

1 March 2007

Tarsus Group plc

Preliminary results for the year ended 31 December 2006

Record Results

Tarsus Group plc (“Tarsus” or “the Group”), the international media group with interests in exhibitions, conferences, publishing and online media is pleased to announce record results for 2006.

Financial Highlights

- Profit before tax up 27% to £7.0 million (2005: £5.5 million)
- Adjusted profit before tax* up by 21% to £7.3 million (2005: £6.0 million)
- Basic EPS up 10% to 9.9p (2005: 9.0p)
- Adjusted EPS* up 10% to 10.3p (2005: 9.4p)
- Adjusted operating cash conversion* of 110% (2005: 101%)
- Year end net debt of £15.8 million, lower than expected at time of MCII acquisition
- Proposed full year dividend increased by 23% to 4.0p (2005: 3.25p)

Operational Highlights

- Strong organic revenue growth of 15% led by two of the Group’s largest events, Labelexpo Americas and Heavent
- Further good progress in the scaled-up French portfolio
- Acquisition of MCII in November
- Chinese business gathers pace
- Our online-led business, Caroo, achieved critical mass

Neville Buch, Chairman of Tarsus, commented:

“We laid the foundations for Tarsus’s strong performance in 2006 by increased new product development supplemented by complementary acquisitions. We also took the opportunity to broaden the base of the Group with the acquisition of MCII, a global medical events business.

Our focus this year is on driving the organic growth potential of the business, which continues to be very second-half weighted. We will benefit from the return of Labelexpo to Europe in 2007, which is our largest exhibition, and this will reduce our exposure to the US dollar. In addition, we will have a full year of profit contribution from MCII. Your Directors remain confident that 2007 will be another year of strong progress for Tarsus.”

Glossary *

Adjusted profit before tax:

Calculated using profit before tax adjusted for share option charges, amortisation charges, minority interests' share of losses, tax on profit from joint ventures and excludes profit on disposal of intangible assets.

Adjusted EPS:

Calculated using profit after tax attributable to equity shareholders adjusted for share option charges, amortisation charges, minority interests' share of losses and excludes profit on disposal of intangible assets.

Adjusted operating cash conversion:

Cash generated from operations adjusted for working capital acquired/disposed of in the period divided by operating profit adjusted to exclude results from acquisitions and disposals made during the period.

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CHAIRMAN'S AND MANAGING DIRECTOR'S STATEMENT**RESULTS**

We are pleased to report that 2006 continued the trend of strong progress at Tarsus despite a significantly weaker US dollar affecting the majority of our revenues in the year. This record performance resulted from the strength of our established brands and the growing maturity of the revenue streams from our newer products. The Group's largest event in the year, Labelexpo Americas, achieved revenues 15% higher than the equivalent 2004 show. There was further good progress in France where this division's largest show, Heavent, grew revenues by 22%. Revenues from emerging markets doubled on a like-for-like basis to £1.0 million and our online-led business, Caroo, achieved revenues of £1.5 million with organic growth of 63%.

Group revenue was £26.3 million (2005: £23.2 million), an increase of 14% with underlying organic growth of 15% (excluding acquisitions that impacted for the first time in 2006).

Profit before tax was £7.0 million compared with £5.5 million in 2005. Adjusted profit before tax was up 21% to £7.3 million (2005: £6.0 million).

Basic earnings per share were 9.9p (2005: 9.0p) and adjusted earnings per share rose by 10% to 10.3p (2005: 9.4p).

Adjusted operating cash conversion continued to be strong, representing 110% of adjusted operating profit (101% in 2005). The continued good conversion rate reflects our strong focus on managing working capital as the business expands.

Your Directors are proposing a final dividend of 2.75p per share, bringing the total for the year to 4.0p per share - an increase of 23% over 2005. The final dividend, which is subject to Shareholder approval, is proposed to be paid on 27 April 2007 to Shareholders on the Register of Members of the Company on 9 March 2007. We will continue to offer a scrip alternative.

OPERATING REVIEW

US

Overall, US revenues were up 12% on a like-for-like basis.

Labelexpo returned to the US in 2006 and the exhibition in September performed extremely well, with revenues 15% ahead of the equivalent event in 2004. Following strong attendance figures, re-bookings for the 2008 event were very encouraging. Our Off-Price clothing division performed well in a difficult retail trading environment, with revenues up 2%. This division continues to benefit from the growth of value based retailing.

The Packaging Summit in May, launched in 2005, significantly increased both revenues and buyer attendance.

In November, the Group added a fifth major division with the purchase of 80% of Medical Conferences International Inc. ("MCII"). The acquisition was accompanied by a vendor placing of 5.3 million new ordinary shares at 207p, raising approximately £10.5 million after expenses. MCII is the leading global anti-ageing and regenerative medical events business with its largest annual events in Las Vegas, Chicago and Orlando. It is a strong brand, but an immature one, and the scope for further development is substantial. December saw the first contribution from the MCII acquisition, with the Las Vegas event taking place. Revenues and attendees were up by 55% and 34% respectively compared with 2005, both slightly ahead of our expectations at the time of acquisition.

Europe

The French exhibition market is the second largest in Europe after Germany and cultural and language differences dictate that it is an important market in its own right. The French business has been progressively developed by the Group over the last two years with a view to increasing its scale and broadening its sector coverage. To this end, Proseg, the leading annual facilities management exhibition, was acquired in October and earlier in the year we bought out one of the minority interests in our Direct Marketing show. As part of the same transaction we sold a small software exhibition, Progilog, to the vendors.

In France, organic revenues grew by 11% driven by Heavent, where revenues increased by 22%, and our IT portfolio launches.

Following the purchase of Proseg, Tarsus has the market leading exhibitions in four sectors – IT, Marketing, Education and Facilities Management. Proseg will now be the second largest exhibition in the French portfolio. The outlook for the French economy is improving and with the business benefiting from increased scale, the prospects for our French division are encouraging.

In the UK, our Labels & Labelling magazine had another good year with revenues up by 10% to £1.5 million.

In January 2006, the Group purchased DH Publishing Ltd. for an initial consideration of £350,000. This business, which is focused on the b2b global online recruitment industry, has been incorporated into our online-led business, Caroo, which made excellent progress in 2006 with organic revenue growth of 63%.

Caroo is focused on the b2b marketplace and now operates in three areas – gifts, events and online recruitment and its growth is benefiting from the migration of marketing spend to the internet. While the business is small, within the context of the overall Group, the prospects for future growth remain excellent.

Emerging Markets

On a like-for-like basis, emerging market revenues doubled to £1.0 million in 2006, aided by the launches of Label Summits in India, Japan, Bangkok and South China. Our Chinese outbound travel exhibition COTTM (formerly BITTM) made good progress with a doubling of visitor numbers.

In July, the Group entered into a strategic partnership with Shanghai Modern International Exhibition Company, a subsidiary of the Shanghai World Expo Group. Shanghai Modern is a market leader in China in the advertising, packaging and printing sectors. This partnership formed part of a continuing development of our Chinese

portfolio, which has taken another material step forward following the recently announced partnership with Intex Shanghai Company Ltd.

We are focused on developing our presence in China and we plan to run ten events in 2007 compared with two in 2006. In addition, we are continuing to build our two global brands, Labelexpo and the Anti-Ageing Congress, in other emerging markets.

Outlook

We laid the foundations for Tarsus's strong performance in 2006 by increased new product development supplemented by complementary acquisitions. We also took the opportunity to broaden the base of the Group with the acquisition of MCII, a global medical events business.

Our focus this year is on driving the organic growth potential of the business which continues to be very second-half weighted. We will benefit from the return of Labelexpo to Europe in 2007, which is our largest exhibition, and this will reduce our exposure to the US dollar. In addition, we will have a full year of profit contribution from MCII. Your Directors remain confident that 2007 will be another year of strong progress for Tarsus.

Neville Buch,
Chairman
1 March 2007

Douglas Emslie,
Group Managing Director
1 March 2007

FINANCIAL REVIEW

REVENUE AND PROFIT

A detailed analysis of the Group's revenues and profits is set out in the Chairman's and Managing Director's statement.

EARNINGS PER SHARE

Basic earnings per share improved to 9.9p from 9.0p in 2005. The Group achieved adjusted earnings per share of 10.3p compared with 9.4p in 2005. Adjusted earnings per share is based on profit after tax attributable to equity shareholders, adjusted for share option charges, amortisation charges, minority interests' share of losses, and excludes profit on disposal of intangible assets. On a fully diluted basis earnings per share improved to 9.5p compared with 8.6p in 2005.

ACQUISITIONS & DISPOSALS

The Group made four acquisitions during the year, the largest being Medical Conference International Inc., a leading global medical events organiser. This acquisition was completed in November 2006 at a total cost including contingent consideration of £23.1 million. The other significant acquisition during the period was the French facilities management event, Proseg, which was completed in October 2006 at a total cost of £3.5 million.

In addition, the Group completed two smaller acquisitions for our online-led division, Caroo. In January, Tarsus purchased DH Publishing Ltd. which is focused on the b2b global online recruitment industry principally through its portal www.onrec.com. With effect from January 2006, the Group purchased TSNN, the leading online resource for the exhibition industry in the US.

Acquisitions have contributed £1.0 million to Group profit before taxation during the year.

In March, we sold the Progilog event in France for £0.7 million, generating a net profit of £0.2 million.

TAX CHARGE

The tax charge of £1.5 million (including the Group's share of tax on the joint ventures' results) (2005: £1.2 million) represents 21% of profit before tax (2005: 21%). The Group anticipates that, in the medium term, the tax charge will remain approximately at this level, as it continues to benefit from existing tax assets and taxation structures.

CASH & CASH CONVERSION

During the year Tarsus generated £5.9 million of cash from operations (2005: £5.5 million). Adjusting for the effect of acquisitions and disposals made during the year, the Group generated £6.9 million (2005: £5.4 million) of cash from underlying operations, which represents a 110% conversion of underlying operating profit to cash (2005: 101%).

The major cash movements during the year were:

- Acquisition of subsidiaries (net of cash acquired) £21.2 million
- Dividends paid £1.7 million
- Cash raised through a share placing £11.1million
- Net cash from additional borrowings £11.1million

FACILITIES

At 31 December 2006, the Group had net debt of £15.8 million (2005: £8.1 million) which was denominated in US dollars (2006: US\$ 24.3million; 2005: US\$2.9 million) and euros (2006: €5.8 million; 2005: €10.0 million) As at 31 December 2006, the Group's total facilities were £24.6 million (2005: £12.2 million).

FOREIGN CURRENCY RISK

The Group is exposed to movements in foreign exchange rates against sterling for trading transactions and the translation of net assets and the income statements of overseas operations. The principal exposure is to the US dollar and euro exchange rates which form the basis of pricing for customers. Tarsus has an element of natural hedge within its costs and revenues and its policy is not to enter into any external hedging arrangements for its foreign currency trading exposures.

LIQUIDITY RISK

Our 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 it 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 short, medium and long term requirements.

Neil Jones
Group Finance Director
1 March 2007

CONSOLIDATED INCOME STATEMENT

	Notes	Year to 31 December 2006 £000	Year to 31 December 2005 £000
Group revenue	2	26,347	23,171
Operating costs		(19,050)	(17,436)
Group operating profit		7,297	5,735
Share of profit from joint ventures (post tax)		132	83
Interest receivable		12	52
Interest payable and other financial expenses		(427)	(363)
Profit before taxation		7,014	5,507
Taxation expense	5	(1,433)	(1,115)
Profit for the financial year		5,581	4,392
Profit for the financial year attributable to equity shareholders of the parent company	8	5,375	4,630
Profit/(loss) for the financial year attributable to minority interests	8	206	(238)
		5,581	4,392
	Notes	Year to 31 December 2006	Year to 31 December 2005
Earnings per share (pence)	7		
- basic		9.9	9.0
- diluted		9.5	8.6
Dividends	6	£000	£000
Equity - ordinary			
Final dividend paid (2.25 p/2.5p per share)		1,204	1,236
Interim dividend paid (1.25p/1p per share)		670	531
		1,874	1,767

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Year to 31 December 2006 £000	Year to 31 December 2005 £000
Foreign exchange translation differences	(961)	(396)
Net loss on hedge of net investment in foreign subsidiary	-	(187)
Net deficit recognised directly in equity	<hr/> (961)	<hr/> (583)
Profit for the financial year	5,581	4,392
Total recognised income and expense for the year	<hr/> <hr/> 4,620	<hr/> <hr/> 3,809
Attributable to:		
Equity holders of the parent	4,414	4,047
Minority interest	206	(238)
Total recognised income and expense for the year	<hr/> <hr/> 4,620	<hr/> <hr/> 3,809

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2006 £000	31 December 2005 £000 restated (see note 1)
NON-CURRENT ASSETS			
Property, plant and equipment		556	350
Intangible assets		57,124	27,760
Investments in joint ventures		437	305
Other investments		65	-
Deferred tax assets		2,525	2,259
		<hr/>	<hr/>
		60,707	30,674
CURRENT ASSETS			
Trade and other receivables		10,271	8,160
Prepaid taxes		-	87
Cash and cash equivalents		907	664
		<hr/>	<hr/>
		11,178	8,911
CURRENT LIABILITIES			
Trade and other payables		(9,501)	(8,827)
Deferred income		(9,370)	(6,615)
Provisions		(43)	(131)
Bank overdrafts		(402)	(3,011)
Other interest bearing loans and borrowings		(2,858)	(1,350)
Liabilities for current tax		(2,656)	(2,007)
		<hr/>	<hr/>
		(24,830)	(21,941)
NET CURRENT LIABILITIES			
		<hr/>	<hr/>
		(13,652)	(13,030)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		47,055	17,644
NON-CURRENT LIABILITIES			
Other payables		(2,980)	-
Deferred tax liability		(3,327)	(696)
Interest bearing loans and borrowings		(13,457)	(4,416)
		<hr/>	<hr/>
		(19,764)	(5,112)
NET ASSETS			
		<hr/>	<hr/>
		27,291	12,532
EQUITY			
Share capital	8	2,945	2,663
Share premium account	8	44,348	33,707
Reserves	8	(2,331)	(1,370)
Retained earnings	8	(17,897)	(22,190)
		<hr/>	<hr/>
Issued capital and reserves attributable to equity holders of the parent		27,065	12,810
MINORITY INTEREST			
	8	<hr/>	<hr/>
		226	(278)
TOTAL EQUITY			
	8	<hr/>	<hr/>
		27,291	12,532

CONSOLIDATED CASH FLOW STATEMENT

	Year to 31 December 2006 £000	Year to 31 December 2005 £000
Cash flows from operating activities		
Profit for the year	5,581	4,392
Adjustments for:		
Depreciation	163	130
Amortisation	192	22
Profit on disposal of intangible assets	(242)	-
Share option charge	310	216
Share of operating profit in joint ventures	(179)	(130)
Taxation charge – joint ventures	47	47
Taxation charge - other	1,433	1,115
Net interest	415	311
Operating profit before changes in working capital and provisions	7,720	6,103
(Increase)/decrease in trade and other receivables	(1,627)	354
Decrease in current trade and other payables	(71)	(582)
Decrease in provisions	(88)	(382)
Cash generated from operations	5,934	5,493
Interest paid	(291)	(267)
Income taxes paid	(552)	(45)
Net cash from operating activities	5,091	5,181
Cash flows from investing activities		
Interest received	12	52
Proceeds from sale of property, plant and equipment	-	11
Proceeds from sale of intangible fixed assets	651	-
Acquisition of property, plant and equipment	(370)	(283)
Acquisition of subsidiaries, net of cash acquired	(21,197)	(2,986)
Acquisition of intangible fixed assets	(275)	(429)
Acquisition of other investments	(65)	-
Deferred and contingent consideration paid	(744)	(145)
Net cash outflow from investing activities	(21,988)	(3,780)
Cash flows from financing activities		
Net drawdown/(repayment) of borrowings	11,088	(3,504)
Proceeds from the issue of share capital	11,102	75
Cost of share issue	(362)	(17)
Dividends paid	(1,690)	(1,214)
Net cash inflow/(outflow) from financing activities	20,138	(4,660)
Net increase/(decrease) in cash and cash equivalents	3,241	(3,259)
Opening cash and cash equivalents	(2,347)	932
Effect of exchange rate fluctuations on cash held	(389)	(20)
Closing cash and cash equivalents	505	(2,347)

1. BASIS OF PREPARATION

The preliminary results for the year ended 31 December 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and are in line with the Group's accounting policies, as stated in the Group's 2005 Annual Report and Accounts.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2006 or 2005 but is derived from those accounts. Statutory accounts for 2005 have been delivered to the Registrar of Companies. Those for the year ended 31 December 2006 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

During the year ended 31 December 2006, management reassessed its estimates in respect of the allocation of intangible assets and the deferred tax thereon, between goodwill and trademarks and lists in relation to two acquisitions made in 2005.

As a result of the above change to the estimates, the Group's opening balance sheet has been restated, in accordance with IAS12, to reflect the impact of deferred taxation. The restatement has had no effect on the Group's net assets as at 31 December 2005.

2. SEGMENTAL ANALYSIS

Primary segment

As at 31 December 2006, the Group was organised into three main geographical segments – Europe, US and Emerging markets. These segments are the basis on which the Group reports its primary segment information.

The main activities of all segments are the production of exhibitions supported by other media activities related to those exhibitions.

The following table sets out the revenue and profit information and certain asset and liability information for the Group's business segments:

31 December 2006

	Europe £000	US £000	Emerging markets £000	Central costs £000	Group £000
Group revenue	14,686	10,674	987	-	26,347
Profit/(loss) from operating activities	2,161	5,847	159	(870)	7,297
Net financing costs	-	-	-	(415)	(415)
Share of profit from joint ventures (post tax)	132	-	-	-	132
Profit/(loss) before taxation	2,293	5,847	159	(1,285)	7,014
Profit on disposal of intangible asset	(242)	-	-	-	(242)
Amortisation of intangible assets	166	26	-	-	192
Cost of share options	-	-	-	310	310
Tax on share of joint venture profit	47	-	-	-	47
Adjusted profit/(loss) before tax*	2,264	5,873	159	(975)	7,321
Segment assets	28,855	38,481	1,442	-	68,778
Share of joint venture assets	437	-	-	-	437
Unallocated assets	-	-	-	145	145
Total assets	29,292	38,481	1,442	145	69,360
Deferred tax assets					2,525
Total assets					71,885
Segment liabilities	(17,031)	(20,090)	(495)	-	(37,616)
Unallocated liabilities	-	-	-	(995)	(995)
Total liabilities	(17,031)	(20,090)	(495)	(995)	(38,611)
Liabilities for current tax					(2,656)
Deferred tax liabilities					(3,327)
Total liabilities					(44,594)
Capital expenditure	355	15	-	-	370
Depreciation charge	(152)	(11)	-	-	(163)
Amortisation charge	(166)	(26)	-	-	(192)
Total significant non-cash expenses	(318)	(37)	-	-	(355)

* The adjusted profit before tax excludes share option charges, amortisation charges, minority interests' share of losses, tax on profit from joint ventures and profit on disposal of intangible assets.

	31 December 2005				
	Europe	US	Emerging markets	Central costs	Group
	£000	£000	£000	£000	£000
Group revenue	17,625	4,225	1,321	-	23,171
Profit/(loss) from operating activities	5,182	1,298	199	(944)	5,735
Net financing costs	-	-	-	(311)	(311)
Share of profit from joint ventures (post tax)	83	-	-	-	83
Profit/(loss) before taxation	5,265	1,298	199	(1,255)	5,507
Add back minority interest losses	76	162	-	-	238
Profit/(loss) before tax after minority interest	5,341	1,460	199	(1,255)	5,745
Amortisation of intangible assets	22	-	-	-	22
Cost of share options	-	-	-	216	216
Tax on share of joint venture profit	47	-	-	-	47
Adjusted profit before tax*	5,410	1,460	199	(1,039)	6,030
Segment assets	25,779	8,924	1,208	-	35,911
Share of joint venture assets	305	-	-	-	305
Unallocated assets	-	-	-	1,110	1,110
Total assets	26,084	8,924	1,208	1,110	37,326
Deferred tax assets					2,259
Total assets					39,585
Segment liabilities	(11,442)	(4,771)	(420)	-	(16,633)
Unallocated liabilities	-	-	-	(7,717)	(7,717)
Total liabilities	(11,442)	(4,771)	(420)	(7,717)	(24,350)
Liabilities for current tax					(2,007)
Deferred tax liabilities					(696)
Total liabilities					(27,053)
Capital expenditure	244	24	15	-	283
Depreciation charge	(105)	(25)	-	-	(130)
Amortisation charge	(22)	-	-	-	(22)
Total significant non-cash expenses	(127)	(25)	-	-	(152)

* The adjusted profit before tax excludes share option charges, amortisation charges, minority interests' share of losses, tax on profit from joint ventures and profit on disposal of intangible assets.

3. PROFIT AND LOSS ANALYSIS

The following analysis illustrates the performance of Tarsus's activities and reconciles the Group's statutory profit to adjusted profits. Adjusted results are presented to provide a better indication of overall financial performance and to reflect how the business is managed and measured on a day-to-day basis. The adjusted profit before tax excludes share option charges, amortisation charges, minority interests' share of losses, tax on profit from joint ventures and profit on disposal of intangible assets.

	2006 £000	2005 £000
Group revenue	26,347	23,171
Cost of sales	(11,101)	(10,647)
Gross profit	15,246	12,524
Administrative expenses	(7,949)	(6,789)
Group operating profit	7,297	5,735
Share of profit from joint ventures (post tax)	132	83
Net interest	(415)	(311)
Profit before taxation	7,014	5,507
Add back:		
Share option charge	310	216
Amortisation charge	192	22
Minority's share of losses	-	238
Tax on share of profit from joint ventures	47	47
Profit on disposal of intangible asset	(242)	-
Adjusted profit before tax	7,321	6,030
Impact of acquisitions	(1,014)	(686)
Underlying adjusted profit	6,307	5,344
Cash generated from underlying operations	6,925	5,386
Adjusted operating cash conversion	110%	101%

4. ACQUISITIONS AND DISPOSALS

(i) ACQUISITIONS

The Group completed four acquisitions during 2006. These are as follows:

Effective date	Name	Type of business	Percentage acquired
1 January	Trade Show News Network Inc.	Internet based event resource	50.1%*
11 January	DH Publishing Ltd.	Global b2b online recruitment	100%
2 October	Proseg SARL	Facilities management event in France	97.14%
17 November	Medical Conferences International Inc.	Global Anti-Ageing medical events	80%

* This acquisition took the Group's total effective holding to 70%

The following table sets out the book values of the identifiable assets and liabilities acquired, and their fair value to the Group, in respect of the acquisitions made during 2006:

	MCII		Proseg		Other		Total	
	Carrying value £000's	Fair value £000's	Carrying value £000's	Fair value £000's	Carrying value £000's	Fair value £000's	Carrying value £000's	Fair value £000's
Property, plant and equipment	7	7	8	-	4	4	19	11
Other intangibles on acquisition	-	7,404	-	943	-	555	-	8,902
Deferred taxation	-	(2,218)	-	(283)	-	(167)	-	(2,668)
Trade and other debtors	185	185	492	492	169	137	846	814
Cash and cash equivalents	1,717	1,717	1,499	1,499	6	6	3,222	3,222
Trade and other payables	(1,695)	(1,695)	(1,445)	(1,445)	(310)	(310)	(3,450)	(3,450)
Net identifiable assets	214	5,400	554	1,206	(131)	225	637	6,831
Goodwill on acquisition		17,713		2,339		1,321		21,373
		<u>23,113</u>		<u>3,545</u>		<u>1,546</u>		<u>28,204</u>
Consideration paid and costs incurred:								
Satisfied in cash		20,719		3,181		519		24,419
Contingent consideration		2,565		-		950		3,515
Deferred consideration		-		-		77		77
Current (assets)/liabilities		(171)		364		-		193
Total consideration and costs incurred		<u>23,113</u>		<u>3,545</u>		<u>1,546</u>		<u>28,204</u>
Consideration paid in cash		20,719		3,181		519		24,419
Cash acquired		(1,717)		(1,499)		(6)		(3,222)
Total net cash outflow		<u>19,002</u>		<u>1,682</u>		<u>513</u>		<u>21,197</u>

Deferred consideration relates to agreed payments to vendors that are payable after completion.

Contingent consideration relates to payments to vendors, payable after completion, that are dependent on the outcome of future events. The contingent consideration within the Group is dependent on the future financial performances of various exhibitions, conferences and publications acquired during 2006.

From the date of acquisition to 31 December 2006, acquisitions have contributed £1.0 million to the Group profit before taxation. If the acquisitions had taken place at the beginning of the year, they would have contributed £1.3 million to the Group profit before taxation and £6.2 million to revenue.

Goodwill of £21.4 million, recognised on these acquisitions, relates to certain assets that cannot be separated and reliably measured. These items include sector knowledge, customer loyalty and the anticipated future profitability that the Group can bring to the businesses acquired.

(ii) DISPOSALS

On 14 March 2006, Tarsus completed the sale of the Progilog event in France for £0.7 million. A profit of £0.2 million arose on this disposal, being the proceeds less the carrying value of the event's net assets and cost of disposal.

5. INCOME TAX EXPENSE

	2006	2005
	£000	£000
Corporation tax:		
UK tax on profits for the year	688	966
Overseas tax on profits for the year	1,029	437
Adjustments to UK corporation tax in respect of previous periods	37	(302)
Tax on joint ventures	(47)	(47)
Adjustments to overseas corporation tax in respect of previous periods	(454)	(262)
Total current tax	<u>1,253</u>	<u>792</u>
Deferred tax:		
Origination and reversal of temporary differences	319	546
Adjustment in respect of previous periods (benefit of tax losses recognised)	(184)	(185)
Adjustments in respect of previous periods (benefit of temporary difference recognised)	45	(38)
Total deferred tax	<u>180</u>	<u>323</u>
Tax charge for the year	<u>1,433</u>	<u>1,115</u>

The tax charge for the year is lower than the standard rate of corporation tax in the UK.
The differences are explained below:

	2006	2005
	£000	£000
Profit before taxation	<u>7,014</u>	<u>5,507</u>
Tax at the standard rate of corporation tax in UK of 30%	2,104	1,652
Effects of:		
Expenses not deductible	281	296
Income not chargeable to tax	(87)	(78)
Deductions for tax purposes	-	(256)
Overseas current period losses unrecognised	-	184
Utilisation of unrecognised losses	(49)	(785)
Effect of tax rates in overseas jurisdictions	179	141
Over provision in respect of prior periods	(556)	(602)
Current period (credit)/charge for historic exposures	(233)	502
Other temporary differences	(173)	94
Impact of tax on joint ventures	(33)	(33)
Tax on profit on ordinary activities	<u>1,433</u>	<u>1,115</u>

6. DIVIDENDS

	2006	2005
	£000	£000
Dividend paid		
2005/2004 final dividend (2.25p/2.5p per share)	1,204	1,236
2006/2005 interim dividend (1.25p/1.00p per share)	670	531
	<hr/> 1,874	<hr/> 1,767
Dividend proposed		
Dividend proposed in the period (2.75p/2.25p per share)	<hr/> 1,325	<hr/> 1,199

The Directors announced the proposed final dividend for 2006, of 2.75p per share, on 1 March 2007. Subject to Shareholders' approval, the proposed date of payment is 27 April 2007 to Shareholders on the Register of Members on 9 March 2007.

Dividends are recognised as a liability in the period in which they are appropriately authorised and are no longer at the discretion of the company.

7. EARNINGS PER SHARE

	2006	2005
	pence	pence
Basic earnings per share	9.9	9.0
Diluted earnings per share	9.5	8.6
Adjusted earnings per share	10.3	9.4
Adjusted diluted earnings per share	9.8	9.1

Basic earnings per share

Basic earnings per share has been calculated on profits after tax attributable to ordinary shareholders for the year of £5,375,945 (2005: £4,629,673) and 54,159,937 (2005: 51,533,755) ordinary shares, being the weighted average number of shares in issue during the year.

Diluted earnings per share

Diluted earnings per share has been calculated on profits after tax attributable to ordinary shareholders for the year of £5,375,945 (2005: £4,629,673) and 56,761,446 (2005: 53,616,193) ordinary shares, being the weighted average number of shares in issue during the year calculated as follows:

Weighted average number of ordinary shares (diluted):

	2006	2005
Weighted average number of ordinary shares	54,159,937	51,533,755
Effect of share options	2,601,509	2,082,438
Weighted average number of ordinary shares (diluted)	56,761,446	53,616,193

Dilutive and anti-dilutive share options were determined using the average closing price for the period. The average share price used was 200 pence.

Adjusted earnings per share

Adjusted earnings per share is calculated using profit after tax attributable to equity shareholders, adjusted for share option charges, amortisation charges, minority interests' share of losses and excludes profit on disposal of intangible assets, of £5,581,118 (2005: £4,868,206) and 54,159,937 (2005: 51,533,755) ordinary shares, being the weighted average number of shares in issue during the year.

Adjusted diluted earnings per share

Adjusted diluted earnings per share is calculated using profit after tax attributable to equity shareholders, adjusted for share option charges, amortisation charges, minority interests' share of losses, and excludes profit on disposal of intangible assets, of £5,581,118 (2005: £4,868,206) and 56,761,446 (2005: 53,616,193) ordinary shares, being the weighted average number of shares in issue during the year.

8. RECONCILIATION OF MOVEMENT IN EQUITY

	Share capital	Share premium account	Minority interest	Capital redemption reserve	Retained earnings	Foreign exchange reserves	Total
	£000	£000	£000	£000	£000	£000	£000
As at 31 December 2006:							
Profit attributable to shareholders	-	-	-	-	5,375	-	5,375
Recognised foreign exchange losses for the period	-	-	-	-	-	(961)	(961)
Scrip dividend	5	178	-	-	-	-	183
New share capital subscribed	277	10,825	-	-	-	-	11,102
Cost of shares issued	-	(362)	-	-	-	-	(362)
Share option charge	-	-	-	-	310	-	310
Movement in deferred tax	-	-	-	-	482	-	482
Dividend paid	-	-	-	-	(1,874)	-	(1,874)
Disposal of minority's share of subsidiary	-	-	278	-	-	-	278
Minority interests on acquisitions	-	-	20	-	-	-	20
Minority interest profit for the period	-	-	206	-	-	-	206
Net change in shareholders' funds	282	10,641	504	-	4,293	(961)	14,759
Opening equity shareholders' funds	2,663	33,707	(278)	(443)	(22,190)	(927)	12,532
Closing equity shareholders' funds	2,945	44,348	226	(443)	(17,897)	(1,888)	27,291

	Share capital	Share premium account	Minority interest	Capital redemption reserve	Retained earnings	Foreign exchange reserves	Total
	£000	£000	£000	£000	£000	£000	£000
As at 31 December 2005:							
Profit attributable to shareholders	-	-	-	-	4,630	-	4,630
Recognised foreign exchange losses for the period	-	-	-	-	-	(396)	(396)
Recognised foreign exchange loss on the hedge in the period	-	-	-	-	-	(187)	(187)
	-	-	-	-	4,630	(583)	4,047
Scrip dividend	19	535	-	-	-	-	554
New share capital subscribed	171	3,785	-	-	-	-	3,956
Cost of shares issued	-	(17)	-	-	-	-	(17)
Share option charge	-	-	-	-	216	-	216
Movement in deferred tax	-	-	-	-	786	-	786
Dividend paid	-	-	-	-	(1,767)	-	(1,767)
Minority interests on acquisitions	-	-	309	-	-	-	309
Minority interest loss for the period	-	-	(238)	-	-	-	(238)
Net change in shareholders' deficit	190	4,303	71	-	3,865	(583)	7,846
Opening equity shareholders' deficit	2,473	29,404	(349)	(443)	(26,055)	(344)	4,686
Closing equity shareholders' funds	2,663	33,707	(278)	(443)	(22,190)	(927)	12,532

9. POST BALANCE SHEET EVENT

On 9 February 2007, Tarsus entered into an agreement with Intex Shanghai Company Ltd. ("Intex") establishing a long term partnership agreement.

Intex owns and manages the Shanghai International Exhibition Centre and venues in Ningbo (in partnership with Shanghai World Expo Group) and Zhengzhou (in a joint venture with the Hong Kong Convention and Exhibition Centre). Hugh Scrimgeour, a non-executive director of Tarsus, is also Vice-Chairman of Intex as the representative and controller of the Peninsular and Orient Steam Navigation Company's 30% shareholding in Intex.

Three of Intex's exhibitions will be managed by the partnership for an initial period of twenty years. Two of these are medical exhibitions, Oral Care China and China Aid (disability equipment). The partnership will also be the local Chinese organiser of Tarsus's new Anti-Ageing events in China, of which it is planned to hold three in 2007. These Anti-Ageing events will be owned 80% by MCII (a Group subsidiary) and 20% by Intex.

The Annual General Meeting will be held at Fourth Floor, Metro Building, 1 Butterwick, London W6 8DL on 18 April, 2007 at 10.00 am.

A copy of this report will also be available on the Group's website at www.tarsus-group.com