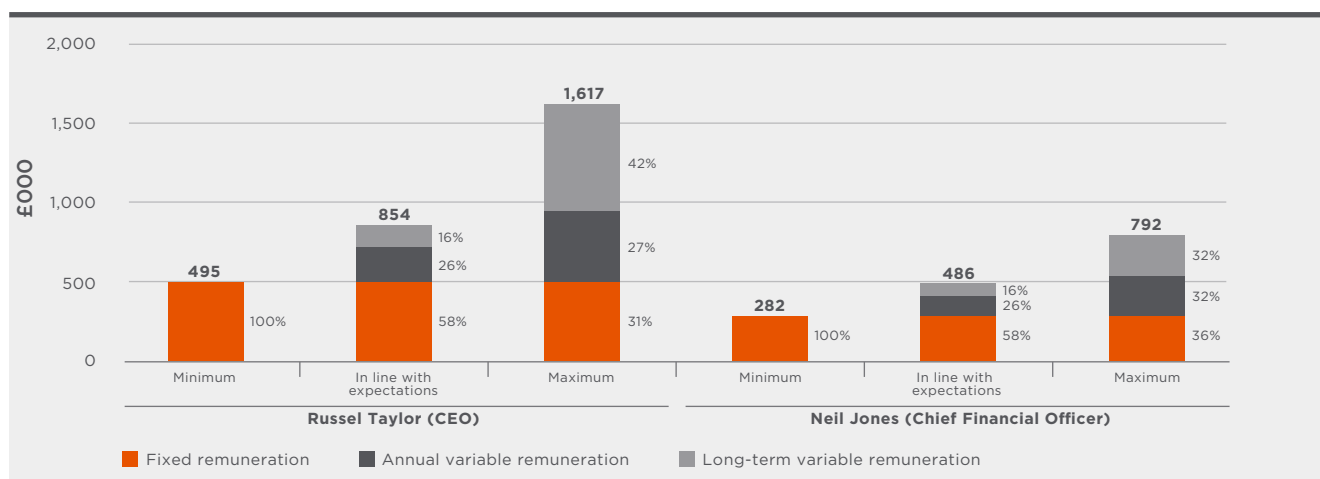
External appointments

The Executive Directors may accept external appointments with the prior approval of the Board and provided only that such appointments do not prejudice the individual's ability to fulfil their duties at the Group. Whether any related fees are retained by the individual or remitted to the Group will be considered on a case-by-case basis.

During the year the Board approved the appointment of Neil Jones as a non-executive Director of Marimedia Plc., an AIM listed company.

Illustration of the application of the remuneration policy

The chart below shows the remuneration that the Executive Directors could be expected to obtain based on varying performance scenarios. Illustrations are intended to provide further information to shareholders regarding the relationship between pay and performance.



Potential reward opportunities illustrated above are based on the policy applying from 1 October 2014, applied to the latest known base salaries and incentive opportunities. The projected value of the PSP excludes the impact of share price growth and dividend accrual. Actual pay delivered, however, will be influenced by these factors.

Assumptions underlying each element of pay are provided in the tables below:

Fixed

Component	Basis
Base salary	Latest known salary
Pension	Contribution rate applied to latest known salary
Other benefits	Benefits as provided in the single figure table on page 59

Variable

Component	Minimum	On-target	Maximum
Annual bonus	No bonus payable	Target bonus (50% of maximum)	Maximum bonus
PSP	No PSP vesting	Threshold PSP vesting (20% of maximum for CEO, 30% for others)	Maximum PSP vesting

Consideration of conditions elsewhere in the Group

When reviewing and setting executive remuneration, the Committee takes into account the pay and employment conditions of all employees of the Group. The Group-wide pay review budget is one of the key factors when reviewing the salaries of the Executive Directors. Although the Group has not carried out a formal employee consultation regarding Board remuneration, it does comply with local regulations and practices regarding employee consultation more broadly.

Consideration of shareholder views

It is the Committee's policy to consult with major shareholders prior to any changes to its Executive Director remuneration structure. During autumn 2013, the Committee consulted with major shareholders and shareholder representative bodies, the ABI and ISS on the proposed introduction of a new long-term incentive plan. At the 2014 AGM, 99% of votes cast were in favour of the new Performance Share Plan (PSP) which the Committee felt reflected the constructive consultation exercise with shareholders. The remuneration policy is unchanged for 2015.

Remuneration Committee report continued

Annual Report on Remuneration

The Remuneration Committee ('the Committee')

The members of the Committee are the Group's Non-executive Directors, Neil England (Chairman), Linda Jensen, Marco Sodi and Sharon Baylay, following her appointment to the Board on 1 April 2014. Michael Hartley served on the Committee until his resignation from the Board on 30 January 2014. Stephen Puckett also stood down from the Committee from the same date.

The Committee met four times during the year. Further details of attendance of Non-executive Directors at Remuneration Committee meetings can be found in the Corporate Governance Report on page 44. The following individuals attended meetings by invitation and provided material advice to the Committee to enable it to make informed decisions:

- Russell Taylor, Chief Executive; and
- Mandy Hossami, Group Human Resources Director and Jane Stables, her predecessor.

No individual was present when their own remuneration was being discussed. The Remuneration Committee's Terms of Reference are available on the Group's website.

The Committee is responsible for:

- recommending to the Board the remuneration and terms and conditions of employment of the Chairman (who absents himself from discussions regarding his own remuneration), Executive Directors and key members of senior management;
- measuring subsequent performance as a prelude to determining the Executive Directors' and key managers' total remuneration on behalf of the whole Board;
- 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.

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 Executive Directors' salaries or fee arrangements and benefits;
- review of the Executive Directors' performance against the targets set under the 2014 annual bonus scheme;
- review of the design and targets for the 2015 annual bonus scheme including personal objectives;
- review and approval of awards made during the year under the Performance Share Plan;
- approval of the vesting level for Performance Share Plan awards vesting on performance to 30 September 2014;
- review of the performance targets to be applied for the awards to be made under the Performance Share Plan in January 2015; and
- review of the personal objectives of the Executive Directors.

Advisors

Kepler Associates (Kepler) were appointed by the Committee as its independent remuneration advisor following a competitive selection process in July 2012 and was retained during the year. The Committee evaluates the support provided by its advisors annually and is comfortable that Kepler does not have any connections with ITE that may impair their independence. Kepler is a founding member and signatory to the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. Other than advice to the Committee, no other services were provided by Kepler to the Group. The fees paid to Kepler for support to the Committee in 2014 were £48,800 on the basis of time and materials.

Statement of shareholder voting at the 2014 AGM

The following table shows the results of shareholder voting at the AGM held on 30 January 2014.

Resolution to approve the Directors' Remuneration Policy	Total number of votes	% of votes cast
For (including discretionary)	191,817,329	98.93%
Against	2,078,739	1.07%
Total votes cast (excluding withheld votes)	193,896,068	100.00%
Votes withheld	9,994	
Total votes cast (including withheld votes)	193,906,062	

Resolution to approve the Directors' Remuneration Report	Total number of votes	% of votes cast
For (including discretionary)	192,821,909	99.67%
Against	630,915	0.33%
Total votes cast (excluding withheld votes)	193,452,824	100.00%
Votes withheld	453,238	
Total votes cast (including withheld votes)	193,906,062	

Single total figure of remuneration

The table below sets out a single figure for the total remuneration received by each Director for the year ended 30 September 2014 and the prior year.

	1. Base salary		2. Benefits ¹		3. Pension		4. Annual bonus ²		5. Long-term incentives ³		Total remuneration	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Current Executive Directors												
Russell Taylor	440	425	1	1	44	43	298	402	277	1,080	1,060	1,951
Neil Jones	250	243	1	1	13	12	170	233	163	434	597	923
Former Executive Director												
Edward Strachan, until 31 March 14 ⁵	130	256	1	2	-	-	79	180	207	1,080	417	1,518
Non-executive Directors												
	1. Fees ⁴		2. Benefits		3. Pension		4. Annual bonus		5. Long-term incentives		Total remuneration	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Marco Sodi	152	139	-	-	-	-	-	-	-	-	152	139
Sharon Baylay	22	-	-	-	-	-	-	-	-	-	22	-
Neil England	50	48	-	-	-	-	-	-	-	-	50	48
Michael Hartley	22	50	-	-	-	-	-	-	-	-	22	50
Linda Jensen	46	43	-	-	-	-	-	-	-	-	46	43
Stephen Puckett	48	11	-	-	-	-	-	-	-	-	48	11

1. Taxable benefits include private medical insurance contributions.

2. Annual bonus paid for performance over the relevant financial year. Annual bonus is paid in cash and subject to clawback for the later of one year from award or completion of the next audit of the Group's accounts in the event of a fraud or material misstatement of results. Further details on performance criteria, achievement and resulting awards can be found on page 60.

3. Value of long-term incentive awards which vested on performance to 30 September (or may vest shortly thereafter) of the relevant year. This includes the estimated value at vesting of January 2012 PSP grants details of which can be found below. For the comparison year, 100% of the January 2011 PSP grant vested on performance to 30 September 2013 and the share price at vesting on 11 January 2014 was 305p. 2013 total remuneration is above the maximum shown in the performance scenarios due to the impact of share price appreciation between grant and vesting.

4. See the Annual Report on Remuneration on page 63 for further details of non-executive Director fees.

5. Edward Strachan ceased to be an Executive Director on 31 March 2014. He continues to provide services to the Group under a consultancy agreement. His base salary and benefits are shown for the period he served as an Executive Director. His 2012 PSP award will vest on schedule in January 2015.

Remuneration Committee report continued

Long-term incentive outcomes for the financial year ended 30 September 2014

Vesting of PSP awards granted January 2012

The three-year performance period of PSP awards granted on 10 January 2012 ended on 30 September 2014. From 1 October 2011 to 30 September 2014, ITE's 3-year cumulative headline diluted EPS of 56.4p was between the Stretch requirement of 53p and 59p which warranted 70% vesting.

Executive Director	Interests held	Vesting % ¹	Interests vesting	Face value (£000) ²
Russell Taylor	194,000	70%	135,800	277
Neil Jones	114,000	70%	79,800	163
Edward Strachan ³	145,000	70%	101,500	207

1. Nil vesting if ITE's three-year cumulative headline diluted EPS is below 53p, 30% vesting at 53p, rising on a straight line basis to full vesting from 59p.
2. Awards will vest on 10 January 2015. Awards are valued above based on the three-month prevailing average share price to year end of 205.3p less the exercise price of 1p per share, and will be reported in next year's Annual Report on Remuneration based on the share price on date of vesting.
3. Edward Strachan ceased to be an Executive Director on 31 March 2014. He continues to provide services to the Group under a consultancy agreement. His base salary and benefits are shown for the period he served as an Executive Director. His 2012 PSP award will vest on schedule in January 2015.

Executive Director base salaries/fees

During the year, Russell Taylor, the Chief Executive, received £440,000 in salary. On 1 October 2014, he was awarded an increase to £448,800 p.a., a 2% increase. His next salary review date will be 1 October 2015.

During the year, Neil Jones, the Chief Financial Officer, received £250,000 in salary. On 1 October 2014, he was awarded an increase to £255,000 p.a., a 2% increase. His next salary review date will be 1 October 2015.

Executive Director salary increases were broadly in line with the typical increase across the UK employee population.

Pension and other benefits

During the year, the Group made contributions equal to 10% of Russell Taylor's base salary and 5% of Neil Jones' base salary into their respective personal pension schemes. The contribution to Neil Jones' pension scheme was increased from 5% to 10% of salary from 1 October 2014 consistent with that for Russell Taylor.

Benefits are in line with the policy.

Annual performance bonus

Russell Taylor, Neil Jones and Edward Strachan participated in a performance-related annual bonus scheme, the Executive Bonus Plan, designed to reinforce delivery of sustainable profit growth and achievement of strategic objectives.

2014 bonus framework

For the 2014 financial year, the maximum annual bonus opportunity was 100% of salary for Russell Taylor and Neil Jones and 75% of the annual Director's fee and consultancy fee for Edward Strachan. In each case the annual bonus was based 80% on financial targets and 20% on personal targets.

The financial element was based upon the achievement of headline profit before tax. A range for headline profit before tax was set at £56 million to £61 million with 0% of potential at £56 million, 50% of potential at £58 million, 100% of potential at £61 million, and straight line vesting in between. The Committee considered these targets to provide an appropriate degree of 'stretch' challenge and an incentive to outperform. The table below summarises the financial performance targets set and actual performance during the financial year.

Financial measure	Weight	Performance targets			Actual performance £m	Actual bonus as % of maximum
		Threshold	Target	Stretch		
Headline profit before tax	80%	£56m Nil payout	£58m 50% payout	£61m 100% payout	£60.3m	65%

Personal objectives for Russell Taylor were set by the Group Chairman, and for Neil Jones and Edward Strachan by the Chief Executive. In all cases these were reviewed and approved by the Remuneration Committee in advance who also approved recommendations on the level of achievement against them at the end of the performance period.

Russell Taylor's personal objectives for the year ended 30 September 2014 were related to business development in emerging markets outside of Russia, continuing to strengthen the senior management team, maintaining key venue relationships and continuing to develop the Group's data systems and structures. Payout under this element of the bonus was assessed at 78% of the potential award on personal objectives.

Neil Jones' personal objectives for the same period related to budgetary control, developing a more sophisticated approach to data and digital systems, global roll-out of new accounting system and other strategic projects. Payout under this element of the bonus was assessed at 78% of the potential award on personal objectives.

Edward Strachan's personal objectives for the same period were related to maintaining key venue relationships and development of new launches in certain territories. Payout under this element of the bonus was assessed at 75% of the potential award on personal objectives.

After taking account of their personal targets, Russell Taylor, Neil Jones and Edward Strachan earned 68%, 68% and 81% of their respective potential bonus opportunities. Edward Strachan's bonus was calculated on 80% financial KPIs, of which 50% were Group targets and 50% local.

2015 annual bonus framework

For the financial year commencing 1 October 2014, the Executive Bonus Plan will operate in line with the remuneration policy. Bonuses are based 80% on headline profit before tax and 20% on personal objectives. Bonus opportunities remain unchanged. The Committee intends to disclose financial performance targets and personal objectives retrospectively in next year's Annual Report on Remuneration, subject to these no longer being considered by the Board to be commercially sensitive.

Long-term incentives

Scheme interests awarded during the year

The Group has two plans which it operates for the Executive Directors, the ITE Group plc Employees' Performance Share Plan 2014 and the ITE Group plc Key Contractors' Performance Share Plan 2014. Awards can be made to the CEO over shares worth up to 150% of base salary and for Executive Directors up to 100% of base salary each year, and under the latter scheme to key individuals who are not Group employees.

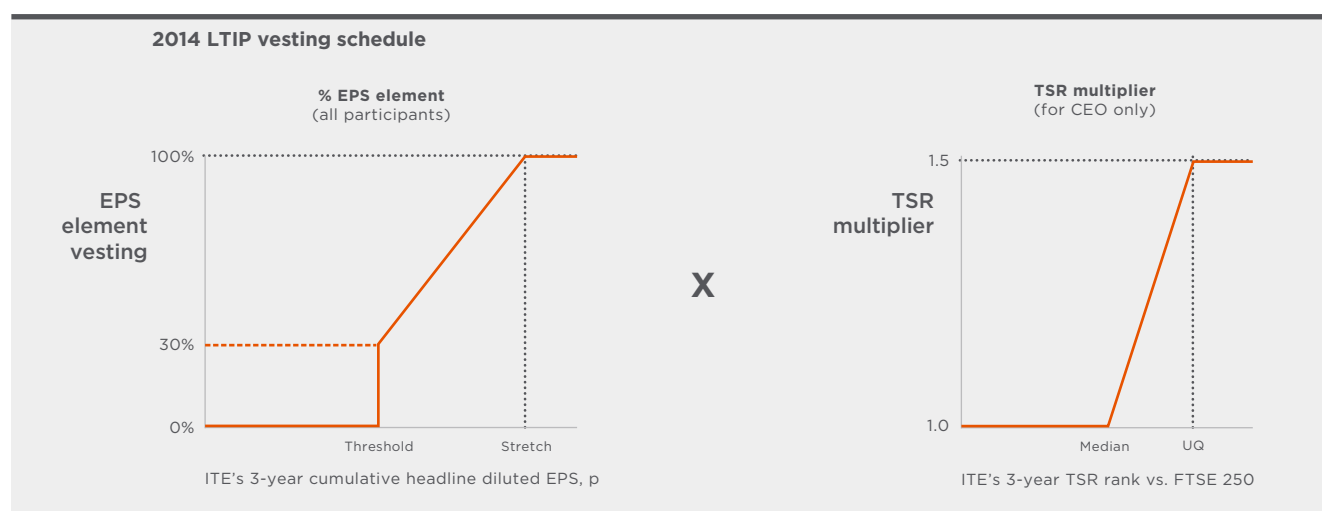
Awards granted on 13 March 2014 are subject to cumulative headline diluted EPS for the three financial years ending 30 September 2016 for Executive Directors, and against an additional relative TSR performance condition for the CEO. The performance targets are provided below:

Vesting percentage (of maximum)	Cumulative headline diluted EPS ¹ for three financial years	Equivalent constant growth
0%	Less than 63p	Less than 7% p.a.
30% (20% for CEO)	63p	7% p.a.
100%	69p	12% p.a.
Straight line basis	Between 63p and 69p	Between 7% p.a. and 12% p.a.

1. Headline diluted EPS is calculated as defined in the financial statements – see the Chief Financial Officer's statement on page 33.

Remuneration Committee report continued

For the CEO's award, the two measures operate concurrently, as illustrated in the vesting schedule below:



The TSR vesting condition is ITE's 3-year TSR rank vs. a comparator group which for March 2014 PSP awards is the FTSE 250. TSR performance in the upper quartile of ranked companies will result in a multiple of 1.5 being applied to the EPS element of the CEO's award. TSR performance below median rank will result in a multiple of 1 being applied to the EPS element of the CEO's award, with the multiple being calculated on a straight line basis for TSR performance between median rank and upper quartile performance.

In addition, vested awards will be subject to clawback for the later of one year following date of vest 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.

Details of awards granted on 13 March 2014 are set out below:

Executive Director	Basis of award ¹	Face value ²	Shares over which awards granted ³	Threshold vesting (% of award)	Performance period	Performance measure
Russell Taylor	150% of base salary	£657,800	286,000	20%	1 October 2013 to 30 September 2016, inclusive	Cumulative headline diluted EPS
Neil Jones	100% of base salary	£248,400	108,000	30%		and for CEO a relative TSR performance condition
Edward Strachan	50% of consultancy fee	£128,800	56,000	30%		

1. After consideration of the TSR performance condition for the CEO.

2. Calculated using the share price on the day immediately preceding the date of grant of £2.30.

3. Awards granted as nominal cost options with an exercise price of 1p per share.

2015 PSP framework

PSP awards are anticipated to be granted in January 2015 in line with the remuneration policy. Awards will be assessed against cumulative headline diluted EPS for Executive Directors, and against an additional relative TSR performance condition for the CEO. Both headline diluted EPS and TSR performance conditions will be measured over the three financial years ending on 30 September 2017.

The Committee has set a cumulative headline diluted EPS performance zone of 62p (for a 30% award, 20% of maximum for the CEO) and 70p (for a 100% award) to be earned over the three financial years ending on 30 September 2017. Vesting will be calculated on a straight line basis in between. The performance zone is equivalent to a compound increase of 4% p.a. to 10% p.a. and takes into account reduced growth forecasts in the Company's core markets. The Committee considers the resulting performance targets to be very stretching over the next three years.

The targets were calculated as follows:

- Adjusting the fully diluted headline EPS achieved in the financial year ended 30 September 2014 to remove the biennial effect.
- Applying a compound increase of 4% to establish a 'threshold' target for each of the three years.
- Applying a compound increase of 10% to establish a 'full vesting' target for each of the three years.
- Aggregating the target figures for each year to produce the aggregated fully diluted headline EPS targets for threshold vesting (20% for the CEO and 30% for other participants) and for maximum vesting (100%).

For the CEO's award, the two measures operate concurrently so that relative TSR without EPS growth is not rewarded. Awards will be up to 150% of salary for the CEO if both the three-year cumulative headline diluted EPS and relative TSR performance conditions are met in full, and up to 100% of salary to Executive Directors for full achievement of the three-year cumulative headline diluted EPS performance condition. The TSR vesting condition is based on ITE's 3-year TSR rank vs. the FTSE 250 which is the same as for 2014 PSP awards, and we believe consistency of approach is generally desirable. TSR performance in the upper quartile of ranked companies will result in a multiple of 1.5 being applied to the EPS element of the CEO's award. TSR performance below median rank will result in a multiple of 1 being applied to the EPS element of the CEO's award, with the multiple being calculated on a straight line basis for TSR performance between median rank and upper quartile performance.

Chairman and non-executive Director Fees

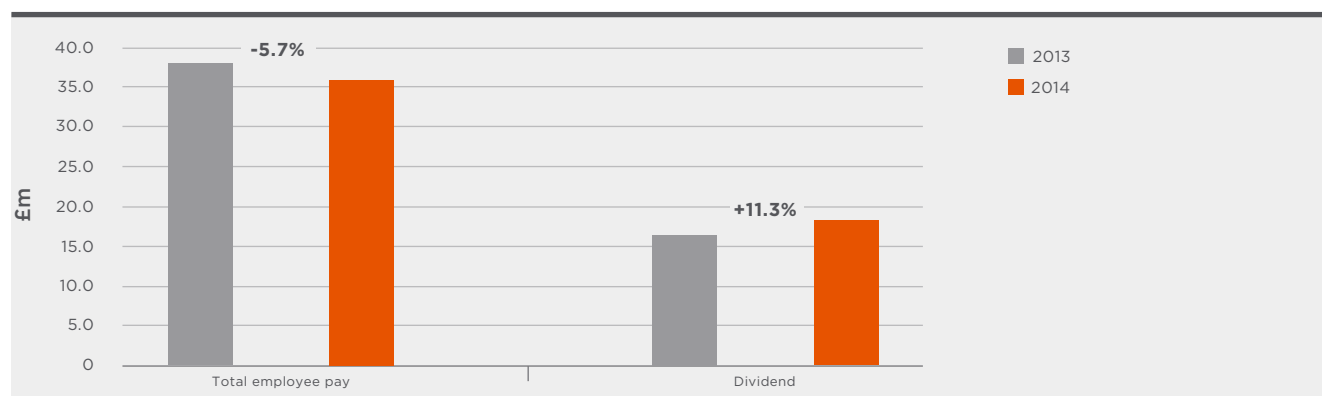
During the year the Committee reviewed the Chairman's fee in light of the time commitment and fees payable at comparator companies and increased this from £145,000 to £157,500 p.a., effective from 1 March 2014.

With effect from 1 October 2014, the Non-executive Directors receive a base fee of £45,000 (2013: £44,000), with an additional fee for the Senior Independent Director of £3,500 (2013: £3,000) and for the Audit and Remuneration Committee Chairs of £6,000 (2013: £5,500). The Non-executive Directors' fees for the year commencing 1 October 2014 are therefore as follows: Sharon Baylay £45,000, Neil England £51,000, Linda Jensen £48,500 and Stephen Puckett £51,000.

Remuneration Committee report continued

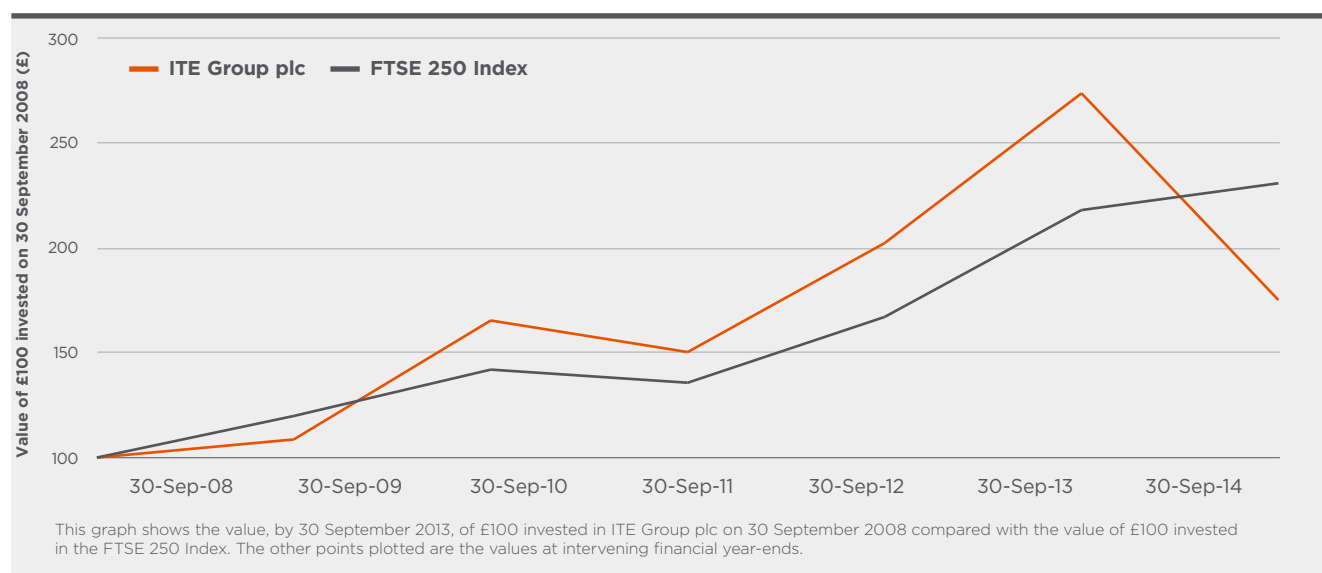
Relative importance of spend on pay

The graph below shows ITE's distributions to shareholders and total employee pay expenditure for the financial years ended 30 September 2013 and 30 September 2014, and the percentage change.



Performance graph

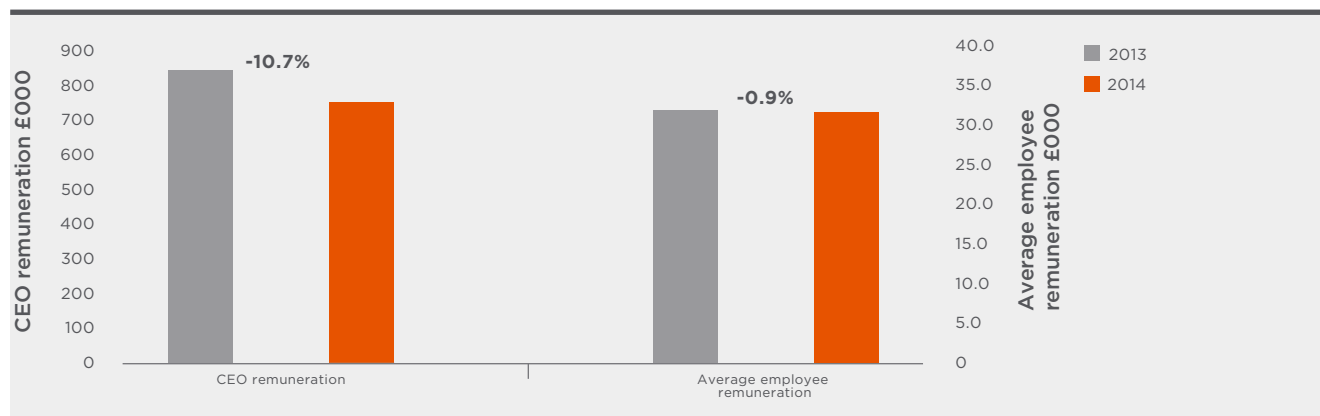
The chart below compares the value of £100 invested in ITE shares, including reinvested dividends, on 30 September 2008 compared to the equivalent investment in the FTSE 250 Index, over the last six financial years. The FTSE 250 Index has been chosen as it is the PSP TSR comparator group. The table below shows the single figure for the CEO over the same period.



FYE September		2009	2010	2011	2012	2013	2014
CEO single figure of remuneration (£000)		614	1,347	1,348	1,558	1,951	1,060
Annual bonus awarded	% of maximum opportunity	58%	100%	94%	80%	94%	68%
	£ amount (£000)	212	380	375	332	402	298
PSP vesting	% of maximum opportunity	n/a	100%	100%	100%	100%	70%
	£ amount (£000)	n/a	554	540	774	1,080	277

Change in CEO remuneration and for employees as a whole over 2014

The graph below shows the change in CEO annual cash, defined as salary, taxable benefits and annual bonus, compared to the average employees for 2013 to 2014.



	CEO			Average for other employees % change ¹
	2014 £000	2013 £000	% change	
CEO annual cash				
Salary	440	425	3.5%	0%
Taxable benefits	1	1	0%	0%
Annual variable	298	402	-25.9%	-17%
Total	739	828	-10.7%	-5%

1. The pay inflationary rates for other employees reflects the Group's geographic mix in countries with high pay inflation.

Payments to past Directors and payments for loss of office

Edward Strachan ceased to be an Executive Director of the Company on 31 March 2014. He continues to provide services to the Group under a consultancy agreement.

Edward Strachan holds unvested PSP awards over 56,250 shares granted in January 2013 and 56,000 shares granted in March 2014 which will continue to vest on schedule in 2016 and 2017, respectively, subject to continued employment and to the extent the performance conditions are met in line with the incentive plan rules.

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 2014, awards made under the Group's share schemes represented 1.60% (2013: 1.7%) of the Group's issued ordinary share capital. Shares to satisfy awards granted under the Performance Share Plan 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 after-tax gain made on the vesting of awards under the Plans, until they have built up their minimum shareholding of at least 100% of annual base salary (150% for the CEO). All of the Executive Directors currently meet the shareholding guidelines.

Remuneration Committee report continued

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 2014 and 1 December 2014, 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 2014	Number of shares held at 30 September 2013	Shareholding guideline (as % of salary/fees)	Guideline met ²
Russell Taylor	819,250	2,000,000	1,800,000	150%	Yes
Neil Jones	330,450	168,368	120,868	100%	Yes
Edward Strachan	257,250	1,590,755	1,200,255	100%	Yes
Marco Sodi	n/a	100,000	75,000	n/a	n/a
Sharon Baylay	n/a	5,000	nil	n/a	n/a
Neil England	n/a	50,000	50,000	n/a	n/a
Linda Jensen	n/a	5,000	nil	n/a	n/a
Stephen Puckett	n/a	10,000	nil	n/a	n/a

1. Performance share plan awards are granted as nominal-cost options.
2. Current shareholding includes net shares owned outright and/or vested.

Directors' Interests in performance share plans

Details of outstanding PSP awards are as follows (and targets are outlined on page 53):

Director	1 Oct 2013	Granted during the year	Option price	Exercised during the year	Lapsed during the year	Market price at exercise date	30 Sep 2014	Date of grant	Share price on date of grant	Exercisable from	Exercisable to	Gain on exercise £000
Neil Jones	47,500 ¹		1p	47,500	-	£3.035	-					144
2004 Employees' Performance	95,000		1p	95,000	-	£3.08 (42,000) £2.818 (53,000)	-					278
Share Plan	114,000		1p	-	-	-	114,000	10/01/2012	£2.065	10/01/2015	09/01/2022	
	108,450		1p	-	-	-	108,450	10/01/2013	£2.24	10/01/2016	09/01/2023	
2014 Employees' Performance Share Plan		108,000	1p				108,000	13/03/2014	£2.30	13/03/2017	13/03/2024	
Total	364,950	108,000		142,500			330,450					
Edward Strachan												
2004 Employees' Performance Share Plan	16,000		1p	16,000	-	£3.13	-					50
	17,961		1p	-	-	-	17,961	10/01/2012	£2.065	10/01/2015	09/01/2022	
	8,950		1p	-	-	-	8,950	10/01/2013	£2.24	10/01/2016	09/01/2023	
2014 Employees' Performance Share Plan		9,150	1p				9,150	13/03/2014	£2.30	13/03/2017	13/03/2024	
2004 Key Contractors' Performance Share Plan	190,000 ¹	-	1p	190,000	-	£2.988						566
	148,000	-	1p	148,000	-	£3.13						462
	127,039		1p	-	-	-	127,039	10/01/2012	£2.065	10/01/2015	09/01/2022	
	47,300		1p	-	-	-	47,300	10/01/2013	£2.24	10/01/2016	09/01/2023	
2014 Key Contractors' Performance Share Plan		46,850	1p				46,850	13/03/2014	£2.30	13/03/2017	13/03/2024	
Total	555,250	56,000		354,000			257,250					
Russell Taylor												
2004 Employees' Performance Share Plan	190,000 ¹	-	1p	190,000	-	£3.035	-					575
	164,000	-	1p	10,000	-	£2.236	154,000	11/01/2011	£2.315	11/01/2014	10/01/2021	22
	194,000		1p	-	-	-	194,000	10/01/2012	£2.065	10/01/2015	09/01/2022	
	185,250		1p	-	-	-	185,250	10/01/2013	£2.24	10/01/2016	09/01/2023	
2014 Employees' Performance Share Plan		286,000	1p				286,000	13/03/2014	£2.30	13/03/2017	13/03/2024	
Total	733,250	286,000		200,000			819,250					

1. Headline diluted earnings per share is calculated as defined in the financial statements – see the Chief Financial Officer's statement on page 33.

Performance conditions attached to outstanding awards under the PSP

For the 2004 Employees' and Key Contractors' Performance Share Plans, the performance conditions to be met for outstanding awards are as follows:

Date of grant of awards	Performance period for the three financial years ending	Performance measure	Performance targets	Percentage of awards that vest	Market price on date of grant
10 January 2012	30 September 2014	Three-year cumulative headline diluted EPS ¹	Below 53p 53p Between 53p and 59p	Nil 30% Between 30% and 100% calculated on a straight line basis	206.5p
10 January 2013	30 September 2015	Three-year cumulative headline diluted EPS ^{1,2}	Below 57p 57p Between 57p and 64p	Nil 30% Between 30% and 100% calculated on a straight line basis	227.0p

1. Headline diluted EPS is calculated as defined in the financial statements – see the Chief Financial Officer's statement on page 33.

For the 2014 Employees' and Key Contractors' Performance Share Plans, the performance conditions to be met for outstanding awards are as follows:

Date of grant of awards	Performance period for the three financial years ending	Performance measure	Performance targets	Percentage of awards that vest	Market price on date of grant
13 March 2014	30 September 2016	Three-year cumulative headline diluted EPS ¹ for Executive Directors	Below 63p 63p Between 63p and 69p	Nil 30% for Executive Directors and 20% for CEO Between 30% (20% for CEO) and 100% calculated on a straight line basis	230p
		Additional relative TSR performance condition for the CEO, such that TSR without EPS growth is not rewarded.	TSR vesting condition is ITE's 3 year TSR rank vs. FTSE 250. TSR performance in the upper quartile of ranked companies results in a multiple of 1.5, TSR performance below median rank results in a multiple of 1, with multiple calculated on a straight line basis for TSR performance between median and upper quartile performance.		

1. Headline diluted EPS is calculated as defined in the financial statements – see the Chief Financial Officer's statement on page 33.

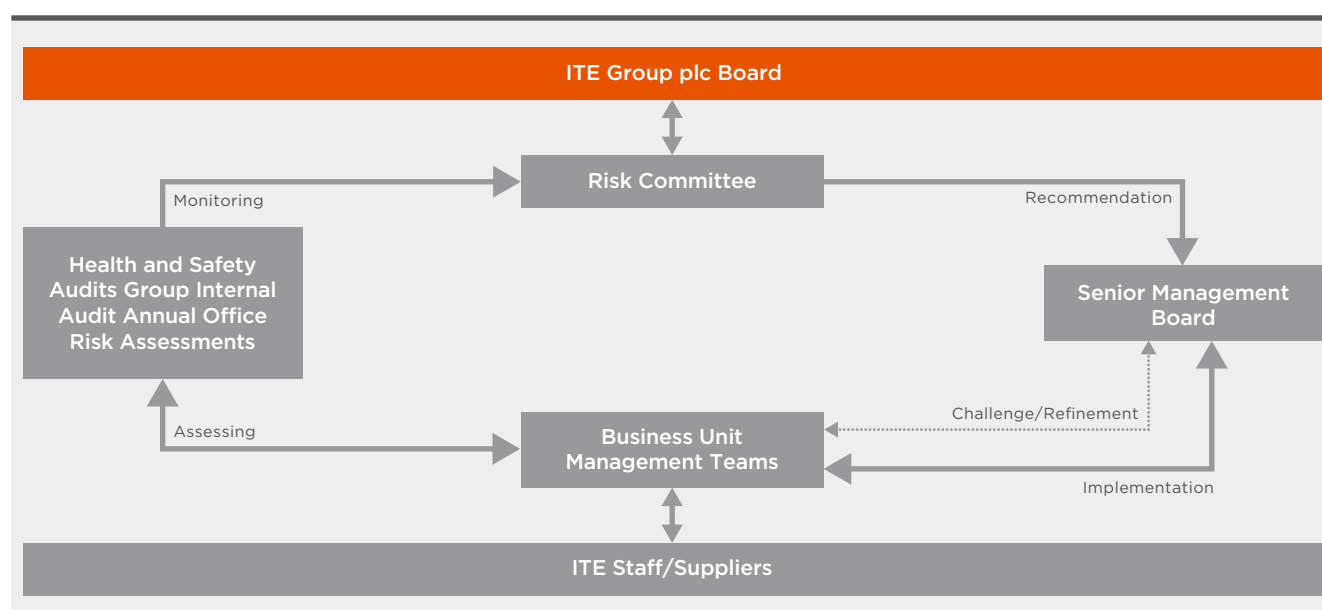
Risk Committee report

The Risk Committee was established during the year and held its first meeting in January 2014.

The ITE Group plc Board is ultimately responsible for the Group's risk management framework. It regularly reviews the Group's key risks and is supported in the discharge of this responsibility by various committees, specifically the Audit Committee and the Risk Committee.

The purpose of the Risk Committee ('the Committee') is to identify, assess, monitor and recommend actions to management and the Board to manage risk. The Committee oversees, reports and makes recommendations to the Board in respect of risks faced by the Group. The Committee works closely with the Audit Committee (the Chairman of which is a member of the Committee) which remains responsible for risks arising in financial reporting.

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 full review, performed annually, involving a 'top down' review by the Executive Directors and a 'bottom up' risk assessment performed by each operating unit management team considering the risks facing their business unit. As part of this annual process, the plans to mitigate the identified risks are reviewed. The Committee reviews these assessments and makes adjustments to the overall risk plan as appropriate.



The Committee comprises three operational Regional Directors, the Chairman of the Group's Audit Committee and is Chaired by the Group Chief Financial Officer.

The Committee met four times during the year; in January, April, July and September.

At the January and April meetings, the Committee reviewed the bottom-up Office Risk Assessments produced by local management teams, focusing particularly on developing effective mitigation plans for these risks.

In the July and September meetings, the Committee reviewed updated risk monitoring tools and started a process of formalised Scenario Planning to consider the Group's response to extreme circumstances that the Group may experience in the future.

During the year the Committee has reviewed, codified and formalised the existing risk management activities undertaken within the Group.

The assessment of the review was that the risk management and internal control processes of the Group were operating effectively. However there was also a recognition that the processes could be improved to provide formal assessment over a wider range of factors and therefore the Committee has restructured the monitoring of risk within the Group and formalised the reporting of various monitoring activities with the expansion of the internal audit function to include consideration of non-financial risks.

In particular, the Group's risk matrix has been updated to consider non-financial impacts of risks using additional risk factors such as reputational, regulatory and personnel risks.



Assessment of the Group's risk profile

The key risks identified and monitored by the Group are set out on the next page, with an assessment of how the potential impact of the individual risk has changed since last year.






The year has seen significant events impact the Group – the Ukraine crisis and significant movements in exchange rates in many of our emerging markets. The occurrence of these events is a reminder that the Group operates in emerging markets with relatively high risk levels. The probability and potential impact of these risks has increased in the year and the Group's ability to manage and, when possible, mitigate these risks ensures that the Group is well placed to continue operating in these challenging markets.

Neil Jones Chairman of the Risk Committee
1 December 2014

Risk Committee report continued

Risks and Uncertainties

The Group identifies and monitors the key risks and uncertainties affecting the Group and runs the business in a way that minimises the impact of such risks where possible.

Risks	Potential impact	Mitigation	Change in potential probability and/or impact of risk vs prior year
Political uncertainty and regulatory risk	The Group's business is principally carried out in Russia, the CIS, Turkey and Asia. Changes in law or the regulatory environment could have an effect on some or all of the exhibitions of the Group.	ITE has reduced the risk by establishing its business as independent Russian, CIS, Turkish and Asian companies fully contributing to the local economy, and the diversity of businesses across sectors and geography provides protection for the longer term prospects of the Group.	 <p>Increased uncertainty around the nature and scope of trade sanctions by and on Russia increases the potential impact of regulatory change on the Group.</p>
Economic instability reduces demand for exhibition space	Reduced demand for exhibition space would reduce the profits of the Group.	ITE operates across a wide range of sectors and countries to minimise the exposure to any single market. ITE, through its relationships with venues and staff has a relatively flexible cost structure, allowing it to manage its event margins in the short and medium term.	 <p>An economic slowdown in Russia, our largest market, increases the chances of reducing demand for exhibition space.</p>
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 the Group's invoicing and to the Ruble which forms the base books of the Group's Russian operations.	The Group seeks to minimise exposure by: <ul style="list-style-type: none"> - Protecting a certain amount of Euro denominated sales with forward contracts. - Seeking to maximise the matching of costs and revenues in the same currency. - Employing a hybrid pricing strategy which ensures local customers are exposed to currency risk. 	 <p>It is likely that the major trading currencies of the Group will experience a higher level of volatility in the future. A 23% weakening of the Ruble has led to a 7% impact on headline profit.</p>
Commercial relationships	The Group has key commercial relationships with venues which secure the Group's rights to run its exhibitions in the future.	These key relationships are regularly reviewed and the Group seeks to maintain its exhibition rights for up to at least three years forward for significant exhibitions where possible. In the longer term the Group seeks to maintain good relationships with its principal venues to ensure the continuance of availability.	
Venue availability	Damage to or unavailability of a particular venue could impact the Group's short-term trading position.	The Group carries business interruption insurance policies which protect profits on its largest events covering annual revenue of circa £120 million against such an event in the short term.	

Risks	Potential impact	Mitigation	Change in potential probability and/or impact of risk vs prior year
Competitor risk	Competition has existed in ITE's markets for some years. ITE faces competitive pressures on a market-by-market basis.	In all of its overseas markets, ITE has a strong position as an international organiser, achieved through effective use of its international sales network and its established brands for major events. A single exhibition or sector in a market could have its prospects curtailed by a strong competitor launch; however, the breadth of ITE's portfolio of events, with its geographic and sector diversity, reduce the risk of a competitive threat to the Group's overall business.	→
Integration and management of acquisitions	With new acquisitions there can be no assurances that the Group will achieve the expected return on its investment, particularly as the success of any acquisition also depends on the Group's ability to integrate the acquired business or assets.	The Group has formal investment decision criteria to identify suitable, earnings enhancing, acquisitions targets and employs experienced professionals to drive the acquisition process and performs, 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.	→
People	ITE's employees have long-standing relationships with customers and a unique knowledge of the exhibitions business. Loss of key staff could impact the short-term prospects of a specific event or sector.	ITE has sought to build loyalty in its staff by ensuring remuneration is competitive and through a wide distribution of the Group's long-term incentive plans. ITE has a good record of retaining its key staff through both growth and recessionary times.	→

Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 30 September 2014.

Principal activities and review of business

The principal activities of the Group comprise the organisation of trade exhibitions and conferences. The main subsidiary and associate undertakings which affect the profits or net assets of the Group in the year are listed in note 5 to the financial statements of the Company.

Details of the Group's performance during the year and expected future developments are contained in the Chief Executive's statement on pages 10 to 14 and in the Divisional summary on pages 24 to 31. Details of the Group's financial risk management policies are contained on pages 68 to 71.

Results and dividends

The audited accounts for the year ended 30 September 2014 are set out on pages 80 to 86. The Group profit for the year, after taxation, was £34.1 million (2013: £35.7 million).

The Directors recommend a final dividend of 4.9p (2013: 4.7p). The total dividend for the year, including the proposed final dividend, is 7.4p (2013: 7.0p).

Capital structure

Details of the Company's issued share capital and movements during the year are shown in notes 9 and 10 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 nor 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.

Details of employee share schemes are set out in note 26. 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.

No person has any special rights of control over the Company's share capital and all shares are fully paid.

The Company's Articles of Association may be amended by a special resolution at a general meeting of the shareholders. There is a schedule of matters reserved for the Board and terms of reference for Board Committees, copies of which are available on request, and the Corporate Governance Report can be found on pages 42 to 44.

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 employees' 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.

Directors

The Directors who served throughout the year are as follows:

Executive Directors

Russell Taylor
Neil Jones
Edward Strachan (resigned 31 March 2014)

Non-executive Directors

Marco Sodi
Neil England
Michael Hartley (resigned 30 January 2014)
Linda Jensen
Stephen Puckett
Sharon Baylay (appointed 1 April 2014)

Their biographical details are set out on pages 40 and 41.

Under the Company's current Articles of Association, one-third of the Directors must retire by rotation each year. However, in line with the provisions of the UK Corporate Governance Code regarding annual re-election, all the Directors will offer themselves for re-election at the 2015 AGM.

Substantial shareholdings

At 26 November 2014, the Company had been notified under Rule 5 of the Financial Services Authority's Disclosure and Transparency Rules of the following interests in its ordinary shares:

Name of holder	Number of shares	Percentage held
Schroder Investment Management	34,459,247	13.80
Brandes Investment Partners	20,730,233	8.30
Mason Hill Advisors	19,956,699	7.99
Franklin Templeton	19,040,433	7.62
Threadneedle Investments	12,126,190	4.86
Norges Bank Investment Management	9,008,686	3.61
Denver Investment Advisors	8,453,652	3.39

Directors' share interests

The Directors who held office at 30 September 2014 had the following interests in the ordinary shares of the Company:

Name of Director	30 September 2014	30 September 2013
Executive		
Russell Taylor	2,000,000	1,800,000
Neil Jones	168,368	120,868
Edward Strachan (resigned 31 March 2014)	N/A	1,200,255
Non-executive		
Marco Sodi	100,000	75,000
Sharon Baylay	5,000	N/A
Neil England	50,000	50,000
Michael Hartley (resigned 30 January 2014)	N/A	7,500
Linda Jensen	5,000	-
Stephen Puckett	10,000	-

The Directors, as employees and potential beneficiaries, have an interest in 1,185,761 shares held by the ITE Group Employee's Share Trust at 30 September 2014. ITE Group Employee Share Trust held 3,703,588 shares at 1 December 2014.

There were no changes in the interests of Directors between 30 September 2014 and 1 December 2014.

Authority to purchase the Company's shares

At the AGM on 30 January 2014, shareholders authorised the Company to make one or more market purchases of up to 24,937,252 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 share is purchased.

No purchases were made during the year and the Directors propose to renew this authority at the 2015 AGM.

Donations

The Group made £49,500 of charitable donations (2013: £46,000) during the year. No political donations were made (2013: Nil).

Directors' report continued

Employees

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

The Group places great importance in the development of its staff to support the business in meeting its objectives. This is reflected in the training initiatives in place for staff, both internally and externally. The Group keeps employees informed on matters affecting them and on matters affecting the Group's performance through regular newsletters and through meetings, both formal and informal. Employees are able and are encouraged to move around the Group in order to experience the business environment in other offices. The Group actively encourages the participation of employees in activities of offices other than their own. The Group distributes long-term incentives widely to staff in all offices. At 30 September 2014 approximately 54% 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 by disabled persons, bearing in mind a number of factors including their suitability and fit for the role, irrespective of any disability. 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. The Company has no trade creditors. Trade creditors of the Group at 30 September 2014 were equivalent to 6.5 days (2013: 0.9 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 Corporate Social Responsibility section of the Annual Report on page 38.

Annual General Meeting

The Notice convening the AGM to be held at 12 noon on 29 January 2015 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 each of the Directors is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given in accordance with section 396 of the Companies Act 2006.

By Order of the Board



John Price Company Secretary
1 December 2014

Independent auditor's report

to the members of ITE Group plc

Opinion on financial statements of ITE Group PLC

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 2014 and of the Group's and the Parent Company's affairs 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; 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.

The financial statements 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 27 of the Consolidated Financial Statements, the Company Balance Sheet and notes 1 to 10 of the Company Financial Statements. 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 (United Kingdom Generally Accepted Accounting Practice).

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the Group financial statements, in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, the Group has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Going concern

As required by the Listing Rules we have reviewed the Chief Financial Officer's statement on page 36 that the Group is a going concern. We confirm that:

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

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.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Our selection of key risks has remained consistent with our 2013 audit.

Independent auditor's report continued

to the members of ITE Group plc

Risk	How the scope of our audit responded to the risk
<p>Accounting for the business combinations</p> <p><i>The Group has made a number of acquisitions in the period including the joint-venture interest in Sinostar in China and 100% of Platform in Turkey. Some of the acquisition agreements are in new territories for the Group and are complex in structure. In addition, the accounting for these acquisitions is complex and involves judgement including the appropriate classification (associate, joint-venture, or subsidiary) and in relation to the valuation of acquired intangible assets. Given the complexity, there is a risk of inappropriate accounting and therefore misleading presentation in the financial statements.</i></p>	<p>We reviewed the sale and purchase agreements and discussed the substance of the arrangements with management, validating, where appropriate, to supporting evidence. We audited the acquisition accounting noting in particular the requirements of IFRS 10 ("Consolidated Financial statements") and IFRS 11 ("Joint Arrangements") in assessing the appropriate classification. We also tested the validity and completeness of consideration by reference to supporting evidence; and evaluated management's assumptions and methodology supporting the fair values of net assets acquired for each significant acquisition in the period, by reference to, amongst other things, historical trends, customer attrition rates and assumptions used in similar historical acquisitions.</p>
<p>The assessment of the carrying value of goodwill and intangible assets</p> <p><i>Goodwill and intangible assets are the most significant assets on the balance sheet (£102m) and as the Group is acquisitive and entering new territories, it is an area of focus for management. Management prepare a detailed assessment of the carrying value of goodwill and intangible assets by cash generating unit ('CGU', country basis) using a number of judgmental assumptions (as described in note 11 to the financial statements) including future profitability, discount rates and long-term growth rates. There is a risk that the application of inappropriate assumptions supports assets that should otherwise be impaired.</i></p>	<p>This year there was particular focus on the goodwill and intangible assets in Russia and Ukraine due to the significant political and economic challenges facing the regions, and the subsequent impairment of goodwill in the Ukraine CGU. We challenged management's assumptions used in the impairment assessment for goodwill and intangible assets. Specifically, this involved challenging the detailed FY15 Board approved cash flow projections, the growth rates, the discount rate and sensitivities used. We considered short-term cash flow projections against recent performance, historical forecasting accuracy and benchmarked the forecasts against past performance. We compared the forecast growth rates against independent market data and benchmarked the discount rate applied against a broad comparator group as well as using our valuation specialists to consider the key components of the discount rate calculation. We calculated a range of reasonably possible sensitivities and compared these to those sensitivities calculated by management.</p>
<p>Recoverability of venue advances</p> <p><i>Securing the rights to venues is a key commercial risk of the Group. In some territories significant sums are advanced to secure these rights. The recoverability of venue advances is largely dependent on the Group's ability to utilise the exhibition space for future shows at these venues, although some of the advances have cash repayment options. Economic conditions and show performance varies across ITE's principal territories. There is therefore a risk that the utilisation of venues fall with the consequence that recoverability of venue advances is less certain.</i></p>	<p>We have reviewed any new advances made in the period, the classification of advances and the utilisation of the new and existing advances. This involved a review of management's analysis and agreeing the repayment analysis to underlying records. We also challenged management's assumptions surrounding the recoverability of these advances.</p> <p>We held discussions with local management to understand the commercial arrangements for recoverability; determined whether there have been any changes in circumstance, disputes or new advances in the year; we seek confirmations from venue owners; and we assess recoverability by reference to forecast utilisation.</p>

Risk**Revenue recognition**

The Group generally invoices their customers in advance of the show and then defers this revenue on the balance sheet until the date the show has completed. Controls over the recognition include detailed floor plan audits after each show which help ensure the revenue recognised is valid.

There is nevertheless a risk that revenues could be recorded against the wrong show in the wrong period or at inappropriate exchange rates.

How the scope of our audit responded to the risk

In Russia and in the UK we test the operating effectiveness of the key revenue controls. We also perform a series of substantive procedures at each component in scope which included: testing sales from exhibition floor plans to accounting records; assessing whether the show end dates used are consistent with the published show calendar; and performing a gross margin analysis to look for outliers and to seek evidence/explanations where unusual variances noted.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee, discussed on page 46.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters

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.

We determined materiality for the Group to be £2.0 million (2013: £2.0 million), which is 3.5% of headline pre-tax profit; 4.8% of profit before tax; and 2% of equity. We have used profit before tax as our basis for our assessment of materiality.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £40,000 (2013: £40,000), 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

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 focused on the UK, Russia, Turkey and Azerbaijan. These entities represent the principal business units and account for 83% of the Group's revenue, 85% of the operating profit and 73% of net assets. Our audit work at each location was executed at levels of materiality applicable to each individual entity which were lower than Group materiality. Our specific audit procedures in Azerbaijan replaced work performed last year in Kazakhstan. Coverage has remained consistent with the prior year, with business units accounting for 85% of the Group's revenue and operating profit in 2013.

At the parent entity 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 has been designed so that the Senior Statutory Auditor or a senior member of the Group audit team visits each of the principal locations (2014: Russia and Turkey; 2013: Russia and Kazakhstan) where the Group audit scope was focused. For each component in scope, we reviewed and challenged the key issues and audit findings, attended the component close meetings and reviewed formal reporting from the component auditors.

Independent auditor's report continued

to the members of ITE Group plc

Opinion 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; and
- 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.

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 arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.


Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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 auditor's 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Mark Lee-Amies FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom
1 December 2014

Consolidated Income Statement

For the year ended 30 September 2014

	Notes	2014 £000	2013 £000
Continuing operations			
Revenue	2, 3	174,827	192,261
Cost of sales		(94,067)	(104,118)
Gross profit		80,760	88,143
Other operating income		369	278
Administrative expenses		(27,982)	(31,229)
Amortisation of acquired intangibles	13	(11,815)	(13,116)
Impairment loss	12	(6,212)	-
Foreign exchange gain/(loss) on operating activities		3,986	(154)
Total administrative expenses		(42,023)	(44,499)
Income from associates and joint ventures	16	2,725	1,080
Operating profit		41,831	45,002
Investment revenue	4	1,026	1,063
Finance costs	5	(1,379)	(2,171)
Profit on ordinary activities before taxation	6	41,478	43,894
Tax on profit on ordinary activities	8	(7,399)	(8,223)
Profit for the period		34,079	35,671
Attributable to:			
Equity holders of the parent		33,903	34,665
Non controlling interests	24	176	1,006
		34,079	35,671
Earnings per share (p)			
Basic	10	13.8	14.2
Diluted	10	13.8	14.0

The notes on page 87 to 120 form an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2014

	Notes	2014 £000	2013 £000
Profit for the period attributable to shareholders		34,079	35,671
Cash flow hedges:			
Movement in fair value of cash flow hedges		3,708	(4,623)
Fair value of cash flow hedges released to the income statement		741	(1,031)
Currency translation movement on net investment in subsidiary undertakings		(21,149)	(7,054)
		17,379	22,963
Tax relating to components of comprehensive income	8	(912)	1,393
Total comprehensive income for the period		16,467	24,356
Attributable to:			
Owners of the Company		16,291	23,350
Non-controlling interests	24	176	1,006
		16,467	24,356

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

The notes on page 87 to 120 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2014

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2013	2,494	2,938	2,746
Net 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	-	-	-
Total comprehensive income for the period	-	-	-
Dividends paid	-	-	-
Exercise of share options	3	9	-
Share-based payments	-	-	-
Purchase of shares for ESOT	-	-	-
Tax credited to equity	-	-	-
Sale of minority interest	-	-	-
Acquisition of subsidiary	-	-	-
Exercise of put option on acquisition of non-controlling interest	-	-	-
Balance as at 30 September 2014	2,497	2,947	2,746
Balance as at 1 October 2012	2,489	2,793	2,746
Net 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	-	-	-
Total comprehensive income for the period	-	-	-
Dividends paid	-	-	-
Exercise of share options	5	145	-
Share-based payments	-	-	-
Tax credited to equity	-	-	-
Acquisition of subsidiary	-	-	-
Exercise of put option on acquisition of non-controlling interest	-	-	-
Balance as at 30 September 2013	2,494	2,938	2,746

The notes on page 87 to 120 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	(3,530)	119,335	(7,108)	(12,120)	(433)	104,779	4,519	109,298
-	-	33,903	-	-	-	33,903	176	34,079
-	-	-	-	(21,149)	-	(21,149)	-	(21,149)
-	-	-	-	-	3,708	3,708	-	3,708
-	-	-	-	-	741	741	-	741
-	-	-	-	-	(912)	(912)	-	(912)
-	-	33,903	-	(21,149)	3,537	16,291	176	16,467
-	-	(17,722)	-	-	-	(17,722)	(668)	(18,390)
-	1,640	(217)	-	-	-	1,435	-	1,435
-	-	447	-	-	-	447	-	447
-	(3,751)	-	-	-	-	(3,751)	-	(3,751)
-	-	60	-	-	-	60	-	60
-	-	94	(283)	-	-	(189)	34	(155)
-	-	-	-	-	-	-	-	-
-	-	(2,774)	5,893	-	-	3,119	(3,119)	-
457	(5,641)	133,126	(1,498)	(33,269)	3,104	104,469	942	105,411
457	(5,183)	101,183	(11,510)	(5,066)	5,221	93,130	6,696	99,826
-	-	34,665	-	-	-	34,665	1,006	35,671
-	-	-	-	(7,054)	-	(7,054)	-	(7,054)
-	-	-	-	-	(4,623)	(4,623)	-	(4,623)
-	-	-	-	-	(1,031)	(1,031)	-	(1,031)
-	-	1,393	-	-	-	1,393	-	1,393
-	-	36,058	-	(7,054)	(5,654)	23,350	1,006	24,356
-	-	(16,361)	-	-	-	(16,361)	(1,254)	(17,615)
-	1,653	(1,249)	-	-	-	554	-	554
-	-	2,219	-	-	-	2,219	-	2,219
-	-	458	-	-	-	458	-	458
-	-	-	(1,215)	-	-	(1,215)	715	(500)
-	-	(2,973)	5,617	-	-	2,644	(2,644)	-
457	(3,530)	119,335	(7,108)	(12,120)	(433)	104,779	4,519	109,298

Consolidated Statement of Financial Position

30 September 2014

	Notes	2014 £000	2013 £000
Non-current assets			
Goodwill	11	67,016	78,575
Other intangible assets	13	35,405	43,734
Property, plant and equipment	14	2,198	2,316
Interests in associates & joint ventures	16	52,367	17,916
Venue advances and other loans	17	6,311	3,508
Derivative financial instruments	21	1,315	141
Deferred tax asset	22	1,931	2,112
		166,543	148,302
Current assets			
Trade and other receivables	17	44,666	50,881
Tax prepayment	17	2,211	3,332
Derivative financial instruments	21	1,985	586
Cash and cash equivalents	17	28,145	44,040
		77,007	98,839
Total assets		243,550	247,141
Current liabilities			
Bank overdraft	18	-	(17,577)
Trade and other payables	19	(21,615)	(21,202)
Deferred income	19	(60,776)	(76,806)
Derivative financial instruments	21	(1,515)	(4,840)
Provisions	20	(181)	(404)
		(84,087)	(120,829)
Non-current liabilities			
Bank loan	18	(42,900)	(3,000)
Provisions	20	(220)	(421)
Deferred tax liabilities	22	(10,932)	(11,443)
Derivative financial instruments	21	-	(2,150)
		(54,052)	(17,014)
Total liabilities		(138,139)	(137,843)
Net assets		105,411	109,298
Equity			
Share capital	23	2,497	2,494
Share premium account		2,947	2,938
Merger reserve		2,746	2,746
Capital redemption reserve		457	457
ESOT reserve		(5,641)	(3,530)
Retained earnings		133,126	119,335
Translation reserve		(33,269)	(12,120)
Hedge reserve		3,104	(433)
Put option reserve		(1,498)	(7,108)
Equity attributable to equity holders of the parent		104,469	104,779
Non controlling interests	24	942	4,519
Total equity		105,411	109,298

The notes on page 87 to 120 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 1 December 2014. They were signed on their behalf by:



Russell Taylor Chief Executive Officer
1 December 2014



Neil Jones Chief Financial Officer
1 December 2014

Consolidated Cash Flow Statement

For the year ended 30 September 2014

	Notes	2014 £000	2013 £000
Operating activities			
Operating profit from continuing operations	3	41,831	45,002
Adjustments for non cash items:			
Depreciation and amortisation	6	13,289	14,312
Impairment of goodwill	6	6,212	-
Share-based payments	26	447	2,219
Share of profit from associates & joint ventures	16	(2,725)	(1,080)
Decrease in provisions		(424)	(361)
Loss/(profit) on disposal of plant, property and equipment	6	52	(7)
Foreign exchange (gain)/loss on operating activities	6	(3,986)	154
Profit on disposal of investments	12	(716)	-
Recognition of negative goodwill from bargain purchase	12	(463)	-
Fair value of cash flow hedges recognised in the income statement		725	(1,012)
Dividends received from associates & joint ventures	16	3,734	900
Operating cash flows before movements in working capital		57,976	60,127
Decrease/(increase) in receivables		14,683	(5,983)
Venue advances and loans		(11,613)	(867)
Utilisation & repayment of venue loans		4,689	5,588
(Decrease)/increase in deferred income		(16,030)	11,483
Increase in payables		(1,244)	(3,239)
Cash generated from operations		48,461	67,109
Tax paid		(8,691)	(11,090)
Net cash from operating activities		39,770	56,019
Investing activities			
Interest received	4	411	1,006
Investment in associates & joint ventures	16, 19	(35,118)	(16,098)
Proceeds received from demerger	16	2,482	-
Acquisition of businesses – cash paid	12, 19	(13,701)	(4,936)
Purchase of plant, property & equipment and computer software	13, 14	(2,886)	(1,738)
Disposal of plant, property & equipment and computer software	13, 14	222	142
Disposal of minority stake	12	128	-
Cash paid to acquire non controlling interests	12	(4,456)	(5,030)
Net cash utilised from investing activities		(52,918)	(26,654)
Financing activities			
Equity dividends paid		(17,407)	(16,351)
Dividends paid to non-controlling interests	24	(668)	(1,254)
Interest paid	5	(1,263)	(952)
Proceeds from the issue of share capital & exercise of share options	23	1,435	554
Acquisition of shares for ESOT		(3,751)	-
Drawdown/(repayment) of borrowings		22,323	(8,194)
Net cash inflow/(outflow) from financing activities		669	(26,197)
Net (decrease)/increase in cash and cash equivalents		(12,479)	3,168
Cash and cash equivalents at beginning of period		44,040	41,734
Effect of foreign exchange rates		(3,416)	(862)
Cash and cash equivalents at end of period		28,145	44,040
Cash generated from the business			
Cash generated from operations		48,461	66,209
Interest received		411	1,006
Interest paid		(1,263)	(952)
		47,609	66,263
Free cash flow from the business			
Cash generated from the business		47,609	66,263
Tax paid		(8,691)	(11,090)
		38,918	55,173

Net debt reconciliation

	At 1 October 2013 £000	Cash flow £000	Foreign exchange £000	At 30 September 2014 £000
Cash	44,040	(12,479)	(3,416)	28,145
Debt due within one year	(17,577)	17,577	-	-
Debt due after one year	(3,000)	(39,900)	-	(42,900)
Net cash/(debt)	23,463	(34,802)	(3,416)	(14,755)

The notes on page 87 to 120 form an integral part of the consolidated financial statements.

Notes to the consolidated accounts

For the year ended 30 September 2014

1 General information

ITE Group plc is a company incorporated in the United Kingdom. The address of the registered office is given on page 128. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 39 and in note 3.

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

Impact of new accounting standards

New, revised or changes to existing standards which have been adopted by the Group in the year ended 30 September 2014

The following new standards and interpretations have been adopted in the current year but have not impacted the reported results or the financial position:

- Amendment to IAS 19 'Employee Benefits';
- Amendment to IAS 27;
- Amendment to IAS 28;
- Amendment to IAS 32;
- Amendment to IFRS 7;
- IFRS 10 'Consolidated Financial Statements';
- IFRS 11 'Joint Arrangements';
- IFRS 12 'Disclosure of Interests in Other Entities'; and
- IFRS 13 'Fair Value Measurement'

The adoption of these new standards and interpretation has not changed any previously reported figures. Adoption of IFRS 12, IFRS 13 and the amendments to IAS 32 and IFRS 7 have resulted in additional disclosures being made, but have not changed the underlying figures included in the financial statements.

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these 'financial statements' were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- Amendments to IAS 19;
- Amendments to IAS 36;
- Amendments to IAS 39;
- Amendments to IFRS 11;
- Amendments to IAS 16 and IAS 38;
- Amendments to IAS 27;
- Amendments to IFRS 10 and IAS 28;
- IFRS 9 'Financial Instruments – Classification and Measurement'; and
- IFRS 15 'Revenue from Contracts with Customers'

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, except for:

- IFRS 9 'Financial Instruments' – This will introduce a number of changes in the presentation of financial instruments.

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 (IFRS) 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 Chief Financial Officer's statement on page 36.

Notes to the consolidated accounts continued

For the year ended 30 September 2014

2 Basis of accounting continued

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

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 interest consists 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 interest in excess of their interest in the subsidiaries equity are allocated against non controlling interest 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 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 Income Statement and is not subsequently reversed.

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

2 Basis of accounting continued

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

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

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

Intangible assets

Computer software is initially measured at purchase cost. Customer relationships, trademarks and licences and visitor databases are 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 four years.

Impairment of assets excluding goodwill

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the 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 improvements	– 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 income.

Notes to the consolidated accounts continued

For the year ended 30 September 2014

2 Basis of accounting continued

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 balance sheet 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.

Venue advances

Venue advances arise where the Group has advanced funds to venue owners that can be repaid by either off-setting against future venue hire or by cash repayment. 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 prepayments in 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 21 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 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.

2 Basis of accounting continued

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 21. 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 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 Income Statement.

Dividends on available-for-sale equity instruments are recognised in the 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 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 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'). 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 Income Statement. These derivatives are acquired in full compliance with the Group's treasury policies.

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 balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Written put 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 put option. The liability is subsequently remeasured through the Income Statement.

Where considered significant, the Group's written put options are discounted to their appropriate value. The unwinding of the discount is charged through the 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 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.

Notes to the consolidated accounts continued

For the year ended 30 September 2014

2 Basis of accounting continued

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 Fair Value Through Profit or Loss. Derivative liabilities 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 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. The Group uses derivative financial instruments such as foreign exchange forward contracts 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 each balance sheet date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the 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 each balance sheet date. 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 Income Statement as investment revenue or finance costs respectively. Amounts deferred in equity are recycled in the Income Statement in the periods when the hedged item is recognised in the Income Statement, in the same line of the 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.

The Group's use of financial derivatives is governed by the Group's financial policies. Further details on these policies can be found in the Strategic Report on pages 1 to 39.

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.

2 Basis of accounting continued

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. Billings and cash received in advance, and directly attributable costs relating to future events are deferred. The amounts so deferred are included in the balance sheet as deferred event income and prepaid event costs respectively until the show has completed. If an event is anticipated to make a loss then the prepaid event costs held on the balance sheet as at the balance sheet date 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.

Operating profit

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

Headline pre-tax profit

Headline pre-tax profit is a non-statutory measure of performance used by the Group as it better reflects the underlying trading performance. The amounts adjusted relate to acquisition or disposal related activities, or exceptional items (such as impairment). It is defined as profit or loss from operations before tax expense not including amortisation of acquired intangibles, impairment of goodwill, profits or losses arising on disposal of Group undertakings, revaluation of financial liabilities in relation to put options over non-controlling interests, imputed interest charges on discounted put option liabilities, gains or losses on the settlement of contingent consideration, direct costs on completed and pending acquisitions & disposals and tax on income from associates and joint ventures.

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.

Notes to the consolidated accounts continued

For the year ended 30 September 2014

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 balance sheet date are retranslated at the rates of exchange prevailing at that date. Non-monetary assets and liabilities are translated at the rate prevailing at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on the settlement of monetary items, and on the retranslation of monetary items, are included in 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 results of overseas operations are translated at the average rates of exchange for each month, and their balance sheets at the rates ruling at the balance sheet date. 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 Trust

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

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

Pension and other retirement benefits

The Group operates a defined contribution pension plan in the United Kingdom. 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.

Critical accounting judgements and key sources of estimation uncertainty

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

2 Basis of accounting continued

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of cash-generating units to which goodwill or intangible assets have been allocated. The value in use calculation requires an estimation of future cash flows expected from the cash-generating unit to perpetuity and a suitable discount rate in order to calculate present value. The period used in the calculation is based on management's average expectation of the period over which the value will be derived from the cash generating units. The carrying value of goodwill and intangible assets at 30 September 2014 is £67 million and £35 million respectively.

Acquired intangible assets

The valuation of acquired intangible assets requires management to estimate the net present value of the additional future cash flows arising from customer relationships, trademarks and licences and visitor databases to determine the value of those intangible assets. The key assumptions used in estimating the net present value of the additional future cash flows are the discount rate, royalty rate, attrition rate and the period over which the intangible assets affect future cash flows.

Intangible asset useful economic lives

The life of an intangible asset is estimated by management based on the expected period over which cash flows generated from that asset will arise. The amortisation charge reflected in the financial statements is directly impacted by the estimation of useful lives by management.

Share-based payments

The Group makes share-based payments to certain employees. These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. The key assumptions used in calculating the fair value of the options are the discount rate, the Group's share price volatility, dividend yield, risk free rate of return, and expected option lives. Management regularly performs a true-up of the estimate of the number of shares that are expected to vest.

Taxation

Being a multinational Group with tax affairs in many geographic locations inherently leads to a tax structure which makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and is often dependent on the efficiency of legal processes. Such issues can take several years to resolve. The Group takes a considered view of unresolved issues, however the inherent uncertainty regarding these items means that the eventual resolution could differ significantly from the accounting estimates and therefore impact the Group's results and future cash flows.

3 Segmental information

IFRS 8 introduced the term Chief Operating Decision Maker (CODM). The Senior Management Board is considered to be the CODM and consists of Neil Jones (Chief Financial Officer), Stephen Keen, Suzanne King, Baris Onay, Nik Rudge, Alexander Shtalenkov, Russell Taylor (Chief Executive Officer) and Colette Tebbutt.

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

The Group evaluates the performance of its segments on the basis of headline pre-tax profit and operating profit. See note 2 for more details.

The revenue and profit before taxation are attributable to the Group's one principal activity, the organisation of trade exhibitions, conferences and related activities and can be analysed by geographic segment as follows. No individual customer amounts to more than 10% of Group revenues.

Notes to the consolidated accounts continued

For the year ended 30 September 2014

3 Segmental information continued

Year ended 30 September 2014	Russia £000	Central Asia & Caucasus £000	Eastern & Southern Europe £000	UK & Western Europe £000	Asia £000	Total Group £000
By geographical location of events/activities						
Revenue	102,851	33,509	21,125	11,677	5,665	174,827
Headline pre-tax profit (note 6)	44,051	11,804	7,056	(6,625)	3,975	60,261
Operating profit	39,369	11,291	(4,929)	(4,812)	912	41,831
By origin of sale						
Revenue	69,371	19,443	24,871	49,113	12,029	174,827
Headline pre-tax profit	30,015	5,670	10,982	3,976	9,618	60,261
Operating profit	25,334	5,157	(1,004)	5,789	6,555	41,831
Operating profit						41,831
Investment revenue						1,026
Finance costs						(1,379)
Profit before tax						41,478
Tax						(7,399)
Profit after tax						34,079
Capital expenditure	622	278	240	1,680	66	2,886
Depreciation and amortisation	4,986	689	5,263	1,193	1,158	13,289
Balance Sheet						
Assets ¹	73,577	18,043	41,106	39,239	67,433	239,398
Liabilities ¹	31,684	5,792	9,454	69,338	8,878	125,146
Non Current Assets ¹	47,421	9,476	30,577	15,166	61,972	164,612

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

The revenue in the year of £174.8 million includes £0.4 million (2013: £0.7 million) of barter sales.

Included within the headline pre-tax profit and operating profit of UK & Western Europe is £11.4 million and £10.5 million respectively of corporate costs. Included within the operating profit of the Eastern & Southern Europe segment is an impairment charge in respect of Ukraine goodwill of £6.2 million.

Year ended 30 September 2013	Russia £000	Central Asia & Caucasus £000	Eastern & Southern Europe £000	UK & Western Europe £000	Asia £000	Total Group £000
By geographical location of events/activities						
Revenue	121,138	28,836	28,930	9,696	3,661	192,261
Headline pre-tax profit (note 6)	48,367	10,375	8,662	(8,557)	518	59,365
Operating profit	41,639	10,260	2,691	(8,247)	(1,341)	45,002
By origin of sale						
Revenue	86,290	16,010	30,546	49,403	10,012	192,261
Headline pre-tax profit	32,363	5,185	12,460	1,942	7,415	59,365
Operating profit	25,634	5,070	6,489	2,253	5,556	45,002
Operating profit						45,002
Investment revenue						1,063
Finance costs						(2,171)
Profit before tax						43,894
Tax						(8,223)
Profit after tax						35,671
Capital expenditure	286	176	52	394	13	921
Depreciation and amortisation	6,957	328	5,356	691	980	14,312
Balance Sheet						
Assets ¹	88,308	15,735	50,741	54,812	32,102	241,698
Liabilities ¹	(43,899)	(6,865)	(13,040)	(57,790)	(2,251)	(123,845)
Non Current Assets ¹	54,764	8,508	40,765	14,305	27,848	146,190

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

3 Segmental information continued

Included within the headline pre-tax profit and operating profit of UK & Western Europe is £11.6 million and £11.0 million respectively of corporate costs.

Segmental results by origin of sale for the year ended 30 September 2013 have been restated to show the gross value of sales originated in each region, rather than the commission income only.

4 Investment revenue

	2014 £000	2013 £000
Interest receivable from bank deposits	411	1,006
Gain on revaluation of equity options	318	-
Gain on cash flow hedges	-	57
Gain on revaluation of contingent consideration	297	-
	1,026	1,063

5 Finance costs

	2014 £000	2013 £000
Interest on overdrafts	710	479
Bank charges	553	473
Loss on settlement of contingent consideration	-	75
Loss on revaluation of put options	-	825
Loss on cash flow hedges	16	38
Imputed interest charge on discounted put option liabilities	100	281
	1,379	2,171

6 Profit on ordinary activities before taxation

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

	2014 £000	2013 £000
Staff costs (note 7)	40,514	42,718
Depreciation of property, plant and equipment (note 14)	769	816
Amortisation of intangible assets (note 13)	12,520	13,496
Impairment of goodwill (note 11)	6,212	-
Profit on disposal of investments included within administrative expenses (note 12)	(716)	-
Recognition of negative goodwill from bargain purchase (note 12)	(463)	-
Loss/(profit) on sale of property, plant and equipment	52	(7)
Operating lease rentals – land and buildings (note 25)	2,589	2,637
Loss/(gain) on derivative financial instruments – cash flow hedges (notes 4 & 5)	16	(19)
(Gain)/loss on derivative financial instruments – put options (notes 4 & 5)	(318)	825
Foreign exchange (gain)/loss on operating activities	(3,986)	154

Auditor's remuneration

	2014 £000	2013 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	209	188
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	95	117
– Other services pursuant to legislation (Interim review)	39	34
– Other services ¹	20	130
Tax services	-	9
	363	478

1. Other services related to a review of Group Finance controls (2013: exhibitor and visitor data management consultancy).

Notes to the consolidated accounts continued

For the year ended 30 September 2014

6 Profit on ordinary activities before taxation continued

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

	2014 £000	2013 £000
Profit on ordinary activities before taxation	41,478	43,894
<i>Operating items</i>		
Amortisation of acquired intangibles (note 13)	11,815	13,116
Impairment of goodwill (note 11)	6,212	–
Profit on disposal of investments included within administrative expenses (note 12)	(716)	–
Recognition of negative goodwill from bargain purchase (note 12)	(463)	–
Transaction costs (completed and pending)	1,582	1,178
Exceptional income	–	(109)
Tax on income from associates and joint ventures	868	105
<i>Financing items</i>		
(Gain)/loss on settlement of contingent consideration (notes 4 & 5)	(297)	75
(Gain)/loss on revaluation of put option liabilities (notes 4 & 5)	(318)	825
Unwind of discount of put option liabilities (notes 4 & 5)	100	281
Headline pre-tax profit	60,261	59,365

7 Staff costs

	2014 Number	2013 Number
The average monthly number of employees (including Directors) was:		
Administration	395	405
Technical and sales	706	691
	1,101	1,096
Their aggregate remuneration comprised:	£000	£000
Wages and salaries	34,116	34,502
Social security costs	4,638	4,693
Other staff benefits	1,111	1,220
Defined contribution pension contributions	202	84
Share-based payments	447	2,219
	40,514	42,718

Following review, staff costs related to internal agent costs previously omitted from the above disclosure, have been included. Prior year balances have been restated to provide comparability.

The defined benefit pension contributions relate to the UK scheme.

Details of audited Directors' remuneration are shown in the Remuneration committee report on pages 50 to 67.

8 Tax on profit on ordinary activities

Analysis of tax charge for the year:

	2014 £000	2013 £000
Group taxation on current year profit	(269)	561
UK corporation tax on profit for the year	293	(460)
Adjustment to UK tax in respect of previous years	24	101
Overseas taxation – current year	9,366	11,064
Overseas taxation – previous years	(391)	(289)
	8,975	10,775
Current tax	8,999	10,876
Deferred tax		
Origination and reversal of timing differences:		
Current year	(1,600)	(2,653)
	7,399	8,223

8 Tax on profit on ordinary activities continued

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

	2014 £000	2013 £000
Profit on ordinary activities before tax	41,478	43,894
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2013: 23.5%)	9,125	10,315
Effects of:		
Expenses not deductible for tax purposes	(141)	1,269
Changes in tax rates	-	(121)
Impairment of goodwill	1,177	-
Foreign exchange	96	-
Deferred tax assets not recognised	363	155
Withholding tax and other irrecoverable taxes	996	841
Adjustments to tax charge in respect of previous years	(592)	(800)
Deferred tax provision in respect of proposed dividends from overseas subsidiaries	298	150
Effect of different tax rates of subsidiaries operating in other jurisdictions	(3,323)	(3,381)
Associate tax	(600)	(205)
	7,399	8,223
	2014 £000	2013 £000
Tax relating to components of comprehensive income;		
Cash flow gains/(losses) – Current	(163)	335
Cash flow gains/(losses) – Deferred	(749)	1,058
	(912)	1,393
Tax relating to amounts credited/(charged) to equity;		
Share options – Current	194	498
Share options – Deferred	(134)	(40)
	60	458
	(852)	1,851

During the prior year the Group recognised directly in equity a deferred tax liability relating to goodwill arising on an historic acquisition. This deferred tax liability was not recognised on transition to IFRS in 2005.

9 Dividends

	2014 £000	2013 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2013 of 4.7p (2012: 4.4p) per ordinary share	11,581	10,717
Interim dividend for the year ended 30 September 2014 of 2.5p (2013: 2.3p) per ordinary share	6,141	5,644
	17,722	16,361
Proposed final dividend for the year ended 30 September 2014 of 4.9p (2013: 4.7p) per ordinary share	12,055	11,549

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 3,703,588 (2013: 3,654,988) ordinary shares representing 1.5% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

Notes to the consolidated accounts continued

For the year ended 30 September 2014

10 Earnings per share

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

	2014 No. of shares (000)	2013 No. of shares (000)
Weighted average number of shares:		
For basic earnings per share	246,153	244,378
Effect of dilutive potential ordinary shares	326	2,647
For diluted and headline diluted earnings per share	246,479	247,025

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share are based on the profit for the financial year attributable to equity holders of the parent of £33.9 million (2013: £34.7 million). Basic and diluted earnings per share were 13.8p and 13.8p respectively (2013: 14.2p and 14.0p respectively).

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 20.2p per share (2013: 19.3p). Headline basic earnings per share is 20.2p per share (2013: 19.5p).

	2014 £000	2013 £000
Profit for the financial year attributable to equity holders of the parent	33,903	34,665
Amortisation of acquired intangible assets	11,815	13,116
Tax effect of amortisation of acquired intangible assets	(2,108)	(2,457)
Impairment of goodwill	6,212	-
Transaction costs	1,582	1,178
Exceptional income	-	(109)
Profit on disposal of investments	(716)	-
Recognition of negative goodwill from bargain purchase	(463)	-
Gain on revaluation of equity options	(318)	825
Unwind of discount of put option liabilities	100	281
Loss/(gain) on settlement of contingent consideration	(297)	75
Headline earnings for the financial year after taxation	49,710	47,574

11 Goodwill

Group

Goodwill
£000

Cost

At 1 October 2012	76,439
Additions through business combinations	4,484
Foreign exchange	(2,223)

At 1 October 2013

78,700

Additions through business combinations	6,365
Foreign exchange	(11,725)

At 30 September 2014

73,340

Provision for Impairment

At 1 October 2012	(130)
Impairment	-
Foreign exchange	5

At 1 October 2013

(125)

Impairment	(6,212)
Foreign exchange	13

At 30 September 2014

(6,324)

Net book value

At 30 September 2014	67,016
At 30 September 2013	78,575

11 Goodwill continued

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

	2014 £000	2013 £000
Russia	34,066	41,015
Central Asia & Caucasus	7,301	7,968
Eastern & Southern Europe	10,623	15,976
UK & Western Europe	9,083	7,662
Asia	5,943	5,954
	67,016	78,575

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

Management estimates discount rates that reflect the current market assessments of the time value of money and risks specific to the cash-generating units. The pre-tax discount rates applied to the cash generating units are between 12% and 20% (2013: 13% and 15%).

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. 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 0% and 10% (2013: between 2% and 7%), do not exceed the long-term growth rates for the economies in which these businesses operate.

The Group considers that the only goodwill relating to a CGU that is individually significant (more than 20% of the Group's total carrying value of goodwill and intangibles) is in respect of the Moscow business.

The Moscow business has goodwill with a carrying value of £25 million. The intangible assets for the Moscow business have a finite useful life and are amortised in accordance with the Group 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 2015 financial plan approved by the Board and extrapolated based on assumed long-term growth rate for the Moscow business of 2%, based on IMF forecasts of GDP growth rate in Russia.
- A pre-tax discount rate of 12%.

Using the above methodology the recoverable amount exceeded the total carrying value by £290 million. Sensitivity analysis has been carried out considering reasonably possible changes to the discount rate and the forecast cash flows, the key assumptions that the value in use calculation is most sensitive to. Reasonably possible changes to these key assumptions have been deemed to be a 1% increase in the discount rate and a 5% decrease in forecast cash flows, with neither change in key assumptions resulting in the need to recognise impairment.

The impairment testing conducted by the Group at 30 September 2014 indicated no impairment in any CGU other than Ukraine.

Ukraine

An impairment loss of £6.2 million has been recognised in the consolidated income statement in respect of goodwill in Ukraine within the Eastern and Southern Europe segment.

The impairment loss in Ukraine reflects reduced levels of exhibitor attendance particularly from international participants and lower future economic growth predictions for Ukraine.

The impairment loss was based on the value in use calculated using key assumptions stated above as well as specific factors applicable to Ukraine. These assumptions were as follows:

Notes to the consolidated accounts continued

For the year ended 30 September 2014

11 Goodwill continued

Budgeted cash flows – the budgeted cash flows have been based on the most recent financial plans approved by the Board, which take into consideration management's expectations of the future performance of the business in light of the difficult economic conditions and political uncertainty in Ukraine.

Growth rates – the growth rates have been based on management forecasts for the annual growth rate for the Ukrainian business. The assumed growth rates were 0% in FY16 and FY17 and 4.5% thereafter, based on IMF forecasts.

Pre-tax risk adjusted discount rate – the pre-tax risk adjusted discount rate used was 20%. This discount rate was based on the risk adjusted weighted average cost of capital for the Ukraine business.

Forecast period – cash flows were forecast over a three-year period and into perpetuity.

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 1%.
- A decrease of 5% on forecast cash flows over the term for all CGUs.

The sensitivity analysis shows that no impairment would result from either an increase in the discount rate or a decrease in forecast cash flows in any CGU other than Ukraine and India.

Given the current uncertainty in Ukraine, a reasonably possible change in assumptions covers a very wide range of outcomes including further impairment of the remaining £4 million balance of assets of the Ukraine business.

For information, for the Ukraine business, an increase in the discount rate by 1% would increase the required impairment charge by £0.2 million; a decrease of 5% on forecast cash flows over the term of the forecast would also increase the required impairment charge by £0.2 million.

For information, for the India business, an increase in the discount rate by 1% would decrease the value in use by £0.4 million resulting in potential impairment of £25,000; a decrease of 5% on forecast cash flows over the term of the forecast would not result in any impairment needed.

12 Goodwill acquired through business combinations

Acquisitions

The principal acquisitions made during the year to 30 September 2014, accounted for under the acquisition method, were:

Name of entity acquired	Nature of entity acquired	Nature of acquisition	Date of acquisition	Percentage acquired
Platform Exhibitions Inc	Exhibition organiser	Share purchase	15 October 2013	100%
Scoop International Fashion Ltd	Exhibition organiser	Share purchase	1 December 2013	60% ¹
Summit Trade Events Ltd	Exhibition organiser	Share purchase	3 February 2014	90% ¹

¹ Acquisition took total shareholding to 100%.

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

Platform

On 10 October 2013, E Uluslararası Fuar Tanıtım Hizmetleri A.Ş., the Group's wholly owned Turkish subsidiary, acquired 100% of the shares of Platform Exhibitions Inc, a company incorporated in Turkey, for cash consideration of £5.7 million and deferred consideration, contingent on the results of the 2014 show, estimated at the time of acquisition at £2.7 million.

The acquired business organises the Beauty Eurasia exhibition which takes place in June and serves the beauty and cosmetics industries in Turkey. As such the acquisition of this company is consistent with ITE's strategy of expanding into new sectors in existing markets, and enhances ITE's presence in the beauty sector.

The Group incurred transaction costs of £0.4 million in relation to this acquisition, which are included in administrative expenses. An additional £0.6 million expense is recognised in financing costs in relation to the increase in contingent consideration payable as a result of a stronger than expected performance on the 2014 show, resulting in a final deferred payment of £3.3 million on 5 September 2014.

12 Goodwill acquired through business combinations continued

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

Assets acquired	Fair value £000
Intangible fixed assets – Trademarks	570
Intangible fixed assets – Customer relationships	3,610
Cash	160
Deferred tax liability	(836)
Other current assets	347
Other current liabilities	(386)
Net assets acquired	3,465
Goodwill arising on acquisition	4,944
Total cost of acquisition	
Satisfied by net cash paid	5,690
Contingent consideration	2,719
	8,409

Goodwill arising on acquisition of £4.9 million represents the perceived value placed by the Group on synergies expected across its beauty portfolio and within the existing Turkish business.

The acquired business has contributed £1.9 million to Group revenue and £1.1 million to Group profit since acquisition. If the acquisition had occurred on 1 October 2013 the contribution of the acquired business to Group results would be unchanged.

Scoop

On 1 December 2013, the Group exercised its call option to acquire the 60% of Scoop International Fashion Limited which it did not already own.

The acquired business organises Scoop, a high end womenswear fashion exhibition in the UK. The acquisition is expected to strengthen the Group's position in the UK fashion sector.

Disposal of investment

In order to recognise and fully consolidate the assets and liabilities of the Scoop subsidiary, first the Group derecognised its existing 40% investment in Scoop previously recorded within Investments in Associates and Joint Ventures. This resulted in a gain of £1.0 million which represents the difference between the fair value of £1.2 million and book value of £0.2 million of the existing holding. This gain is recognised within administrative expenses.

Acquisition of subsidiary

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

Assets acquired	Fair value £000
Property, plant and equipment	63
Intangible fixed assets – Trademarks	965
Intangible fixed assets – Customer relationships	1,229
Cash	408
Deferred tax liability	(477)
Other current assets	412
Other current liabilities	(1,039)
Net assets acquired	1,561
Goodwill arising on acquisition	1,422
Total cost of acquisition	
Satisfied by net cash paid	1,790
Fair value of previously held interest	1,193
	2,983

Notes to the consolidated accounts continued

For the year ended 30 September 2014

12 Goodwill acquired through business combinations continued

Goodwill arising on acquisition of £1.4 million reflects expected synergies with the Group's existing UK fashion business.

The acquired business has contributed £2.1 million to Group revenue and £0.8 million to profit since acquisition. If the acquisition had occurred on 1 October 2013 the contribution of the acquired business to Group results would be unchanged.

On 4 September 2014 the Group sold 5% of Scoop International Fashion Limited to one of the previous shareholders of the business for proceeds of £0.1 million.

Summit

On 3 February 2014, the Group's put option to acquire the 90% of Summit Trade Events Limited which it did not already own was exercised.

The acquired business organises a number of conferences in the Oil & Gas sector in Turkmenistan. As such the acquisition of this company is consistent with ITE's strategy of expanding into existing sectors in new markets.

Disposal of investment

In order to recognise and fully consolidate the assets and liabilities of the Summit subsidiary, first the Group derecognised its existing 10% investment in Summit previously recorded within Investments in Associates and Joint Ventures. This resulted in a loss of £0.3 million which represents the difference between the fair value of £0.2 million and book value of £0.5 million of the existing holding. This loss is recognised within administrative expenses.

Acquisition of subsidiary

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

Assets acquired	Fair value £000
Intangible fixed assets – Trademarks	339
Intangible fixed assets – Customer relationships	1,718
Cash	430
Deferred tax liability	(453)
Other current assets	89
Other current liabilities	(66)
Net assets acquired	2,057
Recognition of negative goodwill from bargain purchase	(463)
Total cost of acquisition	
Satisfied by net cash paid	1,124
Contingent consideration	311
Fair value of previously held interest	159
	1,594

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

The gain on bargain purchase, which is included within administrative expenses, results from the terms of the put and call options contained in the contractual arrangements.

The cost of the acquisition includes £0.3 million of consideration which is contingent upon the results of the business for the year ended 31 December 2015.

The acquired business has contributed £0.6 million to Group revenue and £0.3 million to profit since acquisition. If the acquisition had occurred on 1 October 2013 the acquired business would have contributed an additional £1.0 million to Group revenue and an additional £0.2 million to Group profit.

Other acquisitions

On 5 May 2014, EUF, a subsidiary of the Group, exercised its put option to acquire the remaining 20% of Yem Fuar which it did not already own for consideration of £4.5 million.

13 Other intangible assets

	Customer relationships £000	Trademarks and Licences £000	Visitor Databases £000	Computer Software £000	Total £000
Cost					
As at 1 October 2012	71,547	21,663	713	2,842	96,765
Additions through business combinations	1,691	2,520	-	-	4,211
Additions	-	-	-	817	817
Foreign Exchange	(2,763)	(1,031)	(83)	(35)	(3,912)
As at 1 October 2013	70,475	23,152	630	3,624	97,881
Additions through business combinations	6,557	1,850	-	25	8,432
Additions	-	-	-	1,503	1,503
Disposals	-	-	-	(28)	(28)
Foreign exchange	(8,754)	(4,446)	(68)	(286)	(13,554)
As at 30 September 2014	68,278	20,556	562	4,838	94,234
Amortisation					
As at 1 October 2012	35,165	4,799	104	1,990	42,058
Charge for the year	9,209	3,823	84	380	13,496
Foreign exchange	(1,140)	(240)	(17)	(10)	(1,407)
As at 1 October 2013	43,234	8,382	171	2,360	54,147
Charge for the year	8,035	3,706	74	705	12,520
Disposals	-	-	-	(1)	(1)
Foreign exchange	(5,624)	(2,002)	(23)	(188)	(7,837)
As at 30 September 2014	45,645	10,086	222	2,876	58,829
Net book value					
As at 30 September 2014	22,633	10,470	340	1,962	35,405
As at 30 September 2013	27,241	14,770	459	1,264	43,734

The amortisation period for customer relationships is between three and ten years, for trademarks up to 20 years and for visitor databases between five and eight years. Computer software is amortised over four years.

The additions to customer relationships and trademarks and licences through business combinations of £8.4 million relate to the purchases of Platform, Scoop and Summit. The carrying amounts of these intangibles at 30 September 2014 were £3.3 million, £1.9 million and £1.7 million respectively. The intangibles acquired during the year are amortised in accordance with the Group amortisation policy for intangibles as detailed above.

Notes to the consolidated accounts continued

For the year ended 30 September 2014

14 Property, plant and equipment

	Leasehold land and buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 October 2012	1,424	4,541	5,965
Additions	78	843	921
Disposals	(127)	(293)	(420)
At 1 October 2013	1,375	5,091	6,466
Additions	73	1,310	1,383
Disposals	(62)	(637)	(699)
Foreign exchange	75	(714)	(639)
At 30 September 2014	1,461	5,050	6,511
Depreciation			
At 1 October 2012	854	2,765	3,619
Charge for the year	140	676	816
Disposals	(53)	(232)	(285)
At 1 October 2013	941	3,209	4,150
Charge for the year	111	658	769
Disposals	(5)	(447)	(452)
Foreign exchange	6	(160)	(154)
At 30 September 2014	1,053	3,260	4,313
Net book value			
At 30 September 2014	408	1,790	2,198
At 30 September 2013	434	1,882	2,316

15 Subsidiaries

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

16 Interests in associates & joint ventures

Associates & joint ventures

Associates	Country of incorporation and operation	Principal activity	Description of holding	Group interest %
Asian Business Exhibition & Conferences Ltd	India	Exhibition organiser	Ordinary	28.3%
Lentewenc Sp. Z.o.o	Poland	Exhibition organiser	Ordinary	40%
The Hub	Hong Kong	Exhibition organiser	Ordinary	40%
Joint ventures				
Sinostar	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%
				Total £000
At 1 October 2013				17,916
Additions				39,282
Share of results of associates and joint ventures				2,725
Dividends received				(3,734)
Proceeds from demerger				(2,482)
Deemed disposal of investments in Scoop & Summit				(592)
Foreign exchange				(748)
At 30 September 2014				52,367

16 Interests in associates & joint ventures continued**Results of associates at 100% share**

	2014 £000	2013 £000
Revenue	11,488	6,867
Profit from continuing operations	1,682	773
Net assets	2,825	2,435

Results of joint ventures at 100% share

	2014 £000	2013 £000
Revenue	23,630	940
Profit from continuing operations	5,620	173
Net (liabilities)/assets ¹	(38,767)	24

1 The net liabilities balance include ITE's share in net liabilities of Sinostar ITE amounting to approximately £21 million. Of this balance, approximately £16 million related to loans due to the Group.

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.

On 14 November 2013, ITE's wholly owned subsidiary, ITE Overseas Ltd, established a 50:50 joint venture, Sinostar ITE, with Hong Kong based Worldcoat Exhibitions Ltd, for an investment of £34.1 million, of which £3.9 million was deferred and contingent upon the results of the business for the year ended 31 March 2014. As part of the transaction, Sinostar ITE acquired the ChinaCoat exhibition from Sinostar International Ltd. ChinaCoat is the leading coatings and finishings exhibition in China and South East Asia. As such the acquisition of this joint venture is consistent with ITE's strategy of expanding into new high growth markets.

The Group incurred transaction costs of £0.4m in relation to the acquisition of Sinostar ITE, which are included in administrative expenses.

On 11 June 2014, ITE's wholly owned subsidiary, ITE Asia Pte Ltd, acquired 50% of the issued share capital of PT Debindo Unggul Buana Makmur ('Debindo') for total consideration of £4.9 million, of which £1.9 million is deferred and contingent upon the results of the business for the year ended 31 December 2015. In addition the Group holds put and call options to acquire an additional 26% of the business in 2017. Debindo owns the Indobuildtech exhibitions which serve the building and construction industries in Indonesia and the surrounding region. As such the acquisition is consistent with ITE's strategy of expanding into new high growth markets.

During the year the Group also increased its investment in Lentewenc, its associate in Poland, by £0.1 million, and acquired a 40% stake in The Hub (Hong Kong) Limited for £0.2 million. The Hub organises fashion exhibitions in Hong Kong.

During the year ABEC, one of the Group's associates, demerged a property-owning entity from their business resulting in the receipt of proceeds from the demerger of £2.5 million.

17 Current assets and non current assets**Current assets**

	2014 £000	2013 £000
Trade and other receivables		
Trade receivables	32,304	37,237
Other receivables	2,180	3,364
Venue advances and prepayments	3,877	555
Prepayments and accrued income	6,305	9,725
	44,666	50,881
Taxation prepayments	2,211	3,332

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

Notes to the consolidated accounts continued

For the year ended 30 September 2014

17 Current assets and non current assets continued

Cash and cash equivalents

	2014 £000	2013 £000
Cash at bank and in hand	28,145	44,040

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 £9.6 million of Sterling, £7.1 million of Euros, £1.6 million of US Dollars, £3.1 million of Rubles and £6.8 million of other currencies. Surplus funds are placed on short-term deposit with floating interest rates.

Non current assets

	2014 £000	2013 £000
Venue advances and other loans – non-current		
Venue advances and other loans – non-current	6,311	3,508

Total venue loans and advances

The venue advances and other loans of £6.3 million due after one year are all due within five years (2013: £3.2 million due within five years). The venue loans repayable by 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 are denominated primarily in either Euros or US Dollars and are analysed as follows:

	2014 £000	2013 £000
Venue loans		
Denominated in US Dollars	853	1,005
Denominated in other currencies	–	1,997
	853	3,002
Venue prepayments		
Denominated in Euros	169	374
Denominated in US Dollars	2	–
Denominated in other currencies	9,164	687
	9,335	1,061
Total venue loans and prepayments	10,188	4,063

18 Bank Borrowings

At 30 September 2014, following a refinancing of the Group's borrowing facilities on 30 July 2014, the Group had significant available borrowing headroom available through an £80 million multi-currency revolving credit facility which is committed through to 30 June 2018. This replaced the Group's previous facilities, which were in place at 30 September 2013, which comprised a £10 million multi-currency revolving credit facility and a £20 million multi-currency net overdraft facility. The new facility has been similarly secured by a guarantee between a number of Group companies.

The Group's borrowings are arranged at floating interest rates, thus exposing the Group to interest rate risk. Drawdowns under the new facility bear interest at interbank rates of interest plus a margin of 2.15%. Previously, drawdowns under the revolving credit facility bore interest at interbank rates plus a margin of 2.0%; drawdowns under the overdraft bore interest at interbank rates plus a margin of 1.75%. During the year ended 30 September 2014, the average interest rate on the Group's borrowings approximated 2.4% (2013: 2.3%).

The total drawdowns under the facility of £42.9 million at 30 September 2014 were all denominated in Sterling (2013: £15.9 million in Sterling, £1.8 million in US Dollars, £2.9 million in Euros). The Directors estimate that the carrying value of the borrowings approximates their fair value. At 30 September 2014 the Group had £37.1 million (2013: £9.4 million) of undrawn committed facilities.

19 Trade and other payables

	2014 £000	2013 £000
Trade payables	2,132	260
Taxation and social security	2,961	4,721
Other payables	2,284	2,528
Accruals	9,316	9,573
Deferred consideration	-	3,790
Contingent consideration	4,922	330
	21,615	21,202
Deferred income	60,776	76,806

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.

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

	Total £000
At 1 October 2013	4,120
Arising on acquisition	8,869
Settlement	(7,770)
Revaluation	(297)
At 30 September 2014	4,922

20 Provisions

	National Insurance on share options £000	Leases £000	Total £000
At 1 October 2013	498	327	825
Charged/(credited) to income statement	(77)	(53)	(130)
Utilised in the period	(294)	-	(294)
At 30 September 2014	127	274	401
Included in current liabilities			181
Included in non-current liabilities			220
			401

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 2014.

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

Notes to the consolidated accounts continued

For the year ended 30 September 2014

21 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 90 to 92.

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 2014

£'000	Carrying amount & 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	28,145	28,145	28,145	-	-	-
Available for sale – investments	-	-	-	-	-	-
Loans and receivables:						
Trade receivables	32,304	32,304	32,304	-	-	-
Other receivables	2,180	2,180	2,180	-	-	-
Venue loans	10,188	10,188	3,416	5,067	1,705	-
	72,817	72,817	66,045	5,067	1,705	-
Derivative financial assets						
Designated cash flow hedge	3,301	64,132	31,910	32,222	-	-
Equity option assets:						
ABEC	-	25,588	9,811	-	-	15,777
ECMI	-	831	-	-	405	426
Debindo	-	2,476	-	-	2,476	-
	76,118	165,844	107,766	37,289	4,586	16,203
Non-derivative financial liabilities						
Bank overdraft	-	-	-	-	-	-
Bank loan	42,900	42,900	-	-	42,900	-
Amortised cost:						
Trade payables	2,132	2,132	2,132	-	-	-
Other payables	2,284	2,284	2,284	-	-	-
Accruals	9,316	9,316	9,316	-	-	-
Deferred consideration	-	-	-	-	-	-
Contingent consideration	4,922	4,922	4,922	-	-	-
	61,554	61,554	18,654	-	42,900	-
Derivative financial liabilities						
Put option liabilities:						
Tradelink	1,232	1,232	-	1,232	-	-
Scoop	283	283	-	-	-	283
ABEC	-	25,588	9,811	-	-	15,777
ECMI	-	831	-	-	405	426
Debindo	-	2,476	-	-	2,476	-
Designated cash flow hedge	-	-	-	-	-	-
	63,069	91,964	28,465	1,232	45,781	16,486

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

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.

21 Financial instruments continued
30 September 2013

£000	Carrying amount & 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	44,040	44,040	44,040	-	-	-
Available for sale – investments	-	-	-	-	-	-
Loans and receivables:						
Trade receivables	37,237	37,237	37,237	-	-	-
Other receivables	3,364	3,364	3,364	-	-	-
Venue loans	3,002	3,002	372	1,018	1,612	-
	87,643	87,643	85,013	1,018	1,612	-
Derivative financial assets						
Designated cash flow hedge	675	21,901	16,960	4,941	-	-
Equity option assets:						
ABEC	-	51,892	-	13,661	-	38,231
ECMI	-	4,176	-	-	1,882	2,294
Scoop	-	1,619	1,619	-	-	-
Summit	52	1,038	724	-	314	-
	88,370	168,269	104,316	19,620	3,808	40,525
Non-derivative financial liabilities						
Bank overdraft	17,577	17,577	17,577	-	-	-
Bank loan	3,000	3,000	-	3,000	-	-
Amortised cost:						
Trade payables	260	260	260	-	-	-
Other payables	2,528	2,528	2,528	-	-	-
Accruals	9,573	9,573	9,573	-	-	-
Deferred consideration	3,790	3,790	3,790	-	-	-
Contingent consideration	330	330	330	-	-	-
	37,058	37,058	34,058	3,000	-	-
Derivative financial liabilities						
Put option liabilities:						
Yem Fuar	4,495	4,624	4,624	-	-	-
Tradelink	1,412	1,412	-	1,412	-	-
ABEC	-	51,892	-	13,661	-	38,231
ECMI	-	4,176	-	-	1,882	2,294
Scoop	-	1,619	1,619	-	-	-
Summit	-	1,038	1,038	-	-	-
Designated cash flow hedge	1,083	39,614	16,164	17,504	5,946	-
	44,048	141,433	57,503	35,577	7,828	40,525

The Group seeks to minimise the effects of foreign currency 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.

Notes to the consolidated accounts continued

For the year ended 30 September 2014

21 Financial instruments continued

Fair value hierarchy

The following table categorises the Group's financial instruments which are held at fair value into 1 of 3 levels to reflect the degree to which observable inputs are used in determining their fair values:

30 September 2014

	Fair Value £000	Level 1 £000	Level 2 £000	Level 3 £000
Assets measured at fair value				
Foreign currency forward contracts	3,301	-	3,301	-
Equity options	-	-	-	-
Total	3,301	-	3,301	-
Liabilities measured at fair value				
Foreign currency forward contracts	-	-	-	-
Put options	1,515	-	1,515	-
Total	1,515	-	1,515	-

30 September 2013

	Fair Value £000	Level 1 £000	Level 2 £000	Level 3 £000
Assets measured at fair value				
Foreign currency forward contracts	675	-	675	-
Equity options	52	-	-	52
Total	727	-	675	52
Liabilities measured at fair value				
Foreign currency forward contracts	1,083	-	1,083	-
Put options	5,907	-	5,907	-
Total	6,990	-	6,990	-

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.

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 39.

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

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 foreign currency risk. Market risk exposures are measured using sensitivity analysis.

21 Financial instruments continued**Foreign currency risk management**

The Group undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward-plus or forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Financial assets

	2014 £000	2013 £000
EUR	18,089	31,890
GBP	12,756	8,089
USD	3,934	6,351
RUB	24,040	26,133
Other	17,299	15,907
	76,118	88,370

Financial liabilities

	2014 £000	2013 £000
EUR	683	4,187
GBP	50,363	17,600
USD	-	1,817
RUB	3,129	58
Other	8,894	10,813
	63,069	34,475

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.

2014 (£000)	USD	EUR	RUB	Other
Monetary assets	3,934	18,089	24,040	30,055
Monetary liabilities	0	(683)	(3,129)	(59,257)
Net monetary assets/(liabilities)	3,934	17,406	20,911	(29,202)
Currency Impact				
Profit before tax gain/(loss)	31	111	2,086	(2,799)
Equity gain/(loss)	362	1,630	5	(122)
2013 (£000)	USD	EUR	RUB	Other
Monetary assets	6,351	31,890	26,133	23,996
Monetary liabilities	(1,817)	(4,187)	(58)	(28,413)
Net monetary assets	4,534	27,703	26,075	(4,417)
Currency Impact				
Profit before tax gain/(loss)	(2)	212	2,584	(217)
Equity gain/(loss)	455	2,559	23	(225)

The following significant exchange rates versus Sterling applied during the year and in the prior year:

	Average		Reporting date	
	2014	2013	2014	2013
EUR	1.22	1.19	1.28	1.19
USD	1.66	1.56	1.62	1.61
RUB	57.50	49.07	64.03	52.02

Notes to the consolidated accounts continued

For the year ended 30 September 2014

21 Financial instruments continued

Forward foreign exchange contracts

As at 30 September 2014 the notional amounts of outstanding foreign currency forward contracts that the Group has committed to amounted to £64.1 million (2013: £61.5 million). These arrangements are designed to address significant exchange exposures for the next 36 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 2014, the fair value of these derivatives is estimated to be a net asset of approximately £3.3 million (2013: net liability of £0.4 million). 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. 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

	2014 £000	2013 £000
Financial liabilities at variable rates:		
Bank overdraft	-	17,577
Bank loan	42,900	3,000

The following average interest rates applied during the year and in the prior year:

	Bank loan		Bank overdraft	
	2014 %	2013 %	2014 %	2013 %
GBP	2.2	2.5	n/a	2.2
EUR	-	-	n/a	2.1
USD	-	-	n/a	2.3

Average interest rate applicable to cash balances were 1.6% in 2014 and 3.3% in 2013.

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 asset/liabilities. 1% is the sensitivity rate that represents management's assessment of the reasonably possible change in interest rates.

£000	USD denominated		EUR denominated		GBP denominated		RUB denominated		Other	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Cash and cash equivalents	1,578	4,960	7,141	14,865	9,558	6,284	3,059	9,808	6,809	8,123
Bank overdraft	-	(1,817)	-	(2,860)	-	(12,900)	-	-	-	-
Bank Loan	-	-	-	-	(42,900)	(3,000)	-	-	-	-
Net variable rate (liabilities)/assets	1,578	3,143	7,141	12,005	(33,342)	(9,616)	3,059	9,808	6,809	8,123

£000	USD denominated		EUR denominated		GBP denominated		RUB denominated		Other	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Profit before tax - (loss)/gain										
+ 1% change in interest rates	16	31	71	120	(333)	(96)	31	98	68	81
- 1% change in interest rates	(16)	(31)	(71)	(120)	333	96	(31)	(98)	(68)	(81)

21 Financial instruments continued

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. These represent the Group's maximum exposure to credit risk.

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 and derivative financial instruments 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)

		2014 £000	2013 £000
Investments grade A and above	58%	16,298	31,697
Investments grade B and above	33%	9,202	9,459
Investments grade C or below or not rated	9%	2,645	2,884
	100%	28,145	44,040

The source of the credit ratings is Moody's and Fitch.

Ageing profile of trade receivables

	Show start date		Contract terms	
	2014 £000	2013 £000	2014 £000	2013 £000
Not past due	31,529	34,284	15,077	21,957
Past due 1-30 days	457	2,622	9,961	7,299
Past due 31-60 days	20	41	1,630	2,744
Past due 61-90 days	60	9	562	1,548
Past due 91-120 days	35	36	3,596	2,721
Past due more than 120 days	203	245	1,478	968
	32,304	37,237	32,304	37,237

Management review debtors ageing on a contractual basis and also based on when an event has been held. The Group raise invoices on events using stage payments. Any overdue amounts, after the stage payment due date, are reviewed and chased. Management also review the debts due based on when an event has taken place, as this is typically when the service is provided. Both measures are included in the table above as both are used by management to manage outstanding debts.

The trade receivables amounts presented in the Balance Sheet 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.

Notes to the consolidated accounts continued

For the year ended 30 September 2014

21 Financial instruments continued

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

	2014 £000	2013 £000
At 1 October	467	475
Allowances made in the period	417	462
Amounts used and reversal of unused amounts	(319)	(470)
	565	467

Ageing of impaired receivables

	2014 £000	2013 £000
Past due 0-3 months	260	321
Past due 3-6 months	143	33
Past due more than 6 months	162	113
	565	467

No allowance for doubtful receivables relating to venue loans is held (2013: £0.1 million).

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, bank overdraft and bank loan which is disclosed in note 17 and note 18 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 23 and in the consolidated statement of changes in equity.

22 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 2012	46	(12,157)	-	495	(969)	759	(825)	(12,651)
Transfers	-	-	-	(31)	-	-	-	(31)
(Charge)/credit to income	19	2,781	-	(12)	-	15	(150)	2,653
Charge to OCI	-	-	-	-	1,058	-	-	1,058
Charge to equity	-	-	-	-	-	(40)	-	(40)
Acquisition of subsidiary	-	(952)	-	-	-	-	-	(952)
Exchange	-	651	-	(19)	-	-	-	632
At 1 October 2013	65	(9,677)	-	433	89	734	(975)	(9,331)
Transfers	-	-	-	126	-	-	-	126
(Charge)/credit to income	75	2,340	106	(404)	-	(219)	(298)	1,600
Charge to OCI	-	-	-	-	(749)	-	-	(749)
Charge to equity	-	-	-	-	-	(134)	-	(134)
Acquisition of subsidiary	-	(1,766)	-	-	-	-	-	(1,766)
Exchange	-	1,340	-	(87)	-	-	-	1,253
At 30 September 2014	140	(7,763)	106	68	(660)	381	(1,273)	(9,001)

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:

	2014 £000	2013 £000
Deferred tax liabilities	(10,932)	(11,443)
Deferred tax assets	1,931	2,112
	(9,001)	(9,331)

At the balance sheet date, the Group has unused tax losses of £7.0 million (2013: £4.3 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses in either year due to the unpredictability of future profit streams. These losses may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £20 million (2013: £46.1 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

23 Share capital

	2014 £000	2013 £000
Authorised		
375,000,000 ordinary shares of 1p each (2013: 375,000,000)	3,750	3,750
Allotted and fully-paid		
249,720,524 ordinary shares of 1p each (2013: 249,372,524)	2,497	2,494

During the year, the Company allotted 348,000 (2013: 509,117) ordinary shares of 1p each pursuant to the exercise of share options. No (2013: nil) ordinary shares were issued in respect of Directors' remuneration. The total consideration for the shares issued was £11,930 (2013: £150,179).

Notes to the consolidated accounts continued

For the year ended 30 September 2014

23 Share capital continued

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 balance sheet date.

The ESOT held 3,703,588 shares in ITE Group plc at 30 September 2014 (2013: 3,654,988 shares). During the year 689,000 share options and 906,500 nominal share options under the Employees Performance Share Plan were granted against ESOT held shares. During the year, the Company purchased 1,665,000 shares for the ESOT for a cost of £3.8 million. The market value of the ordinary shares held by the ESOT at 30 September 2014 was £6.3 million (2013: £9.9 million).

The Company has agreed to make available to the ESOT an interest-free loan of up to £12.5 million for the purpose of buying shares. At 30 September 2014, the amount of the loan drawn down was £11.6 million. The ITE Group plc Company only profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2014. The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. 1,616,400 options were exercised from ESOT during the year. The total consideration for the options exercised from ESOT was £1,423,212. 6,224,711 of outstanding options are to be settled by ESOT, so all shares held by the ESOT are under option as at 30 September 2014. Details of the options in issue and their exercise dates can be seen at note 26 to the accounts.

24 Non controlling interests

	2014 £000	2013 £000
1 October	4,519	6,696
Non-controlling interest arising on acquisition during the year	34	715
Dividends paid to non controlling interests during the year	(668)	(1,254)
Reduction in non controlling interest due to acquisition of non controlling interest during the year	(3,119)	(2,644)
Profit on ordinary activities after taxation	176	1,006
30 September	942	4,519

25 Operating lease arrangements

The Group has a number of operating leases for which it is a lessee.

	2014 £000	2013 £000
Lease payments under operating leases recognised as an expense in the year:		
Land and buildings	2,589	2,637
Venues	37,907	39,352

At 30 September 2014 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2014 £000	Venues 2014 £000	Land and buildings 2013 £000	Venues 2013 £000
Within one year	2,072	8,172	2,125	8,599
Between two and five years	2,528	-	3,894	-
After five years	215	-	709	-
	4,815	8,172	6,728	8,599

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 £0.4 million during the year (2013: £0.3 million) from sub-letting unused space in the London office.

26 Share-based payments

The Company operate 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 either three or five years and are exercisable up to ten years from granting. The options are forfeited if the employee leaves the Group before the options vest.

Performance share plans

The Company 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, 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 Remuneration committee report on page 61.

Details of the share options outstanding as at 30 September 2014 are as follows:

	Number of share options 2014	Weighted average exercise price (p) 2014	Number of share options 2013	Weighted average exercise price (p) 2013
Share option plans				
Outstanding at beginning of period	3,449,500	221.2	2,564,400	189.4
Granted during the period	921,000	240.9	1,581,500	224.0
Lapsed during the period	(200,500)	224.0	(116,250)	215.3
Exercised during the period	(648,500)	219.3	(580,150)	88.6
	3,521,500	226.5	3,449,500	221.2
Performance share plans				
Outstanding at beginning of period	3,548,000	1.0	4,260,551	1.0
Granted during the period	906,500	1.0	957,950	1.0
Lapsed during the period	(61,700)	1.0	(36,800)	1.0
Exercised during the period	(1,292,900)	1.0	(1,633,701)	1.0
	3,099,900	1.0	3,548,000	1.0

The total number of exercisable options in the share option plans is 57,500 and in the performance share plans is 265,950.

The weighted average share price at the date of exercise for share options exercised during the period was 299p. The options outstanding at 30 September 2014 had a weighted average exercise price of 121p, and a weighted average remaining contractual life of 429 days. In 2014, Share Options and Performance Share Plan options were granted on 13 March 2014. The aggregate of the estimated fair value of these options is £0.3 million and £nil respectively.

The inputs into the Black-Scholes model for the instruments issued during the year are as follows:

	Performance share plan 2014	Share options plan 2014	Performance share plan 2013	Share options plan 2013
Weighted average share price	1p	229p	1p	224p
Weighted average exercise price	1p	229p	1p	224p
Expected volatility	28.0%	28.0%	28.3%	28.3%
Expected life	3 years	3 years	3 years	3 years
Risk free rate	0.92%	0.92%	0.50%	0.50%
Dividend yield	2.35%	2.35%	3.0%	3.0%

The Group recognised a total expense of £0.4 million (2013: £2.2 million) related to equity-settled share-based payment arrangements.

Notes to the consolidated accounts continued

For the year ended 30 September 2014

27 Related party transactions

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

Trading transactions

In Kazakhstan, ITECA, a Group subsidiary, has transacted with Datacom and Saban Holdings for the provision of web systems and office rental respectively. Edward Strachan, a Group Director for the six month period to 31 March 2014, is a significant shareholder of Datacom and Saban Holdings. In total, the services charged to ITECA in the six months to 31 March 2014 were £33,500 (30 September 2013: £61,000).

In St Petersburg, Primexpo, a Group subsidiary, has transacted with Cavalry House for the provision of office rental. Edward Strachan, a Group Director for the six month period to 31 March 2014, is a significant shareholder of Cavalry House. In total, the services charged to Primexpo in the six months to 31 March 2014 were £99,600 (30 September 2013: £206,000).

During the period ended 31 March 2014 consultancy fees of £108,750 (30 September 2013: £215,000) were paid to Kyzyl Tan Eurasian Advisors Limited ('Kyzyl Tan') of which Edward Strachan is a significant shareholder. These payments were made under a contract for Kyzyl Tan to provide the services of Edward Strachan to the Group.

The Group holds a 40% stake in Lentewenc, a company incorporated in Poland. Edward Strachan is a significant shareholder of Lentewenc. The Group provided non refundable funding of £140,000 to Lentewenc during the six month period to 31 March 2014 (30 September 2013: nil).

Remuneration of key management personnel

The remuneration of Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related party disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Remuneration committee report on pages 50 to 67.

	2014 £000	2013 £000
Emoluments	3,121	2,089
Share-based payment	1,490	2,777
	4,611	4,866

28 Post Balance Sheet Events

On 2 December 2014 ITE's wholly owned subsidiary, E Uslar Arasi Fuar Tanitim Hizmetleri ('EUF'), signed a binding agreement to acquire 100% of the shareholding of TF Fuarcilik ve Organizasyon Anonim Sirketi ('TFF') for consideration of approximately £8 million, acquiring the Eurasia Rail exhibition as part of the transaction. The Eurasia Rail exhibition serves the rolling stock and railway infrastructure industries in Turkey and the surrounding region. The acquisition is expected to be earnings enhancing in ITE's 2015 financial year.

Due to the proximity to the date of signing of these accounts, the accounting and disclosure impact of these acquisitions has not been finalised.

Company balance sheet

30 September 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Investments in subsidiaries	5	6,643	6,168
Intangible assets	5	55	53
		6,698	6,221
Current assets			
Debtors due within one year	6	157,124	123,978
Cash at bank and in hand		113	89
Deferred tax asset	7	129	215
		157,366	124,282
Creditors: amounts falling due within one year	8	(16,730)	(22,887)
Net current assets		140,636	101,395
Total assets less current liabilities		147,334	107,616
Bank loan		(3,235)	(3,000)
Net assets		144,099	104,616
Capital and reserves			
Called up share capital	9,10	2,497	2,494
Share premium account	10	2,947	2,938
Merger reserve	10	2,746	2,746
Capital redemption reserve	10	457	457
ESOT reserve	10	(5,641)	(3,530)
Profit and loss account	10	141,093	99,511
Shareholders' funds		144,099	104,616

The accounts of the Company, registered number 01927339, on pages 121 to 126, were approved by the Board of Directors and signed on their behalf, on 1 December 2014, by:



Russell Taylor Chief Executive Officer
1 December 2014



Neil Jones Chief Financial Officer
1 December 2014

Notes to the Company accounts

For the year ended 30 September 2014

1 Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared on a going concern basis as discussed in the Group going concern disclosure on page 87.

These accounts have been prepared under the historical cost convention and in accordance with Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and have been applied consistently.

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that its cash flows are included in the Group cash flow statement.

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8, Related Party Transactions, not to disclose transactions with other members of the Group.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Investments

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

Intangible assets

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

Provisions

Provisions 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 accounting 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 Trust

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

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

Share-based payments

The 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 26 to the Group accounts.

2 Profit for the year

The profit after tax for the year ended 30 September 2014 was £59.1 million (2013: profit of £5.8 million). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company. The auditor's remuneration for audit and other services is disclosed in note 6 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:

	2014 Number	2013 Number
Directors	7	7

b) Employee costs

Their aggregate remuneration comprised:

	2014 £000	2013 £000
Wages and salaries	1,781	2,089
Social security costs	215	228
Share based payments	(28)	765
	1,968	3,082
Highest paid Director	783	871

Notes to the Company accounts continued

For the year ended 30 September 2014

4 Dividends

	2014 £000	2013 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2013 of 2.3p (2013: 2.1p) per ordinary share	11,581	10,717
Interim dividend for the year ended 30 September 2014 of 2.5p (2013: 2.3p) per ordinary share	6,141	5,644
	17,722	16,361
Proposed final dividend for the year ended 30 September 2014 of 4.9p (2013: 4.7p) per ordinary share	12,055	11,549

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 3,703,588 (2013: 3,654,988) ordinary shares representing 1.5% 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 which principally affected the results or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted. The principal activity of all the companies listed is the organisation of exhibitions and conferences, except RAS Publishing Limited which publishes trade magazines.

	Country of incorporation	Effective Holding	%
Subsidiary undertakings			
ITE Holdings Ltd ¹	England	Ordinary shares	100
ITE Enterprises Limited	England	Ordinary shares	100
International Trade and Exhibitions (JV) Limited	England	Ordinary shares	100
ITE Exhibitions & Conferences Limited	England	Ordinary shares	100
Gima International Exhibition Group GmbH & Co KG	Germany	Ordinary shares	100
Fin-mark S.r.l.u	Italy	Ordinary shares	100
ITE Eurasian Exhibitions FZ LLC	United Arab Emirates	Ordinary shares	100
International Trade and Exhibitions (ITE) Worldwide B.V.	Netherlands	Ordinary shares	100
ITE Exhibitions BV	Netherlands	Ordinary shares	100
ITE LLC	Russia	Ordinary shares	100
ITE Expo LLC	Russia	Ordinary shares	100
OOO Primexpo	Russia	Ordinary shares	100
Primexpo North West LLC	Russia	Ordinary shares	100
ITE Siberia	Russia	Ordinary shares	100
International Exhibition Company CJSC ('MVK')	Russia	Ordinary shares	100
Krasnodar Expo	Russia	Ordinary shares	100
ITECA LLP	Kazakhstan	Ordinary shares	100
Iteca Caspian LLC	Azerbaijan	Ordinary shares	100
ITE Uzbekistan	Uzbekistan	Ordinary shares	100
ITE Moda Limited	England	Ordinary shares	100
RAS Publishing Limited	England	Ordinary shares	100
ITE Moda Footwear Ltd	England	Ordinary shares	100
Jacket Required Limited	England	Ordinary shares	100
E Uluslararası Fuar Taitim Hizmetleri A.S.	Turkey	Ordinary shares	100
Ekin Fuar A.S.	Turkey	Ordinary shares	100
Yem Fuar	Turkey	Ordinary shares	100
Platform Exhibitions Inc	Turkey	Ordinary shares	100
Premier Expo	Ukraine	Ordinary shares	100
Beautex Co LLC	Ukraine	Ordinary shares	100
Newex Marketing Limited	Malta	Ordinary shares	100
Airgate Holdings Limited	Cyprus	Ordinary shares	100
International Trade and Exhibitions India Private Ltd	India	Ordinary shares	100
ITE Asia Pacific SDN BHD	Malaysia	Ordinary shares	100
Trade Link ITE SDN BHD	Malaysia	Ordinary shares	75
ITE Asia Pte Ltd	Singapore	Ordinary shares	100
ITE Asia Exhibitions Ltd	Hong Kong	Ordinary shares	100
Scoop International Fashion Ltd	England	Ordinary shares	95
Summit Trade Events Ltd	England	Ordinary shares	100

1. Held directly by ITE Group plc

5 Fixed assets continued

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.

- Intermedia Exhibitions & Conferences Ltd
- ITE Eurasian Exhibitions Ltd
- IEG International Ltd
- ITE Enterprises Ltd
- International Trade & Exhibitions Overseas Ltd
- ITE Russia Ltd
- ITE Holdings Ltd
- ITE (US) Exhibitions Ltd
- ITE (Europe) Exhibitions Ltd
- ITE Russia LLC UK Ltd
- RAS Holdings Ltd

Subsidiary undertakings

	Shares £000	Capital contribution £000	Loans £000	Total £000
Cost				
1 October 2013	1,429	5,168	23,574	30,171
Capital contribution	-	475	-	475
30 September 2014	1,429	5,643	23,574	30,646
Provision for impairment				
1 October 2013 and 30 September 2014	429	-	23,574	24,003
Net Book Value				
30 September 2014	1,000	5,643	-	6,643
30 September 2013	1,000	5,168	-	6,168

Intangible assets

	Trademarks £000
Cost	
1 October 2012 and 30 September 2013	69
Additions in the year	8
30 September 2014	77
Amortisation	
1 October 2013	16
Charge in the year	6
30 September 2014	22
Net book value	
30 September 2014	55
30 September 2013	53

6 Debtors due within one year

	2014 £000	2013 £000
Amounts owed by Group undertakings	155,835	123,100
Prepayments and accrued income	366	270
Corporation tax - Group relief	913	600
Other debtors	10	8
	157,124	123,978

The amounts owed by Group undertakings are payable on demand and bear no interest.

Notes to the Company accounts continued

For the year ended 30 September 2014

7 Deferred tax

	Share based payments £000
1 October 2013	215
Charged to income	(86)
30 September 2014	129

At the balance sheet date the Company has unused tax losses of £3.2 million (2013: £0.8 million) 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

	2014 £000	2013 £000
Overdrafts	-	217
Amounts owed to Group undertakings	16,495	22,453
Accruals	133	143
Other creditors	102	74
	16,730	22,887

The amounts owed to Group undertakings are payable on demand and bear no interest.

9 Called up share capital

	2014 £000	2013 £000
Authorised		
375,000,000 ordinary shares of 1p each (2013: 375,000,000)	3,750	3,750
Allotted, called up and fully-paid		
249,720,524 ordinary shares of 1p each (2013: 249,372,524)	2,497	2,494

During the year, the Company allotted 348,000 (2013: 509,117) ordinary shares of 1p each pursuant to the exercise of share options. No (2013: nil) ordinary shares were issued in respect of Directors' remuneration. The total consideration for the shares issued was £11,930 (2013: £150,179).

During the year, the Company purchased 1,665,000 shares for the Employee Share Option Trust ('ESOT').

10 Reserves and reconciliation of equity shareholders' funds

	Called up share capital £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Profit and loss account £000	Total £000
1 October 2012	2,489	2,793	2,746	457	(5,183)	109,063	112,365
Exercise of options	5	145	-	-	1,653	(1,249)	554
Net profit for the year	-	-	-	-	-	5,839	5,839
Dividends paid	-	-	-	-	-	(16,361)	(16,361)
Capital contribution	-	-	-	-	-	1,454	1,454
Share-based payments	-	-	-	-	-	765	765
30 September 2013	2,494	2,938	2,746	457	(3,530)	99,511	104,616
Exercise of options	3	9	-	-	1,640	(217)	1,435
Purchase of shares for ESOT	-	-	-	-	(3,751)	-	(3,751)
Net profit for the year	-	-	-	-	-	59,083	59,083
Dividends paid	-	-	-	-	-	(17,731)	(17,731)
Capital contribution	-	-	-	-	-	475	475
Share-based payments	-	-	-	-	-	(28)	(28)
30 September 2014	2,497	2,947	2,746	457	(5,641)	141,093	144,099

Shareholder Information

Shareholder profile as at 30 September 2014

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1-100	208	16.37%	5,843	0.00%
101-1,000	322	25.33%	167,857	0.07%
1,001-10,000	459	36.11%	1,486,794	0.60%
10,001-100,000	154	12.12%	5,303,875	2.12%
100,001-1,000,000	84	6.61%	31,194,436	12.49%
1,000,001-Highest	44	3.46%	211,561,719	84.72%
	1,271	100.00%	249,720,524	100.00%

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private Individuals	797	62.71%	4,050,542	1.62%
Nominee Companies	300	23.60%	221,842,361	88.84%
Limited and Public Limited Companies	132	10.39%	23,218,027	9.30%
Other Organisations and Banks	42	3.30%	609,594	0.24%
	1,271	100%	249,720,524	100%

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.

Share dealing services

The Company's Registrar, Equiniti Limited, offer a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 08456 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.

Directors, advisors and other information

Directors

Marco Sodi

Non-executive Chairman

Russell Taylor

Chief Executive Officer

Neil Jones

Chief Financial Officer

Sharon Baylay

Non-executive Director

Neil England

Non-executive Director

Linda Jensen

Non-executive Director

Stephen Puckett

Non-executive Director

Company Secretary**John Price****Registered office****ITE Group plc**

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Registration number

1927339

Auditor**Deloitte LLP**

London

Solicitors**Olswang**

90 High Holborn
London, WC1V 6XX

Principal bankers**Barclays Bank plc**

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London, E14 5HP

Company brokers**Numis Securities Limited**

The London Stock Exchange Building
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Registrars**Equiniti Limited**

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Public relations**FTI Consulting**

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Aldersgate Street
London, EC1A 4HD

Website

www.ite-exhibitions.com

Financial Calendar**Final dividend 2014**

Ex dividend date	8 January 2015
Record date	9 January 2015
Annual General Meeting	29 January 2015
Payment date	9 February 2015

Interim dividend 2015

Ex dividend date	25 June 2015
Record date	26 June 2015
Payment date	6 August 2015



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