Tarsus Group plc

("Tarsus", the "Company" or the "Group")

Interim results for six months to 30 June 2018

Strong organic growth, led by China

Financial results

	H1 2018	H1 2017	H1 2016
Revenue (£m)	**35.6**	39.8	27.0
Like-for-like revenue growth	**12%**	4%	11%
Adjusted profit before tax* (£m)	**5.8**	6.8	4.0
Loss before tax (£m)	**(1.3)**	(1.4)	(3.1)
Adjusted EPS (pence)	**2.8**	3.5	2.8
Basic EPS (pence)	**(3.2)**	(3.2)	(3.1)
Dividend (pence)	**3.3**	3.0	2.7
Net Debt (£m)	**94.7**	85.3	57.3

Financial highlights

- Revenue of £35.6m up 32% against 2016
- Group like-for-like revenues* up 12%
- Adjusted profit before tax of £5.8m up 45% against 2016 (statutory loss before tax £1.3m)
- Adjusted earnings per share of 2.8p unchanged against 2016 (statutory loss per share 3.2p)
- Interim dividend of 3.3p per share up 10% on 2017

Operational highlights

- Buyer/visitor growth across the portfolio of 13%, led by Chinese events in first half
- Launch of Labelexpo Southeast Asia – one of the Group's strongest ever launches and profitable in its first edition
- Bolt-on acquisitions in Mexico and the US (Connect) and the purchase of an additional 25% minority interest in SIUF (China)
- Strong replications programme delivering accelerated returns

Current trading and outlook

- Forward bookings for 2018 up 10% on a like-for-like basis (adjusted for biennials and acquisitions)
- 43 launch portfolio events scheduled to be held in 2018, of which 17 are new this year
- Well positioned to deliver encouraging growth in 2018, in line with expectations

Douglas Emslie, Group Managing Director, said:

“An integral part of our strategy for organic growth is to invest in and expand our leading brands globally through our growing launch programme. We are delighted by the performance of the first edition of Labelexpo Southeast Asia, demonstrating the strength of the Labelexpo brand.

“We have traded well in the first half, forward bookings are well up and we remain confident of delivering a strong performance in 2018 in line with the Board’s expectations.”

Overview

2018 has seen the launch of the next phase of the Quickening the Pace strategy - "QTP2: driving scale and momentum", a programme that builds on the original QTP strategy. The Group will deepen its presence in higher growth markets, look to maximise the scale of existing events and acquire new platforms for growth with the aim of continuing to drive strong shareholder returns.

Financial review

Group revenue for the period was £35.6m (2017: £39.8m). Adjusting for acquisitions and biennial events, underlying organic revenue growth of 12% was achieved in the smaller first half.

Adjusted profit before tax was £5.8m (2017: £6.8m; 2016: £4.0m), reflecting strong revenue growth, primarily in our Chinese portfolio. The Group incurred exceptional costs of £0.4m (2017: £0.6m) in respect of completed and pending corporate transactions. The Group also incurred an amortisation charge of £3.3m (2017: £3.7m). Other adjusting items are set out in note 6 to the financial statements below. Loss before tax was £1.3m (2017: £1.4m; 2016 £3.1m).

Adjusted earnings per share were 2.8p (2017: 3.5p). Basic loss per share was 3.2p (2017: 3.2p).

An interim dividend of 3.3p per share (2017: 3.0p) has been declared and will be paid on 11 January 2019 to Shareholders on the Register on 30 November 2018. The Group will continue to offer a scrip alternative to qualifying shareholders.

Operating cash inflow in the first half was £2.4m (2017: £16.1m). As expected net debt at 30 June 2018 increased to £94.7 million (2017: £85.3m), driven primarily by acquisitions. The Group remains on target to return to its stated long-term target range of 1.5 - 2.0x net debt: EBITDA by the end of the year.

Corporate activity

Tarsus and EJ Krause jointly acquired 60% of Expo Restaurantes, the leading restaurant show in Mexico which successfully ran its first event under our ownership in June.

In the US, Connect acquired 80% of eTourism Summit, an event linking travel destination marketing executives with the latest products and services in digital marketing. The travel industry is one of the largest consumers of digital media.

In China, Tarsus has acquired a further 25% in SIUF, taking its overall stake to 75%, in line with our strategy to acquire minorities where appropriate.

Operating review

Geographic breakdown of results

	Asia			Americas			EMEA		
£'m	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
Revenue	15.3	13.1	7.7	15.2	16.3	12.2	5.2	10.5	7.1
Adjusted Profit before tax	6.5	5.0	1.9	2.9	3.0	4.3	0.1	2.2	0.5

Asia

In the Group's Chinese portfolio, which is heavily first half weighted, performance was strong and our Shenzhen events all performed well – in particular Hometex. The outlook for the second half events in China remains positive.

Labelexpo Southeast Asia, held in Bangkok in May was one of the Group’s most successful launches ever, attracting nearly 8,000 attendees from 62 countries. The majority of other events in South-East Asia fall in the second half of the year.

Americas

Connect held 13 events in the first half and these performed in line with expectations. The Medical portfolio continues to perform well, including a strong launch of the Cardiometabolic West event. Off Price February 2018 performed in line with the previous edition.

In Mexico, trading was positive with another strong performance from Expo Manufactura. Plastimagen (the Group’s largest event in Mexico) takes place on an 18 month cycle and did not occur in the period.

EMEA

Dubai saw a good performance across the events in the first half and the outlook for the second half is in line with our expectations.

The pattern of trading in Turkey is similar to 2017. Trade in the first half has been affected by both political uncertainty around the election and by a further depreciation of the Turkish lira. The outlook for the large shows in the second half is good.

Launch portfolio

A key part of our strategy will be continued investment in Tarsus’ organic growth programme, particularly the replication of our events, which drives the growth of the Group's leading brands around the world and provides a lower risk, lower cost approach to driving organic growth. Tarsus has invested consistently in this portfolio over the last four years, leveraging strong brands including Labelexpo, GESS and Connect. The launch portfolio continues to be actively managed to ensure we focus on events that can scale in a reasonable timeframe. There are 17 new events planned for 2018 of which 8 were held in the first half. 14 previous events are not being repeated. Including 6 biennial events running next in 2019, the launch portfolio stands at 49.

With a growing launch portfolio the Group is confident of building on this progress going forward.

Outlook

Owing to the timing of the Group's events, revenues for the year as a whole are heavily weighted to the second half. Bookings for the full year are strong and are 10% ahead of 2017 on a like-for-like basis.

The Group is well placed to continue to deliver encouraging growth in 2018 and beyond.

Neville Buch	**Douglas Emslie**
Chairman	**Group Managing Director**
25 July 2018	

For further information contact:

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Dan O'Brien, Group Finance Director	
IR Focus	
Neville Harris	07909 976044

The Group will be hosting a presentation to analysts at 11.00am today at the offices of Deutsche Bank plc, Winchester House, 1 Great Winchester St, London EC2N 2DB. A webcast of the presentation will be available on Tarsus's website (www.tarsus.com) from 9.30am on 27 July 2018.

*Definitions can be found in note 17 to the financial statements

INDEPENDENT REVIEW REPORT TO TARSUS GROUP PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the Condensed Consolidated Interim Income statement, Condensed Consolidated Interim Statement of Comprehensive Income, Condensed Consolidated Interim Statement of Financial Position, the Condensed Consolidated Interim Statement of Cash Flows, Condensed Consolidated Interim Statement of Changes in Equity and the related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP

Statutory Auditor

London, United Kingdom

25 July 2018

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Period to 30 June 2018			Period to 30 June 2017		
	Note	**Adjusted**	**Unaudited Adjusting items ***	**Reported**	Adjusted	Unaudited Adjusting items *	Reported
		£000	**£000**	**£000**	£000	£000	£000
Group revenue	7	**35,636**	**-**	**35,636**	39,777	-	39,777
Operating costs		**(28,927)**	**(5,237)**	**(34,164)**	(32,761)	(6,266)	(39,027)
Share of profit of joint ventures		**1,526**	**(444)**	**1,082**	1,703	(464)	1,239
Group operating profit/(loss)		**8,235**	**(5,681)**	**2,554**	8,719	(6,730)	1,989
Net finance costs		**(2,408)**	**(1,476)**	**(3,884)**	(1,928)	(1,429)	(3,357)
Profit/(loss) before taxation		**5,827**	**(7,157)**	**(1,330)**	6,791	(8,159)	(1,368)
Tax on profit/(loss) on ordinary activities	8	**(1,048)**	**401**	**(647)**	(1,091)	667	(424)
Profit/(loss) for the financial period		**4,779**	**(6,756)**	**(1,977)**	5,700	(7,492)	(1,792)
Attributable to: Profit/(loss) for the financial period attributable to equity shareholders of the parent company		**3,104**	**(6,756)**	**(3,652)**	3,941	(7,492)	(3,551)
Profit for the financial period attributable to non-controlling interests		**1,675**	**-**	**1,675**	1,759	-	1,759
		4,779	**(6,756)**	**(1,977)**	5,700	(7,492)	(1,792)

	Note	**Headline**		**Reported**	**Headline**		**Reported**
- basic	9	**2.8**		**(3.2)**	**3.5**		(3.2)
- diluted		**2.7**		**(3.2)**	**3.5**		(3.2)

* See note 6 for adjusting items

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

	Period to 30 June 2018	Period to 30 June 2017
	£000	**£000**
	Unaudited	**Unaudited**
Loss for the financial period	(1,977)	(1,792)
Other comprehensive income/(expense) recognised directly in equity:		
Cash flow hedge reserve - movement in fair value	1,045	525
Foreign exchange translation differences	(243)	(7,414)
Other comprehensive income/(expense)	802	(6,889)
Total comprehensive expense	(1,175)	(8,681)
Attributable to:		
Equity shareholders of the parent company	(2,774)	(10,440)
Non-controlling interests	1,599	1,759
Total comprehensive expense for the period	(1,175)	(8,681)

Other comprehensive income relating to foreign exchange translation differences, fair value movements in cash flow hedges and the tax effects thereon may all subsequently be reclassified to profit and loss if certain conditions are met.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2018 £000 Unaudited	At 30 June 2017 £000 Unaudited Restated	At 31 December 2017 £000 Audited Restated
NON-CURRENT ASSETS				
Property, plant and equipment		1,072	1,241	1,082
Intangible assets	10	190,806	193,909	188,344
Investment in Joint Ventures		41,026	32,426	38,490
Deferred tax assets		1,851	2,928	3,003
		234,755	230,504	230,919
CURRENT ASSETS				
Trade and other receivables		32,995	31,620	28,909
Cash and cash equivalents		19,839	26,996	22,373
		52,834	58,616	51,282
CURRENT LIABILITIES				
Trade and other payables		(30,722)	(38,360)	(36,457)
Deferred income		(36,920)	(44,057)	(22,450)
Provisions		(139)	(134)	(120)
Liabilities for current tax		(2,807)	(1,306)	(3,155)
		(70,588)	(83,857)	(62,182)
NET CURRENT LIABILITIES		(17,754)	(25,241)	(10,900)
TOTAL ASSETS LESS CURRENT LIABILITIES		217,001	205,263	220,019
NON-CURRENT LIABILITIES				
Other payables		(23,521)	(22,056)	(27,981)
Deferred tax liabilities		(9,999)	(10,918)	(10,059)
Interest bearing loans and borrowings		(114,511)	(111,000)	(106,239)
		(148,031)	(143,974)	(144,279)
NET ASSETS		68,970	61,289	75,740
EQUITY				
Share capital		5,670	5,650	5,654
Share premium account		73,762	73,200	73,303
Other reserves		(18,823)	(12,498)	(19,701)
Retained earnings		3,154	(9,388)	11,914
Issued capital and reserves attributable to equity shareholders of the parent		63,763	56,964	71,170
NON-CONTROLLING INTERESTS		5,207	4,325	4,570
TOTAL EQUITY		68,970	61,289	75,740

The financial statements of Tarsus Group plc, registered number 101579 (Jersey), were approved by the board and authorised for issue and signed on its behalf by:

Douglas Emslie
Group Managing Director
25 July 2018

Daniel O'Brien
Group Finance Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Period to 30 June 2018	Period to 30 June 2017
	Unaudited	**Unaudited**
	£000	**£000**
Cash flows from operating activities		
Loss for the period	(1,977)	(1,792)
Adjustments for:		
Depreciation	234	269
Amortisation & impairment	4,208	4,642
Other losses	(265)	(925)
(Gain)/loss on disposal of tangible assets	(4)	29
Share option charge	1,376	1,328
Taxation charge/(credit)	647	424
Interest payable	3,884	3,357
Share of profit from joint ventures	(1,082)	(1,239)
Dividends received from joint venture company	-	2,533
Operating cash flow before changes in working capital	7,021	8,626
Decrease in trade and other receivables	4,379	1,100
(Decrease)/increase in trade and other payables	(9,060)	6,452
Increase/(decrease) in provisions	44	(45)
Cash generated from operations	2,384	16,133
Interest paid	(2,400)	(1,802)
Income taxes (paid)/received	(1,699)	632
Net cash from operating activities	(1,715)	14,963
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	9	-
Acquisition of property, plant & equipment	(153)	(191)
Acquisition of intangible fixed assets	(403)	(509)
Acquisition of subsidiaries (net of cash acquired)	(1,094)	(15,896)
Acquisition of joint venture	(635)	-
Deferred and contingent consideration paid	(900)	(5,938)
Put call option liability paid	(1,841)	(5,073)
Net cash outflow from investing activities	(5,017)	(27,607)
Cash flows from financing activities		
Drawdown of borrowings	7,830	27,200
Dividends paid to shareholders in parent company	(3,352)	(2,736)
Dividends paid to non-controlling interests in subsidiaries	(312)	(24)
Net cash inflow from financing activities	4,166	24,440
Net (decrease)/increase in cash and cash equivalents	(2,566)	11,796
Opening cash and cash equivalents	22,373	15,946
Foreign exchange movements	32	(746)
Closing cash and cash equivalents	19,839	26,996

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

			Attributable to equity holders of the parent						
	Share Capital Account £000	**Share Premium Reserve £000**	**Reorganisation Reserve £000**	**Capital Redemption Reserve £000**	**Fair Value Reserve £000**	**Foreign Exchange Reserve £000**	**Retained Earnings £000**	**Non-Controlling Interests £000**	**Total £000**
As at 1 January 2018	5,654	73,303	6,013	(443)	(1,624)	(23,647)	11,914	4,570	75,740
Recognised foreign exchange gains/(losses) for the period	-	-	-	-	-	(167)	-	(76)	(243)
(Loss)/profit for the period:									
– Attributable to equity shareholders	-	-	-	-	-	-	(3,652)	-	(3,652)
– Attributable to non-controlling interests	-	-	-	-	-	-	-	1,675	1,675
Cashflow hedge reserve	-	-	-	-	1,045	-	-	-	1,045
Total comprehensive income/(expense) for the period	-	-	-	-	1,045	(167)	(3,652)	1,599	(1,175)
Scrip dividend	-	18	-	-	-	-	-	-	18
New share capital subscribed	16	441	-	-	-	-	-	-	457
Share option charge	-	-	-	-	-	-	1,218	-	1,218
Movement in reserves relating to deferred tax	-	-	-	-	-	-	(1,331)	-	(1,331)
Other movements in reserves	-	-	-	-	-	-	(1,902)	-	(1,902)
Dividend paid	-	-	-	-	-	-	(3,371)	-	(3,371)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(314)	(314)
Written Put options over non-controlling interests	-	-	-	-	-	-	(370)	-	(370)
Non-controlling interests arising on acquisition	-	-	-	-	-	-	648	(648)	0
Net change in shareholders' funds	16	459	-	-	1,045	(167)	(8,760)	637	(6,770)
As at 30 June 2018	5,670	73,762	6,013	(443)	(579)	(23,814)	3,154	5,207	68,970

	Attributable to equity holders of the parent								
	Share Capital Account £000	Share Premium Reserve £000	Reorganisation-Reserve £000	Capital Redemption Reserve £000	Fair Value Reserve £000	Foreign Exchange Reserve £000	Retained Earnings £000	Non-Controlling Interests £000	Total £000
As at 1 January 2017	5,637	72,304	6,013	(443)	(2,434)	(8,754)	(3,047)	2,363	71,639
Recognised foreign exchange losses for the period	-	-	-	-	-	(7,405)	-	(9)	(7,414)
(Loss)/profit for the period:									
– Attributable to equity shareholders	-	-	-	-	-	-	(3,551)	-	(3,551)
– Attributable to non-controlling interests	-	-	-	-	-	-	-	1,759	1,759
Cashflow hedge reserve	-	-	-	-	525	-	-	-	525
Total comprehensive income/(expense) for the period	-	-	-	-	525	(7,405)	(3,551)	1,750	(8,681)
Scrip dividend	-	14	-	-	-	-	-	-	14
New share capital subscribed	13	882	-	-	-	-	-	-	895
Share option charge	-	-	-	-	-	-	1,163	-	1,163
Movement in reserves relating to deferred tax	-	-	-	-	-	-	198	-	198
Other movements in reserves	-	-	-	-	-	-	(1,407)	-	(1,407)
Dividend paid	-	-	-	-	-	-	(2,744)	-	(2,744)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	212	212
Net change in shareholders' funds	13	896	-	-	525	(7,405)	(6,341)	1,962	(10,350)
As at 30 June 2017	5,650	73,200	6,013	(443)	(1,909)	(16,159)	(9,388)	4,325	61,289

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Tarsus Group plc (the "Company") is a company incorporated in Jersey and resident in Ireland. The condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities.

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 are available upon request from the Company Secretary at 15 Harcourt Street, Dublin 2, Ireland.

Having reviewed the Group's liquid resources, borrowing facilities and cash flow forecasts, the directors believe that the Group has adequate resources to continue as a going concern for the foreseeable future.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting. They do not constitute the Group's statutory accounts.

The interim financial statements should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017 which were prepared under International Financial Reporting Standards, as adopted by the European Union, and have been reported on by the Company's auditor. The auditor report was unqualified.

The financial statements of Tarsus Group plc, registered number 101579 (Jersey), were approved by the board and authorised for issue on 26 July 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

Aside from the adoption of IFRS 9 and IFRS 15, which are described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2017.

IFRS 15

In the current financial year the Group has adopted IFRS 15 *Revenue from Contracts with Customers*. The Group has elected to restate comparative information from prior periods upon adoption of IFRS 15 and has applied the practical expedient under which contracts that began and ended in 2017 or that were completed prior to January 1st 2017 are not restated.

The core principle of IFRS 15 if that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under IFRS 15, deferred income and trade debtors may not both be recognised where neither the service has been performed or payment is due by the customer. The impact of this change on the balance sheets as at 30 June 2017 and 31 December 2017 is shown in the table below. There was no impact on the income statement for the six month period ended 30 June 2017 and year ended 31 December 2017.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 15 (CONTINUED)

31 December 2017	As previously reported	IFRS 15 reclassifications	Restated
Current assets			
Trade and other receivables	44,452	(15,543)	28,909
Impact on total assets	**44,452**	**(15,543)**	**34,766**
Current liabilities			
Deferred income	(37,993)	15,543	(22,450)
Impact on liabilities	**(37,993)**	**15,543**	**(28,307)**

30 June 2017	As previously reported	IFRS 15 reclassifications	Restated
Current assets			
Trade and other receivables	37,874	(6,254)	31,620
Impact on total assets	**37,874**	**(6,254)**	**31,620**
Current liabilities			
Deferred income	(50,311)	6,254	(44,057)
Impact on liabilities	**(50,311)**	**6,254**	**(44,057)**

IFRS 9

In the current period the Group has applied *IFRS 9 Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. The only significant impact on the Group is in relation to the impairment of trade receivables and hedge accounting as detailed below.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model required the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing trade receivables for impairment using reasonable and supportable information that is available without undue cost of effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised. No material adjustments were identified.

In accordance with IFRS 9's transition provisions for hedge accounting, the Group has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018. The Group's qualifying hedging relationships in place as at 1 January 2018 also qualified for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedge relationships. No rebalancing of any of the hedging relationships was necessary on 1 January 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Group has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

Apart from this, the application of the IFRS 9 hedge accounting requirements has had no impact on the results and financial position of the Group at 1 January 2018 or in the current period. No accounting policy changes have been made as a result of the adoption of this standard.

4. ESTIMATES

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

5. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the end for the year ended 31 December 2017.

6. ADJUSTING ITEMS

The following analysis details the adjusting items in the consolidated interim income statement. Adjusted profit is prepared 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 excludes share option charges, amortisation of intangible assets arising from business combinations, unwinding of discount charges, changes in fair value of contingent consideration and put/call liabilities, acquisition related costs and the related taxation impact.

	Six months to 30 June 2018 £000 Unaudited	**Six months to 30 June 2017 £000 Unaudited**
Operating items:		
Operating costs:		
Acquisition and potential acquisition costs	429	650
Changes in fair value of put/call and contingent consideration	114	514
Share option charge	1,376	1,328
Amortisation charge (excluding amounts charged to costs of sale)	3,322	3,745
(Profit)/loss on disposal of tangible fixed assets	(4)	29
Total adjusting items in operating costs	5,237	6,266
Tax on joint venture profits	444	464
Total adjusting items in operating profit	5,681	6,730
Finance item - Unwinding of discount	1,476	1,429
Adjusting items before tax	7,157	8,159
Taxation:		
Tax on joint venture profits	(444)	(464)
Tax relating to adjusting items	43	(203)
Total adjusting items	6,756	7,492

7. SEGMENTAL ANALYSIS

As at 30 June 2018, the Group is organised into three main operating segments – Americas, Asia and EMEA.

The main activities of all segments are the production of exhibitions, conferences, magazines, directories and online media.

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

	30 June 2018 Unaudited				
	Americas	**Asia**	**EMEA**	**Central Costs**	**Group**
Revenue by sector	**£000**	**£000**	**£000**	**£000**	**£000**
Group revenue	15,183	15,250	5,203	-	35,636
Profit/(loss) from operating activities	2,923	6,499	82	(6,950)	2,554
Net financing costs	-	-	-	(3,884)	(3,884)
Profit/(loss) before taxation	2,923	6,499	82	(10,834)	(1,330)
Adjusting items - see note 6	-	-	-	7,157	7,157
Adjusted profit/(loss) before tax	2,923	6,499	82	(3,677)	5,827
Segment non-current assets	117,664	71,695	43,545	-	232,904
Segment current assets	17,978	21,913	12,943	-	52,834
	135,642	93,608	56,488	-	285,738
Deferred tax assets					1,851
Total assets					287,589
Segment liabilities	54,910	22,905	127,998	-	205,813
Liabilities for current tax					2,807
Deferred tax liabilities					9,999
Total liabilities					218,619

			30 June 2017 Unaudited Restated		
	Americas	Asia	EMEA	Central Costs	Group
Revenue by sector	**£000**	**£000**	**£000**	**£000**	**£000**
Group revenue	16,251	13,056	10,470	-	39,777
Profit/(loss) from operating activities	2,959	4,978	2,175	(8,123)	1,989
Net financing costs	-	-	-	(3,357)	(3,357)
Profit/(loss) before taxation	2,959	4,978	2,175	(11,480)	(1,368)
Adjusting items - see note 6	-	-	-	8,159	8,159
Adjusted profit/(loss) before tax	2,959	4,978	2,175	(3,321)	6,791
Segment non-current assets	116,695	65,482	45,399	-	227,576
Segment current assets	14,304	19,480	24,832	-	58,616
	130,999	84,962	70,231	-	286,192
Deferred tax assets					2,928
Total assets					289,120
Segment liabilities	(38,274)	(23,668)	(153,665)	-	(215,607)
Liabilities for current tax					(1,306)
Deferred tax liabilities					(10,918)
Total liabilities					(227,831)

8. TAXATION CHARGE

The taxation charge for the six months ended 30 June 2018 is based upon the estimated effective tax rate of 18.0% on adjusted profit before tax (2017: 16.0%) for the year ending 31 December 2018.

9. EARNINGS PER SHARE

	Six months to 30 June 2018 Pence Unaudited	Six months to 30 June 2017 Pence Unaudited
Basic earnings per share	(3.2)	(3.2)
Diluted earnings per share	(3.2)	(3.2)
Adjusted earnings per share	2.8	3.5
Adjusted diluted earnings per share	2.7	3.5

Basic earnings per share
Basic earnings per share has been calculated on loss after tax attributable to ordinary shareholders for the six months (as shown on the Consolidated Income Statement) and the weighted average number of ordinary in issue during the period (see below table).

Diluted earnings per share
Diluted earnings per share has been calculated on loss after tax attributable to ordinary shareholders for the six months (as shown on the Consolidated Income Statement) and the diluted weighted average number of ordinary in issue during the period (see below table).

Adjusted earnings per share
Adjusted earnings per share is calculated using adjusted profit after tax as reconciled in note 6 and the weighted average number of ordinary shares (as below) in issue in the year.

Adjusted diluted earnings per share
Adjusted diluted earnings per share is calculated using loss after tax as reconciled in note 6 and the weighted average number of diluted ordinary shares (as below) in issue in the year.

Weighted average number of ordinary shares (diluted):

	Six months to 30 June 2018 Unaudited	Six months to 30 June 2017 Unaudited
Weighted average number of ordinary shares	112,851,730	112,249,882
Dilutive effect of share options	435,174	412,804
Weighted average number of ordinary shares (diluted)	113,286,904	112,662,686

10. INTANGIBLE FIXED ASSETS

	Goodwill	Trademarks, lists and other	Total
	£000	£000	£000
	Unaudited	Unaudited	Unaudited
COST			
As at 1 January 2018	142,751	92,342	235,093
Additions through business acquisition	664	848	1,512
Additions	-	4,626	4,626
Foreign exchange	(103)	1,379	1,276
At 30 June 2018	143,312	99,195	242,507
AMORTISATION			
As at 1 January 2018	139	46,610	46,749
Charge for the year	-	4,208	4,208
Foreign exchange	2	742	744
At 30 June 2018	141	51,560	51,701
NET BOOK VALUE			
At 30 June 2018	143,171	47,635	190,806
At 31 December 2017	142,612	45,732	188,344
At 30 June 2017	142,943	50,966	193,909

The additions not through business combinations primarily relate to the recognition of the DAC licence for the period from 2020 to 2027.

11. FINANCIAL INSTRUMENTS

The carrying value of all financial instruments held in the Statement of Financial Position equals their fair value.

Liabilities Measured At Fair Value	30 June 2018 £000	Level 1 £000	Level 2 £000	Level 3 £000
Interest rate swaps	(583)	-	(583)	-
Contingent consideration	(27,309)	-	-	(27,309)
Put and call option liabilities	(8,496)	-	-	(8,496)
	(36,388)	-	(583)	(35,805)

	30 June 2017 £000	Level 1 £000	Level 2 £000	Level 3 £000
Interest rate swaps	(1,909)	-	(1,909)	-
Contingent consideration	(28,944)	-	-	(28,944)
Put and call option liabilities	(9,568)	-	-	(9,568)
	(40,421)	-	(1,909)	(38,512)

	31 December 2017 £000	Level 1 £000	Level 2 £000	Level 3 £000
Interest rate swaps	(1,651)	-	(1,651)	-
Contingent consideration	(27,744)	-	-	(27,744)
Put and call option liabilities	(8,671)	-	-	(8,671)
	(38,066)	-	(1,651)	(36,415)

Reconciliation of level 3 fair value measurements

	2018		2017	
	Put and call option liabilities	Contingent consideration	Put and call option liabilities	Contingent consideration
	£000	£000	£000	£000
At 1 January	(8,671)	(27,744)	(14,504)	(34,575)
Acquisitions	(370)	(424)	-	(805)
Consideration paid	-	900	-	5,938
Exercise of put option	1,841	-	5,073	-
Change in estimates	(1,183)	1,146	(457)	(90)
Unwinding of discount	(382)	(854)	(430)	(822)
Foreign exchange	269	(333)	750	1,410
At 30 June	(8,496)	(27,309)	(9,568)	(28,944)

Level 1 – fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair values measured using indicative market valuations provided by banks for the identifiable asset of liability.

Level 3 – fair values using inputs or liabilities that are not based on observable market data. These are measured by using the latest management forecasts and using a country specific WACC rate to discount to the present value.

12. ACQUISITIONS

The Group completed the acquisition of 64% of eTourism, an exhibition business during the first half of 2018, in line with the Group's "Quickening The Pace 2" strategy.

Consideration paid for this transaction was £1.3 million of which £0.4million is a current estimate of contingent consideration.

Goodwill of £0.6m was recognised on this transaction.

The values used in accounting for the identifiable assets and liabilities and related contingent consideration of this acquisition are estimates and therefore provisional in nature at the balance sheet date.

13. DIVIDENDS

The following dividends were paid and proposed by the Group:

	2018 £000 Unaudited	2017 £000 Unaudited
Dividend paid in current period in cash or scrip		
2017 interim dividend (3.0p per share)	3,372	2,751
	3,372	2,751
Dividend paid and proposed post period end		
2017 final dividend paid 7.0p per share (2016: 6.4p per share)	7,904	7,201
Dividend proposed in the period 3.3p per share (2017: 3.0p per share)	3,729	3,380
	11,633	10,581

14. FOREIGN EXCHANGE TRANSLATION DIFFERENCES

Other Comprehensive Income includes foreign exchange translation losses of £0.2 million (June 2017: losses of £7.4 million) relating to the retranslation of foreign currency denominated net assets, including goodwill.

15. RELATED PARTIES

As at 30 June 2018, directors of the company controlled 9.8% (31 December 2017: 9.6%) of the voting shares of the company.

Executive officers also participate in the Group's share option programme and share acquisition plan.

16. POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

17. DEFINITIONS

Organic revenues are on a constant currency basis and after adjusting for the impact of acquisitions, disposals and biennials.

Forward bookings:
Committed orders for future events, adjusted for biennials.

Like-for-like revenue:
Constant exchange rates adjusted for biennial events, excluding acquisitions impacting for the first time in 2018, prior year disposals and non-recurring products and items.

Adjusted profit before tax:
Profit before tax adjusted for exceptional items, share option charges / credits, movements in fair value measurement of derivatives, unsettled amortisation charges, impairment of intangibles, profit / loss on disposal of intangibles and tangible fixed assets, profit on sale of subsidiary and unwinding of discount for contingent consideration. See note 6.

Adjusted EPS:
Profit after tax attributable to equity shareholders adjusted for exceptional items, share option charges / credits, movements in fair value measurement of unsettled derivatives, amortisation charges, impairment of intangibles, profit / loss on disposal of intangibles and tangible fixed assets, profit on sale of subsidiary and unwinding of discount - contingent consideration. See note 9.

Adjusted operating cash:
Cash from operations adjusted for non-operating items and disposals.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

We confirm that to the best of our knowledge:

- The condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- The interim management report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Principal risks and uncertainties

The Board consider the principal risks and uncertainties relating to the Group for the next six months to be the same as details in our last Annual Report and Accounts to 31 December 2017 and include:

- Economic and financial uncertainties;
- Events and exhibitions may be adversely affected by incidents which can curtail travel;
- Expansion into new geographic regions subjects the group to new operating risks;
- Fluctuation in exchange rates may affect the reported results;
- The ability to implement and execute strategic plans depends on the ability to attract and retain key management.

The impact of “Brexit” has been considered and has not resulted in a change to these risks.

Full details of the risks and uncertainties are detailed in the Directors’ Report of the 2017 accounts.

Douglas Emslie
Group Managing Director
25 July 2018

Daniel O’Brien
Group Finance Director