

## **Tarsus Group plc**

7 March 2011

### **Preliminary Annual Results for the year ended 31 December 2010**

#### **“Improving economic environment accelerates growth”**

Tarsus Group plc (‘Tarsus’, the ‘Group’ or the ‘Company’), the international business-to-business media group is pleased to announce strong results for the year ended 31 December 2010 and increasing confidence about the outlook.

2010, the cyclically less active year in the two-year exhibition cycle of the Group, saw good progress in both our Medical and Middle East divisions, which combined with strong growth from Off-Price (discount clothing), produced an adjusted profit before tax of £9.5m.

#### **Financial Highlights:**

- Revenue up 3% to £43.6m (vs. 2008)
- Like-for-like revenue up 6% (vs. 2009)
- Adjusted profit before tax £9.5m (2008: £10.7m)
- Adjusted EPS of 10.4p (2008: 13.1p)
- Net debt down to £28.6m (2009: £30.7m)
- Dividend maintained at 6p for the full year (2009: 6p)

#### **Operational Highlights**

- Strong performance from Emerging Markets
  - MEBA (business aviation) had a 40% increase in revenues and a 13% rise in visitors
  - Labelexpo India saw revenues up 22% and visitors up 27%
- Medical revenues +18% with strong growth in educational component
- Off-Price momentum continues
- Labelexpo Americas – revenue down 7%, strong attendance and rebook
- France – revenues down 5%, evidence of improved trading in final quarter

#### **Outlook**

- Improving economic environment is impacting positively on our events portfolio
- Forward bookings represent 63% of anticipated full year revenues (2009: 58%)
- Key Labelexpo Europe and Dubai Airshow sales strong

- Dubai Airshow venue configuration confirmed
- Further progress expected in Medical and Off-Price
- Outlook improving for our business in France
- Diversity of product and geography is an increasingly important key strength

**Neville Buch, Chairman, commented;**

“As 2010 progressed it became increasingly apparent that the global economic recovery had begun. With the geographic and product diversity of our portfolio of events, we not only saw recovery but also good growth, particularly from our Emerging Markets and Medical events.

Our strategy to increase the Group’s exposure to the faster growing Middle and Far Eastern markets is already reaping rewards with very strong growth in both revenue and visitor numbers at key events like Labelexpo India and MEBA in Dubai. We expect to see further acceleration in growth for the Group from these regions in 2011.

Further evidence of the successful entrepreneurial approach of our management can be seen in the Medical division which has experienced an acceleration in revenues driven by the increase in the number of educational events staged. We are increasingly excited by the outlook for this division.

2011 will be an exciting year for the Group with both Labelexpo Europe and the Dubai Airshow taking place. The Board is increasingly confident that the improving trends evidenced in the fourth quarter of 2010 will flow into 2011. Encouragingly, forward bookings for 2011 are strong, standing at 63% of anticipated full year revenues compared with 58% for 2010 (as adjusted for biennial events). The Group will continue to strive for organic growth whilst looking for value enhancing acquisition opportunities”.

**FOR FURTHER INFORMATION, PLEASE CONTACT**

**Tarsus Group plc:**

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The Company will be hosting a presentation to analysts at 12:30pm today at the offices of Investec, 2 Gresham Street, London, EC2V 7QP. A webcast of the presentation will be made available on Tarsus’s website ([www.tarsus.com](http://www.tarsus.com)) from 9:30am tomorrow.

## **OVERVIEW**

2010 was a challenging period. The Group started the year facing an economic backdrop which was far from clear and with real fears of a double dip recession in both Europe and the US. This economic uncertainty characterised trading in the early part of the year with both exhibitors and visitors reluctant to make early commitments to events. As the year progressed and exhibitors became more confident, visibility started to improve and 2010 ended on a more optimistic note.

In light of such an uncertain backdrop the Group's results are a reflection of both the quality and diversity of the portfolio. Our geographic coverage provides access to some of the faster growing regions of the world in both the Middle and Far East and this was reflected by very strong performances in both regions. We also experienced good growth from the recovery of the US economy with both Off-Price (discount clothing) and Medical showing improving trends. Looking to the future, our strategy to grow our exposure to the faster growing economies of the Middle and Far East through Project 50/13 is gathering pace. The expansion of events through organic growth is particularly evident in Medical, Aerospace and Off-Price where the Group has been successful in broadening the appeal of the shows through product enhancements.

Underlying organic revenue growth of 6% on a comparable basis was achieved through a mixture of volume (+4%) and price (+2%) highlighting the importance of brand leader events in difficult times.

2011 will see the underlying strength of exhibitions as a medium for marketing spend improve as customers increasingly value face-to-face contact.

After a period where price expectations were too high and discouraged M + A, activity levels are starting to pick up as prices and growth prospects have come more into line. The Group will continue to evaluate selective opportunities in the right sectors and geographies.

## **FINANCIAL RESULTS**

Group revenues were £43.6m (2009: £57.5m); profit before tax after exceptional items was £5.3m (2009: £6.8m); and adjusted profit before tax was £9.5m (2009: £14.6m). Like-for-like revenue growth, excluding currency movements, increased by 6%. Basic earnings per share were 5.4p (2009: 6.3p) and adjusted earnings per share were 10.4p (2009: 17.4p).

The Group incurred exceptional one-off costs in 2010 resulting from the transaction costs of the acquisition of the 20% of MCII (medical division) acquired during the year and historic bank fees. As a result of a change in accounting rules, transaction fees are now written off to the income statement during the year. The historic bank fees were written off as a result of an early bank refinancing. These costs, amounting to £0.8m, have been excluded from adjusted profits.

The Directors are proposing a final dividend of 4p per share, bringing the total for the year to 6p per share (2009: 6p per share). The final dividend, which is subject to Shareholder approval, is proposed to be paid on 6 July 2011 to Shareholders on the Register of Members of the Company on 27 May 2011. A scrip dividend will continue to be offered as an alternative.

## Debt

Management has continued its focus on cash generation, tight cost control and making selective investments in the portfolio to generate longer term growth, whilst ensuring that debt is reduced.

During the year the Group generated £11.0m (2009:£10.1m) of cash from continuing operations. Net debt at 31 December 2010 was £28.6m, a reduction of £2.1m or 7% against 31 December 2009 - better than expectations.

## OPERATING REVIEW

### Geographical Analysis

A summary of the performance of each of our divisions during the period is as follows.

USA – good outcome with strong performances from Off-Price and Medical.

Europe – trading conditions in the French division remained challenging, however Q4 events showed signs of improved trading.

Emerging Markets – MEBA in Dubai and Labelexpo India performed strongly. A new Label event was launched in South China.

(£m)	Emerging Markets			Europe			USA		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Revenue	7.5	19.1	3.9	17.4	26.7	23.4	18.7	11.7	15.2
Adjusted profit before tax	0.6	5.5	-	2.9	6.2	5.1	8.7	5.5	8.2

### USA

Off-Price continued to make good progress and is now of a record size. Having seen a decline in sales in February 2009, every event since then has seen good growth. Our latest event in February 2011 was the largest to date. The broadening of the offer to retailers by the inclusion of footwear and accessories has been a major factor in this division's success.

Medical continued to deliver excellent growth, both in the number of events and attendees. Much of the growth can be traced to the increasing demand for education from doctors and the fact that pursuing a healthy lifestyle is becoming a mainstream concern. We launched our educational programmes online in the second half of the year and these have been well received by the market.

Labelexpo Americas in September was the most successful exhibition for our customers in the last ten years. Whilst spend by exhibitors was some 7% lower than the previous edition, the number of companies taking space remained constant and visitor numbers were up 5%. Strong customer sales generated at the event resulted in a very encouraging re-book rate of 83%, providing Tarsus with a high level of visibility for the next edition in 2012.

## **Europe**

Our French trading remained challenging for much of the year with the economic backdrop depressing sales. However, as the year progressed, the actions of management to reduce costs, improve the offering and innovate produced some encouraging signs.

The French division's revenues reduced by 5% compared with 2009 - a very creditable performance and ahead of its local peers.

The French portfolio continues to show signs of improvement and we were pleased to finish the year with Educatec (education), and start 2011 with Modamont (fashion accessories), as both exhibitions grew in size.

## **Emerging Markets**

The two key events in the region in 2010 were MEBA, the business aviation exhibition in Dubai, and Labelexpo India in New Delhi.

MEBA took place in December and produced results well ahead of its previous edition - revenues were up 40%, with visitors up 13%. MEBA, in just 5 years, has become the third largest business aviation event in the world. In addition to becoming a key sales platform for business aircraft manufacturers, service providers and suppliers to the Industry, MEBA is now an important venue for signing major industry agreements. H.H Sheikh Ahmed bin Saeed Al Maktoum, Chairman of Emirates, opened this year's show by signing an agreement to build a new business aviation terminal at the Al Maktoum International Airport in Dubai.

Labelexpo India took place in early December. Revenues and visitors were up 22% and 27% respectively from its previous edition. The event saw a major increase in international exhibitors who made excellent sales at the event. As a result, the rebooking for the 2012 edition has been exceptionally strong.

Labelexpo South China, an event launched in Guangzhou in October, was profitable at its first edition and complements Labelexpo Asia which takes place in Shanghai in 2011.

## **OUTLOOK**

The improving trends witnessed in Q4 2010 look set to run into 2011 as the global economy continues its recovery.

Within each two-year cycle, odd years are by far the larger in profit terms for the Group as they contain both Labelexpo Europe (in September) and the Dubai Airshow (in November). Bookings for both these biennial events remain strong.

- For Labelexpo, space sales are tracking ahead of the 2009 edition.
- The Dubai Airshow sales pipeline is strong and, with the venue configuration confirmed for 2011, we remain confident of a good performance from this event.

There were two significant events in the first quarter of 2011 – the Off-Price Show in Las Vegas and the Mod'amont fashion accessories exhibition in Paris. Off-Price has continued its recent trends and was a record show. Mod'amont was well received by our customers with a good increase in visitors.

The improving economic environment is impacting positively on our portfolio of events in the US and the Emerging Markets. France has traditionally benefited later in the economic cycle and the second half weighting

of our portfolio in 2011 should be helpful. Encouragingly, forward bookings for 2011 remain strong, standing at 63% of anticipated full year revenues compared with 58% for 2010 (as adjusted for biennial events).

We remain committed to our long term strategy of increasing our exposure to Emerging Markets (Project 50/13) and driving organic growth within the business.

**Neville Buch**

**7 March 2011**

**Douglas Emslie**

**7 March 2011**

## **FINANCIAL REVIEW**

### **TRADING RESULTS**

An analysis of the Group's trading results is set out above.

The geographical composition of Tarsus's International event portfolio means that our revenues and profits are generated in a range of currencies, principally the US Dollar, the Euro and Sterling. In 2010 approximately 53% of our revenues were generated in US dollars, 34% in Euros, 6% in Sterling and 7% others. As a result, our Sterling translated trading results are significantly affected by any changes to the prevailing exchange rates during the year. The average exchange rates applicable for 2010 were:

US\$: £1.55 - a strengthening against Sterling of 1% compared with 2009

Euro: £1.15 - a weakening against Sterling of 5% compared with 2009

Our 2011 budgeted exchange rates are US\$: £1.65 and Euro: £1.20

#### **Interest expense**

The Group's interest cost of £1.4m (2009: £1.5m) relates to the cost of servicing external bank debt and has reduced marginally in 2010 as a result of a lower average level of net debt in the period.

#### **Profit before tax**

Reported profit before tax was £5.3m (2009: £6.8m). Adjusted profit before tax was £9.5m (2009: £14.6m). Adjusted profits in 2010 exclude exceptional costs relating to the write off of unamortised banking fees upon early renegotiation of the Group's bank facilities (£0.5m) and acquisition-related professional fees charged against profits following the change in IFRS 3 accounting for business combinations (£0.3m).

Adjusted profits also exclude goodwill amortisation of £3.4m and share option credits of £31,000. A reconciliation of the reported profit before tax to adjusted profit before tax for both the year ended 31 December 2010 and the year ended 31 December 2009 is given in Note 3.

#### **Taxation**

The reported tax charge is £1.0m (2009: £1.9m). The adjusted tax charge of £1.6m (2009: £2.5m) represents 17% (2009: 17%) of the Group's adjusted\* profit before tax.

#### **Earnings per share**

The Group reported basic earnings per share in 2010 of 5.4p (2009: 6.3p) and adjusted\* earnings per share of 10.4p (2009: 17.4p). Diluted earnings per share were 5.4p (2009: 6.3p).

#### **Dividends**

The Directors have proposed a final dividend of 4.0p per share, bringing the total for the year ended 31 December 2010 to 6.0p (2009: 6.0p).

## **FINANCING**

### **Cash flows**

Tarsus continues to generate strong cash flows from its operations. The larger events typically have a positive working capital cycle and our business in general has a low capital investment requirement.

The biennial nature of the Group's event portfolio results in a decrease in working capital (excluding cash) in the years, including 2010, which don't include the two largest events. This occurs as deferred income relating to these events builds up in the Statement of Financial Position ahead of the events to be held in the following year.

During 2010, the Group generated £11.0m of cash from operations (2009: £10.1m).

The key non-operating cash flows in 2010 included:

- Dividends paid of £2.7m
- Deferred consideration payments totalling £1.1m
- Tax and interest paid totalling £3.0m

### **Net debt**

The Group's funding objective is to ensure that the business has sufficient resources, secured on competitive terms, to meet its various financial commitments as they arise. It achieves this objective by actively monitoring its cash flows and requirements on both an historic and forward looking basis. The Group is cautious in its approach, applying appropriate sensitivities to both the quantum and timing of its projections.

Tarsus's external bank debt was refinanced in September 2010 and is now principally denominated in Sterling. Where foreign currency borrowings do exist they are hedged using forward currency contracts. At 31 December 2010, all of the Group's currency debt was specifically hedged in this way. The forward currency contracts mature at various dates up to September 2011, after which date all borrowings will be denominated in Sterling.

The Group's net debt reduced by £2.1m to £28.6m at 31 December 2010 (31 December 2009: £30.7m), including cash of £11.0m (2009: £10.3m). The new bank facilities mature at the end of 2013.

### **NET ASSETS**

As at 31 December 2010, the Group had net assets of £34.4m (31 December 2009: £35.2m).

### **Intangible assets**

Intangible assets comprise goodwill, trademarks and customer lists. The carrying value of intangible assets at 31 December 2010 was £93.4m (31 December 2009: £95.3m).

### **Working capital**

It is the Group's policy to recognise profits upon the completion of an event. Until completion, revenue and costs are held on the Statement of Financial Position. Included in net current liabilities as at 31 December 2010 is deferred income of £20.3m (2009: £14.9m). Prepaid event costs of £1.6m (2009: £1.3m) are included in trade and other receivables.

### **Acquisitions**

On 19 August 2010 the Company acquired the remaining 20% of MCI Opco, LLC that it did not already own. Consideration was in the form of 5,820,878 ordinary shares of the Company.

### **Ashley Milton**

### **7 March 2011**

#### **Glossary \***

#### **Adjusted profit before tax:**

Calculated using profit before tax adjusted for share option charges / credits, amortisation charges, exceptional items, tax on profit from joint ventures and excludes profit/loss on disposal of intangible assets.

#### **Adjusted effective tax rate:**

Calculated using the reported tax charge adjusted for the tax effect of share option charges / credits, amortisation charges, exceptional items and the profit / loss on disposal of intangible assets.

#### **Adjusted EPS:**

Calculated using profit after tax attributable to equity shareholders adjusted for share option charges, amortisation charges, exceptional items and excludes profit / loss on disposal of intangible assets.

#### **Like-for-like revenue:**

Calculated at constant exchange rates adjusted for biennial events, excluding acquisitions impacting for the first time in 2010, disposals and non-recurring products and items.

## CONSOLIDATED INCOME STATEMENT

	Notes	Year to 31 December 2010 £000	Year to 31 December 2009 £000
<b>Group revenue</b>	2	43,609	57,491
Operating costs excluding exceptional items		(36,044)	(47,448)
Exceptional operating costs	3	(849)	(1,863)
Total operating costs		(36,893)	(49,311)
<b>Group operating profit</b>		6,716	8,180
Share of profit from joint ventures (post tax)		-	90
Interest receivable		-	1
Interest payable and other financial expenses		(1,407)	(1,475)
Profit before taxation	3	5,309	6,796
Taxation expense	4	(987)	(1,897)
<b>Profit for the financial year</b>		<u>4,322</u>	<u>4,899</u>
Profit for the financial year attributable to equity shareholders of the parent company		3,847	4,098
Profit for the financial year attributable to non-controlling interests		475	801
		<u>4,322</u>	<u>4,899</u>
<b>Earnings per share (pence)</b>	6		
- basic		5.4	6.3
- diluted		5.4	6.3
<b>Dividends</b>	5	<b>£000</b>	<b>£000</b>
Equity - ordinary			
Final dividend paid (2009/2008)		2,723	2,444
Interim dividend paid (2010/2009)		-	1,370
		<u>2,723</u>	<u>3,814</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year to 31 December 2010 £000	Year to 31 December 2009 £000
Profit for the financial year	4,322	4,899
Other comprehensive expense:		
Foreign exchange translation differences	(1,033)	(11,157)
Revaluation of available for sale investment	-	(43)
Other comprehensive expense	(1,033)	(11,200)
Total comprehensive income / (expense) for the year	3,289	(6,301)
Attributable to:		
Equity shareholders of the parent company	2,814	(7,102)
Non-controlling interests	475	801
Total comprehensive income/ (expense) for the year	3,289	(6,301)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2010 £000	31 December 2009 £000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,314	1,141
Intangible assets	93,441	95,315
Other investments	1	-
Deferred tax assets	1,242	1,917
	<hr/> 95,998	<hr/> 98,373
<b>CURRENT ASSETS</b>		
Trade and other receivables	13,305	14,673
Cash and cash equivalents	10,968	10,288
	<hr/> 24,273	<hr/> 24,961
<b>CURRENT LIABILITIES</b>		
Trade and other payables	(15,546)	(21,043)
Deferred income	(20,332)	(14,925)
Provisions	-	(1,195)
Bank overdrafts	-	(1,002)
Other interest bearing loans and borrowings	(2,750)	(8,356)
Liabilities for current tax	(5,009)	(4,315)
	<hr/> (43,637)	<hr/> (50,836)
<b>NET CURRENT LIABILITIES</b>	<hr/> (19,364)	<hr/> (25,875)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	76,634	72,498
<b>NON-CURRENT LIABILITIES</b>		
Other payables	(2,632)	(4,426)
Deferred tax liability	(3,703)	(4,798)
Interest bearing loans and borrowings	(35,889)	(28,057)
	<hr/> (42,224)	<hr/> (37,281)
<b>NET ASSETS</b>	<hr/> <hr/> 34,410	<hr/> <hr/> 35,217
<b>EQUITY</b>		
Share capital	3,757	3,422
Share premium account	12,133	6,033
Other reserves	(5,224)	(4,205)
Retained earnings	23,565	28,494
<b>Issued capital and reserves attributable to equity holders of the parent</b>	<hr/> 34,231	<hr/> 33,744
<b>NON-CONTROLLING INTERESTS</b>	<hr/> 179	<hr/> 1,473
<b>TOTAL EQUITY</b>	<hr/> <hr/> 34,410	<hr/> <hr/> 35,217

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Year to 31 December 2010 £000	Year to 31 December 2009 £000
<b>Cash flows from operating activities</b>		
Profit for the year	4,322	4,899
Adjustments for:		
Depreciation	419	378
Amortisation	3,350	5,713
Profit on the disposal of intangible assets	-	(46)
Share option (credit)/ charge	(31)	218
Share of operating profit in joint venture	-	(135)
Share of tax in joint venture	-	45
Taxation charge	987	1,897
Net interest	1,407	1,474
<b>Operating profit before changes in working capital and provisions</b>	10,454	14,443
Decrease in trade and other receivables	1,487	11,557
Decrease in current trade and other payables	(924)	(15,902)
<b>Cash generated from operations</b>	11,017	10,098
Interest paid	(1,971)	(362)
Income taxes (paid)/ received	(1,004)	989
<b>Net cash from operating activities</b>	8,042	10,725
<b>Cash flows from investing activities</b>		
Proceeds from sale of intangible fixed assets	-	1,014
Acquisition of property, plant and equipment	(592)	(280)
Acquisition of intangible fixed assets	(88)	(3,165)
Acquisition of subsidiaries, net of cash acquired	-	3,427
Acquisition of other investments	(27)	(56)
Deferred and contingent consideration paid	(1,151)	(6,617)
<b>Net cash outflow from investing activities</b>	(1,858)	(5,677)
<b>Cash flows from financing activities</b>		
Net repayment of borrowings	(665)	(2,056)
Proceeds from the issue of share capital	310	2,817
Cost of share issue	(532)	(32)
Dividends paid to shareholders in parent company	(2,702)	(3,669)
Dividends paid to non-controlling interests in subsidiaries	(1,230)	(70)
<b>Net cash outflow from financing activities</b>	(4,819)	(3,010)
<b>Net increase in cash and cash equivalents</b>	1,365	2,038
Opening cash and cash equivalents	9,286	7,692
Foreign exchange movements	317	(444)
<b>Closing cash and cash equivalents</b>	10,968	9,286

## Consolidated Statement of Changes in Equity

	Other Reserves								
	Share Capital Account	Share Premium Account	Re-organisation Reserve	Capital Redemption Reserve	Fair Value Reserve	Foreign Exchange Reserve	Retained Earnings	Non-Controlling Interests	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>As at 31 December 2010</b>									
Recognised foreign exchange losses for period	-	-	-	-	-	(1,033)	-	-	(1,033)
Profit for the period:									
- Attributable to equity shareholders	-	-	-	-	-	-	3,847	-	3,847
- Attributable to non-controlling interests	-	-	-	-	-	-	-	475	475
Total comprehensive income for the period	-	-	-	-	-	(1,033)	3,847	475	3,289
Scrip dividend	1	20	-	-	-	-	-	-	21
New share capital subscribed	334	6,611	-	-	-	-	-	-	6,945
Cost of shares issued	-	(531)	-	-	-	-	-	-	(531)
Share option charge	-	-	-	-	-	-	(31)	-	(31)
Movement in reserves relating to deferred tax	-	-	-	-	-	-	225	-	225
Cashflow hedge reserve	-	-	-	-	14	-	-	-	14
Dividend paid	-	-	-	-	-	-	(2,723)	-	(2,723)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(1,230)	(1,230)
Acquisition of non-controlling interests	-	-	-	-	-	-	(6,247)	(539)	(6,786)
Net change in shareholders' funds	335	6,100	-	-	14	(1,033)	(4,929)	(1,294)	(807)
Opening equity shareholders' funds	3,422	6,033	6,013	(443)	-	(9,775)	28,494	1,473	35,217
Closing equity shareholders' funds	3,757	12,133	6,013	(443)	14	(10,808)	23,565	179	34,410

	Other Reserves								
	Share Capital Account	Share Premium Account	Re-organisation Reserve	Capital Redemption Reserve	Fair Value Reserve	Foreign Exchange Reserve	Retained Earnings	Non-Controlling Interests	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>As at 31 December 2009</b>									
Recognised foreign exchange losses for period	-	-	-	-	-	(11,157)	-	-	(11,157)
Revaluation of trade investment	-	-	-	-	(43)	-	-	-	(43)
Profit for the period:									
- Attributable to equity shareholders	-	-	-	-	-	-	4,098	-	4,098
- Attributable to non-controlling interests	-	-	-	-	-	-	-	801	801
Total comprehensive income for the period	-	-	-	-	(43)	(11,157)	4,098	801	(6,301)
Scrip dividend	9	136	-	-	-	-	-	-	145
New share capital subscribed	318	6,019	-	-	-	-	-	-	6,337
Cost of shares issued	-	(122)	-	-	-	-	-	-	(122)
Share option charge	-	-	-	-	-	-	218	-	218
Movement in reserves relating to deferred tax	-	-	-	-	-	-	(319)	-	(319)
Dividend paid	-	-	-	-	-	-	(3,814)	-	(3,814)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(70)	(70)
Net change in shareholders' funds	327	6,033	-	-	(43)	(11,157)	183	731	(3,926)
Opening equity shareholders' funds	3,095	-	6,013	(443)	43	1,382	28,311	742	39,143
Closing equity shareholders' funds	3,422	6,033	6,013	(443)	-	(9,775)	28,494	1,473	35,217

## **1. BASIS OF PREPARATION**

The preliminary results for the year ended 31 December 2010 have been prepared using accounting policies and methods of computation consistent with those used in the Group's annual report for the year ended 31 December 2009 and to be adopted for the financial year ended 31 December 2010. The preliminary results have also been presented and prepared in a form consistent with that which will be adopted in the Group's annual report for the year ended 31 December 2010 and in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the European Union.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2010 or 2009 but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Jersey Financial Services Commission Companies Registry. Those for the year ended 31 December 2010 will be delivered following the Company's Annual General Meeting on 17 June 2011. This financial information has been extracted from the Group's Annual Report and Accounts for the year ended 31 December 2010 on which the auditors have not yet expressed an opinion. The Group intends to publish its 2010 Annual Report and Accounts in March 2011.

## **2. SEGMENTAL ANALYSIS**

As at 31 December 2010, the Group was organised into three main segments – Europe, US and Emerging Markets.

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:

## 2. SEGMENTAL ANALYSIS (CONTINUED)

31 December 2010

	Europe £000	US £000	Emerging markets £000	Central costs £000	Group £000
Group revenue	17,380	18,744	7,485	-	43,609
Profit/(loss) from operating activities	2,887	8,705	601	(5,477)	6,716
Net financing costs	-	-	-	(1,407)	(1,407)
Profit/(loss) before taxation	2,887	8,705	601	(6,884)	5,309
Exceptional costs	-	-	-	849	849
Amortisation of intangible assets	-	-	-	3,350	3,350
Credit from share options	-	-	-	(31)	(31)
Adjusted profit/(loss) before tax	2,887	8,705	601	(2,716)	9,477
Segment assets	44,466	46,894	27,669	-	119,029
Deferred tax assets					1,242
Total assets					120,271
Segment liabilities	(40,594)	(22,104)	(13,590)	-	(76,288)
Unallocated liabilities	-	-	-	(861)	(861)
	(40,594)	(22,104)	(13,590)	(861)	(77,149)
Liabilities for current tax					(5,009)
Deferred tax liabilities					(3,703)
Total liabilities					(85,861)

## 2. SEGMENTAL ANALYSIS (CONTINUED)

31 December 2009

	Europe £000	US £000	Emerging markets £000	Central costs £000	Group £000
Group revenue	26,742	11,673	19,076	-	57,491
Profit/(loss) from operating activities	4,665	5,487	5,080	(7,052)	8,180
Net financing costs	-	-	-	(1,474)	(1,474)
Share of profit from joint ventures (post tax)	90	-	-	-	90
Profit/(loss) before taxation	4,755	5,487	5,080	(8,526)	6,796
Profit on disposal of intangible asset	(46)	-	-	-	(46)
Exceptional costs	1,443	-	420	-	1,863
Amortisation of intangible assets	-	-	-	5,713	5,713
Cost of share options	-	-	-	218	218
Tax on share of joint venture profit	45	-	-	-	45
Adjusted profit/(loss) before tax	6,197	5,487	5,500	(2,595)	14,589
Segment assets	51,040	45,619	24,715	-	121,374
Unallocated assets	-	-	-	43	43
	51,040	45,619	24,715	43	121,417
Deferred tax assets					1,917
Total assets					123,334
Segment liabilities	(40,361)	(27,104)	(10,177)	-	(77,642)
Unallocated liabilities	-	-	-	(1,362)	(1,362)
	(40,361)	(27,104)	(10,177)	(1,362)	(79,004)
Liabilities for current tax					(4,315)
Deferred tax liabilities					(4,798)
Total liabilities					(88,117)

### 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 exceptional costs, share option charges, amortisation charges, tax on profit from joint ventures and profit on disposal of intangible assets.

	<b>2010</b> <b>£000</b>	<b>2009</b> <b>£000</b>
Group revenue	43,609	57,491
Operating costs	(36,893)	(49,311)
Group operating profit	6,716	8,180
Share of profit from joint ventures (post tax)	-	90
Net interest	(1,407)	(1,474)
Profit before taxation	5,309	6,796
Add back:		
Exceptional costs	849	1,863
Share option (credit)/ charge	(31)	218
Amortisation charge	3,350	5,713
Tax on share of profit from joint ventures	-	45
Profit on disposal of intangible assets	-	(46)
Adjusted profit before tax	9,477	14,589

In 2010 the Group incurred exceptional one-off costs resulting from the write-off of the balance of unamortized loan fees following the early bank refinancing in September (£0.5 million) and acquisition costs expensed following the adoption of IFRS 3 (revised) – Business Combinations for the first time (£0.3 million).

In 2009 the Group incurred exceptional one-off costs resulting from the integration of F&E (Dubai) offices into the main UK operation (£0.4 million) and expected costs of a historical European tax dispute (£1.4 million).

#### 4. INCOME TAX EXPENSE

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax:</b>		
Overseas tax on profits for the period	1,684	2,140
Adjustments to overseas corporation tax in respect of previous periods	7	369
Current tax charge for the period	<u>1,691</u>	<u>2,509</u>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(801)	(584)
Adjustment in respect of previous periods (tax losses recognised)	100	(24)
Adjustments in respect of previous periods (temporary difference recognised)	(3)	(4)
Total deferred tax	<u>(704)</u>	<u>(612)</u>
<b>Tax charge for the year</b>	<u><u>987</u></u>	<u><u>1,897</u></u>

The tax charge for the year differs from tax at the effective rate on the profit for the year. The differences are explained below:

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Profit before taxation	<u>5,309</u>	<u>6,796</u>
Tax at the rate of 25% (2009: 25%)	1,327	1,699
<b>Effects of:</b>		
Income not taxable	(372)	-
Expenses not deductible	-	238
Current period losses unrecognised	209	-
Utilisation of brought forward losses unrecognised	145	-
Overseas current period losses unrecognised	4	161
Effect of tax rates in overseas jurisdictions	729	(1,233)
Under provision in respect of prior periods	110	341
Current period (credit) / debit for current and historic exposures	(268)	829
Current period credit for intangible assets	(899)	(154)
Other temporary differences	2	16
<b>Tax on profit on ordinary activities</b>	<u><u>987</u></u>	<u><u>1,897</u></u>

## 5. DIVIDENDS

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Dividend paid in cash or scrip</b>		
2009/2008 final dividend (4.0p/4.0p per share)	2,723	2,444
2009 interim dividend (2.0p per share)	-	1,370
	<u>2,723</u>	<u>3,814</u>
<b>Dividend paid and proposed post year end</b>		
2010 interim dividend paid (2.0p per share)	1,479	-
2010/ 2009 final dividend proposed (4.0p/4.0p per share)	2,958	2,709
	<u>4,437</u>	<u>2,709</u>

The directors announced the proposed final dividend for 2010, of 4.0p per share, on 7 March 2011. Subject to approval at the Annual General Meeting on 17 June 2011, the proposed date of payment is 6 July 2011 to Shareholders on the Register of Members on 27 May 2011.

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

## 6. EARNINGS PER SHARE

	<b>2010</b>	<b>2009</b>
	<b>Pence</b>	<b>Pence</b>
Basic earnings per share	5.4	6.3
Diluted earnings per share	5.4	6.3
Adjusted earnings per share	10.4	17.4
Adjusted diluted earnings per share	10.3	17.4

### Basic earnings per share

Basic earnings per share has been calculated on profits after tax attributable to ordinary shareholders for the year of £3,846,911 (2009: £4,098,956) and 71,149,502 (2009: 64,876,159) 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 £3,846,911 (2009: £4,098,956) and 71,584,711 (2009: 65,024,534) ordinary shares, being the diluted weighted average number of shares in issue during the year calculated as follows:

### Weighted average number of ordinary shares (diluted):

	<b>2010</b>	<b>2009</b>
Weighted average number of ordinary shares	71,149,502	64,876,159
Dilutive effect of share options	435,209	148,375
Weighted average number of ordinary shares (diluted)	<u>71,584,711</u>	<u>65,024,534</u>

Dilutive and anti-dilutive share options were determined using the average closing price for the period. The average share price used was 118.96 pence.

### Adjusted earnings per share

Adjusted earnings per share is calculated using profit after tax attributable to equity shareholders, adjusted for exceptional costs, share option charges, amortisation charges and loss/profit on disposal of intangible assets, of £7,399,723 (2009: £11,289,037) and 71,149,502 (2009: 64,876,159) 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 exceptional costs, share option charges, amortisation charges and loss/profit on disposal of intangible assets, of £7,399,723 (2009: £11,289,037) and 71,584,711 (2009: 65,024,534) ordinary shares, being the diluted weighted average number of shares in issue during the year.

## 7. GOING CONCERN

After considering the current financial projections of the Group and taking into account the cash needs of the business and availability of funds, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they continue to adopt a “going concern” basis in preparing this Statement of Annual Results.

## 8. PRINCIPAL RISKS AND UNCERTAINTIES

In accordance with the Disclosure and Transparency Rules issued by the Financial Services Authority and applicable to all listed companies, the Directors have identified below the key risks relating to the Group's business.

*Tarsus' events and exhibitions business may be adversely affected by incidents which curtail travel, such as major terrorist attacks, higher oil prices or health pandemics.*

Tarsus' exhibitions businesses contribute in excess of 90% of the Group's revenue. Visitors travel to these shows from around the world. Any incident that curtails travel, such as the 11 September 2001 terrorist attacks in the US, may have an impact on the running of an event that year and may, therefore, affect reported revenues.

*The Group operates in a highly competitive environment that is subject to rapid change and Tarsus must continue to invest and adapt to remain competitive.*

The Group's business to business publishing and media businesses operate in highly competitive markets that continue to change in response to technological innovation and other factors. Tarsus cannot predict with certainty the changes that may occur and affect the competitiveness of its business. In particular, the means of delivering products and services may be subject to rapid technological changes. Tarsus cannot predict whether technological innovations will, in the future, make some of the Group's products or services, particularly those printed in traditional formats, wholly or partially obsolete. If this were to occur, the Group may be required to invest resources to adapt further to the changing competitive environment.

*Expansion into new geographic regions subjects the Group to new operating risks.*

As a result of acquisitions and organic growth, the Group has operations in many geographic regions such as China, India, the United Arab Emirates and Latin America. Whilst the Group conducts its business on a global scale, growth in these regions presents logistical and management challenges due to different business cultures, laws and languages. This may result in incremental operational risks for the Group.

*The ability of Tarsus to implement and execute its strategic plans depends on its ability to attract and retain the key management personnel required.*

The Group operates in a number of industry segments in which there is intense competition for experienced and highly qualified individuals. The Group cannot predict the future availability of suitably experienced and qualified people; it places significant emphasis on developing and retaining management talent. Accordingly, the Group has and will continue to implement a number of incentive schemes, to attract and motivate key senior managers. There can be no certainty that such retention policies and incentive plans will be successful for Tarsus in attracting and retaining the right calibre of key management personnel.

*Fluctuations in exchange rates may affect the reported results.*

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 the Group's customers.

*Any increase in effective tax rates may adversely effect operating results*

The Group operates in multiple jurisdictions and its profits are taxed pursuant to the tax laws of such jurisdictions. If Tarsus' effective tax rate increases in a future period, its operating results in general will be adversely impacted, and specifically its net profit and earnings per share will decrease. The Group's effective tax rate may be affected by changes in or interpretations of tax laws in any given jurisdiction, utilisation of net operating losses and tax credit carry forwards, changes in geographical allocation of income and expense, and changes in management's assessment of matters such as the ability to realise deferred tax assets. The Group's effective income tax rates in a given fiscal year reflect a variety of factors that may not be present in the succeeding fiscal year or years. As a result, the Group's effective corporation tax rate may increase in future periods.

*There are inherent risks and uncertainties in connection with the Group's acquisition strategy.*

The Group will seek and effect appropriate acquisitions across various geographic regions, consequently exposing Tarsus to inherent risks and uncertainties associated with such acquisitions. The risks associated with such a strategy include the availability of suitable acquisitions, obtaining regulatory approval for any acquisition, and assimilating and integrating acquired companies into the Group. In addition, potential difficulties inherent in mergers and acquisitions may adversely affect the results of an acquisition. These include delays in implementation or unexpected costs or liabilities, as well as the risk of failing to realise operating benefits or synergies from completed transactions. Nor can there be any certainty that the benefits of acquisitions and strategic investments, including synergies, increased cash flows and other operational benefits, will be realised.

*Economic and financial uncertainty.*

Recent turmoil in the financial, debt and commodities markets has had a significant adverse impact on certain sectors of the economy, in particular property, retail, banking and financial services. Although, at present, the wider effect of such events is unknown, there is a significant risk that there will be a negative impact on businesses in other sectors (including Tarsus') and the wider economy. This may include, inter alia, difficulty of access to, or higher cost of, debt or equity financing, general economic weakness, restrained fiscal expenditure, higher taxes and inflationary pressures. Over the medium term (being longer than one year) this may impact the Group's revenues and margins and ultimately its earnings and share price.

*Risks relating to Tarsus Shares.*

The trading price of Tarsus shares may be volatile and subject to wide fluctuations. The share price may fluctuate as a result of a wide variety of factors, including further issues of shares, the operating and share price performance of other companies in the industry and markets in which the Group operates; speculation about the business of the Group in the press, media or the investment community; the publication of research reports by analysts; and general market conditions.

## 9. RESPONSIBILITY STATEMENT OF THE DIRECTORS

To the best of the knowledge of the Directors (whose names and functions are set out below), the preliminary announcement which has been prepared using accounting policies and methods of computation consistent with those used in the Group's annual report for the year ended 31 December 2009 and to be adopted for the financial year ended 31 December 2010, gives a true and fair view of the assets, liabilities, financial position and profit for the Company and the undertakings included in the consolidation taken as a whole; and

Pursuant to Disclosure and Transparency Rules, Chapter 4, the Directors' Report of the Company's annual report will include 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 faced by the business.

Neville Buch	Executive Chairman
Douglas Emslie	Group Managing Director
Ashley Milton	Group Finance Director
Roger Pellow	Director Labels Group
Gary Marshall	Chief Executive Officer Asia
Robert Ware	Non Executive Director
Hugh Scrimgeour	Non Executive Director
Paul Keenan	Non Executive Director

The Annual General Meeting will be held at 26 Upper Pembroke Street, Dublin, Ireland on 17 June, 2011 at 11.00am.

A copy of this report will also be available on the Group's website at [www.tarsus.com](http://www.tarsus.com).