1 March 2017

Tarsus Group plc

Final results for year ended 31 December 2016

Driving scale and momentum

Tarsus Group plc (LSE: TRS, "Tarsus" or "the Group"), the international business-to-business media group, announces its results for the year ended 31 December 2016.

Tarsus continued to focus on its strategy of "Quickening the Pace" to accelerate the pace of financial returns to shareholders. The Group saw like-for-like revenue growth of 8% over the year (at constant exchange rates) and across the portfolio buyers increased by 7% on a like for like basis; well ahead of the Group's target of 5%.

Financial results

	2016	**2015**	**2014**
Revenue (£m)	68.4	86.9	60.6
Like-for-like* revenue growth	8%	10%	10%
Adjusted profit before tax* (£m)	19.2	26.3	17.0
Profit before tax (£m)	8.6	19.1	7.1
Adjusted EPS* (pence)	15.2	21.4	12.7
Basic EPS (pence)	6.9	14.4	5.0
Dividend (pence)	9.1	8.4	7.8
Net debt (£m)	69.5	43.8	38.4

Financial highlights

- Revenue up 13% against 2014
- Group like-for-like revenues* up 8%
- Adjusted profit before tax up 13% against 2014
- Adjusted earnings per share up 20% against 2014
- Proposed final dividend of 6.4p - total for year up 8% to 9.1p
- Successful share placing raising £23m and banking facilities increased to £111m

Operational highlights

- Strong buyer/visitor growth across the portfolio of 7%, more than double industry average
- Four acquisitions – Connect in the US, Intex and Hometex in China and PEP in SE Asia
- 10 new brand replications
- New divisional structure with strengthened senior management

Current trading and outlook

- Good start to 2017
- Forward bookings for 2017, on a like-for-like basis, currently +10% ahead of those for 2016 (adjusted for biennials and acquisitions)
- Record rebook for global brands (Labelexpo Europe and the Dubai Airshow)
- Well positioned to deliver a strong performance in 2017

Douglas Emslie, Group Managing Director of Tarsus, commented:

“Our 'Quickening the Pace' growth strategy continued to deliver in 2016. Organic growth was strong at 8% and we grew our buyer attendance, a key metric for us, by a very encouraging 7%. Strategically, we delivered 10 new replications of our leading brands and further deepened our presence in the world's largest exhibition markets, the US and China, with three earnings enhancing acquisitions towards the end of the year.

“We are anticipating increasing economic activity in the geographies and sectors served by our exhibitions, with the exception of Turkey, and have budgeted accordingly.

“Forward bookings for 2017 are 10% ahead. Whilst we are mindful of geopolitical uncertainty, 2017 – the larger year in our biennial cycle – is looking exciting for the Group.”

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The Company will be hosting a presentation to analysts at 11.00am today at the offices of Investec Bank at 2 Gresham St., London EC2V 7QP. The presentation will be made available on Tarsus's website (www.tarsus.com) from 9.30 am on 2 March 2017.

Glossary*

Like-for-like revenue:
Constant exchange rates adjusted for biennial events, excluding acquisitions impacting for the first time in 2016, prior year disposals and non-recurring products and items.

Adjusted profit before tax:
Profit before tax adjusted for exceptional items, share option charges / credits, 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.

Adjusted EPS:
Profit after tax attributable to equity shareholders adjusted for exceptional items, share option charges / credits, 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.

Proforma revenue:
Revenue excluding any disposals made in the year and including Group’s share of any revenues recorded in joint venture companies not consolidated.

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

Buyer Growth:
Buyers adjusted for biennial events, prior year disposals and non-recurring products and items.

See note 3 for a reconciliation showing the impact of adjusting items.

Strategic overview

The Group made further progress in delivering its "Quickening the Pace" strategy which is focused on accelerating financial returns to shareholders. This is being achieved through a combination of organic growth from the existing portfolio, geographical replications of major brands across faster growth economies and the identification of acquisitions in our selected geographies.

The Group ran ten new replications during the year and expects this to increase in 2017.

Tarsus announced three acquisitions towards the end of the year, one in the US (Connect) and two in China (Hometex and Intex), thus deepening its presence in the world's two largest exhibition markets. Earlier in the year, the Group purchased 51% of PEP in the Philippines, further extending the Group's reach into the fast growing South East Asia economies. The Group's entrepreneurial culture, flexibility and willingness to collaborate with its partners in the development of their businesses, is proving attractive to vendors and was instrumental in enabling us to secure these acquisitions for the Group in 2016.

In addition, in line with its strategy, the Group continued to buy-in its minority interests. Accordingly, Tarsus acquired further minority interests in Turkey and Indonesia in the year. Tarsus' policy remains to buy-in outstanding minority interests at the appropriate time.

The Group assesses its performance against two KPIs:

1. Accelerating EPS growth

Through targeting underlying growth at its exhibitions in growth markets, the Group aims to deliver enhanced financial returns to its shareholders. By proactively managing its portfolio of events, adjusted EPS grew (on a constant currency basis over the biennial cycle) 5% per annum to 15.2p, against a 5-10% growth per annum target.

2. Buyer growth

The Group aims to drive buyer attendance at its events and strong like for like growth of 7% in 2016 compares favourably with an industry average of 3% and an internal target of 5%. This performance is being assisted by executing a focused programme for every show and by higher levels of knowledge sharing and by best practice disciplines across the Group.

Financial results

The financial results for the year ended 31 December 2016 were in line with the Board's expectations. Group revenues for the full year were £68.4m (2015: £86.9m), up 13% on a biennial basis (2014: £60.6m). Like-for-like revenues, at constant exchange rates, increased by 8%. Revenues were positively impacted by foreign exchange in 2016 principally from a strengthening in the US dollar.

Group adjusted profit before tax was £19.2m (2015: £26.3m), up 13% on a biennial basis (2014: £17.0m). Net interest expense of £2.4m (2015: £2.0m) reflected increased debt levels across 2016 as a result of acquisitions made during the year. Reported profit before tax was £8.6m (2015: £19.1m).

The Group incurred an amortisation charge of £6.9m (2015: £5.2m) and there was no impairment charge in 2016 (2015:£1.8m on the disposal of its French business).

The adjusted tax charge of £2.9m (2015: £3.8m) represents 15% (2015: 15%) of the Group's adjusted profit before tax. The reported tax charge is £0.7m (2015: £2.2m). We expect this rate to increase over time, owing to the changing profile of the countries in which we operate.

Adjusted earnings per share were 15.2p (2015: 21.4p), 20% up on a biennial basis (2014: 12.7p). Basic earnings per share for 2016 were 6.9p (2015: 14.4p).

The Group continued to deliver strong operating cash conversion, generating £20.3m of adjusted operating cash* during the year (2015: £27.0 and 2014: £19.5m). The Group's net debt as at 31 December 2016 increased to £69.5m (2015: £43.8m).

Reflecting the strong financial performance during 2016 the Tarsus Board is proposing a final dividend of 6.4p per share, bringing the total for the year to 9.1p per share (2015: 8.4p per share), an increase of 8%. This proposed rise is the sixth consecutive year of increases to the dividend and represents a compound annual growth rate of 8%.

The final dividend, subject to Shareholder approval, will be paid on 6 July 2017 to Shareholders on the Register of Members on 26 May 2017. A scrip dividend will continue to be offered to Shareholders as an alternative.

Corporate activity

Four acquisitions were agreed during the year.

In April 2016, Tarsus acquired 51% of PEP in the Philippines, organisers of WOFEX (World Food Expo) which runs annually in August and is the country's largest food trade show. This links strongly with the Group's food interests in Myanmar and Cambodia and substantially increases sector scale in the region.

In October 2016, Tarsus acquired a 50% interest in Intex, a major event organising business based in Shanghai, China. It has a portfolio of nine shows, four of which are major brands: Music China (Musical Instruments), CES Asia (Consumer Electronics), The Flower Show and Rail & Metro China. The business has strong support from local government.

In December 2016, Tarsus acquired 80.1% of Connect, a leading US business travel and meetings event company. Connect serves the business travel and meetings sector through a combination of national, regional and vertically focused events which are supplemented by an integrated media offering. These events bring together meeting professionals and planners with suppliers from the business travel and meetings sector. In addition to increasing Tarsus' exposure to the important US market, the potential expansion of Connect both within the US and internationally offers an attractive growth opportunity.

In December 2016, Tarsus agreed to acquire a 65% interest in Hometex, the leading bi-annual home textiles exhibition based in Shenzhen, China; with the acquisition completing in January 2017. The home furnishings market is now the fourth highest sector of family consumption in China and Guangdong province itself accounts for more than 50% of the Chinese home furnishing market by value. Hometex takes place bi-annually in the spring and autumn. The spring edition, the larger of the two events, occupies all of the available venue capacity and there is a currently a waiting list for this event.

The new exhibition centre planned for Shenzhen will see the venue triple in size to 300,000m^2. This will allow for potential expansion of the Hometex event from the 2019 edition onwards, and will potentially benefit the wider Tarsus portfolio. Hometex will work closely with Tarsus's housewares and home interiors events in Istanbul and Jakarta to exploit the synergies between each of them to grow, broaden and internationalise the events.

In addition to the above acquisitions, in line with its stated strategy, Tarsus also acquired the outstanding minority interests in CYF and Life Media, both in Turkey and PTIA in Indonesia.

In December 2016 Tarsus placed 10,252,610 new ordinary shares of 5 pence each in the capital of Tarsus Group plc to new and existing shareholders at a price of 235 pence per share, representing approximately 9.9 per cent of Tarsus' issued share capital raising net proceeds of £23.3 million.

Operating Review

The Group has changed its reporting structure in 2016, to reflect more accurately the geographic management of the businesses. Previously the Group reported under US, Europe and Emerging Markets. The segments are now Americas (US and Latin America), EMEA (Europe, Middle East and Turkey) and Asia (China and South East Asia).

Americas

(£m)	**2016**	**2015**	**2014**
Biennial revenue	6.8	-	5.1
Annual revenue	31.3	26.0	19.4
Total revenue	38.1	26.0	24.5
Adjusted profit before tax	17.1	11.4	12.7

Labels

Labelexpo Americas produced an excellent performance with visitor numbers up 8%, including a strong interest from Latin America. The show had more machinery on display than ever before and the continuing development of digital printing is helping to drive growth. As a result the event has had a very strong rebook for 2018.

Medical

Encouragingly the Medical division as a whole returned to growth in 2016. The Group's established anti-aging events in Orlando (May) and Las Vegas (December) were both record shows with increased attendances. Additionally, PAINWeek performed well in its first full year of ownership with a significant increase to the number of PAINWeekend events held across the US. While PAINWeek was helped by a strong new analgesic drug pipeline, both South Beach

Symposium (oncology) and the Cardiometabolic Health Congress were adversely affected by weaker pipelines in those therapeutic areas.

Offprice

Offprice in Las Vegas produced another solid performance in 2016 and despite the August event being impacted by a religious holiday.

Mexico

There was a good performance from Expo Manufactura (manufacturing) and Plastimagen (plastics) and bookings for 2017 are strong.

EMEA

(£m)	**2016**	**2015**	**2014**
Biennial revenue	3.7	32.7	3.2
Annual revenue	13.7	12.0	12.5
Total continuing revenue	**17.4**	**44.7**	**15.7**
Discontinued*	-	4.9	9.7
Total revenue	17.4	49.6	25.4
Adjusted profit before tax (continuing)	**2.1**	**15.3**	**2.3**
Discontinued*	-	0.4	1.2
Total Adjusted profit before tax	2.1	15.7	3.5

** French operations sold in 2015*

Dubai

Tarsus' education event GESS performed well with buyer attendance up 18%. GESS is one of the Group's key brands being replicated into other markets. The second editions of the events in Mexico City and Jakarta were both good performances with buyer attendance up significantly. Our aerospace events, MEBAA, AIME and MRO in Dubai, also performed well.

Turkey

There was a good performance across the portfolio with the larger shows trading well. Notwithstanding a challenging geopolitical environment, the Group's events remained resilient, buoyed by continuing strength in local buyer attendance. Going forward additional investment is being made to further strengthen existing exhibitions and increase market share.

Ideal Homex, Zuchex, Sign and The Flower Show all enjoyed good performances and in 2017 the biennials, Asansor (Lifts) and Komatek (Construction) return. Overall Turkey now comprises 7% of Group revenues.

Europe

Following the disposal of its French business in 2015, Tarsus's principal exposure in Europe is through the biennial Labelexpo where the bookings for 2017 are encouraging. The ongoing Labels publishing business continues to grow steadily, while the Additive Manufacturing show (formerly 3D print) has been relaunched as a B2B event and had an encouraging debut in Amsterdam.

Asia

(£m)	**2016**	**2015**	**2014**
Biennial revenue	1.0	1.8	0.8
Annual revenue	11.8	9.4	9.9
Total revenue	12.8	11.2	10.7
Adjusted profit before tax	4.8	3.3	4.1

China

Tarsus' strategy in China is twofold. Firstly, focusing on internal markets led by consumer demand to take advantage of the transition occurring in the country's economic growth and demographics. Secondly, focusing on creating scale in the country's key cities of Shanghai and Shenzhen.

SIUF, Asia's largest underwear show, demonstrated good progress over the 2015 edition with buyer growth of 13%. AAITF showed good growth in its second edition in its new venue in Shenzhen with revenue returning to previous levels. Hope, the Group's Central China division continued to perform well with revenues ahead of 2015.

South East Asia

In Indonesia, the established IIICE (Infrastructure) event now in its sixth year, achieved strong buyer attendance and the second edition of Big 5 Construct, held via a joint venture with DMGT, performed well. GESS (Dubai-based) also enjoyed a strong second edition in Jakarta.

The Group substantially increased its regional presence with the acquisition of 50% of AMB in July 2015 adding Malaysia, Myanmar, Cambodia and the Philippines to its geographic portfolio. This scale was further increased with the acquisition of PEP during the year. Performance across these regions was encouraging in 2016 and going forward Tarsus will be focused on scaling up in these territories. The first edition of Wofex (World Food expo) in the Philippines was strong.

Outlook

Trading for the first two months of 2017 has been in line with management's expectations. AAITF showed good growth in its third edition in Shenzhen. AIME and MRO in Dubai also performed well. In the US the South Beach Symposium and Off Price were solid events. Expo Manufactura recorded a record performance in Mexico in February 2017.

Bookings for our flagship biennial events, the Dubai Airshow and Labelexpo Europe, are promising. Whilst we are mindful of geopolitical uncertainty, 2017 the larger year in our biennial cycle, is looking exciting for the Group.

Neville Buch, Chairman
Douglas Emslie, Group Managing Director

Financing

The geographical composition of Tarsus' international event portfolio means that revenues and profits are generated in a range of currencies, principally US Dollars, Chinese Renminbi, Euros, Turkish Lira and Sterling. In 2016 approximately 64% of pro-forma revenues were generated in US Dollars, 1% in Euros, 10% in Turkish Lira, 3% in Sterling and 17% in Chinese Renminbi. As a result of the Group's currency composition, Sterling translated trading results are significantly affected by any changes in prevailing exchange rates during the year. The average exchange rates applicable were:

	2016	**2015**	**2014**
US $	1.30	1.50	1.61
Chinese Renminbi	9.43	9.25	10.38
Turkish Lira	3.95	4.20	3.53

Cash flows

Tarsus continues to generate strong cash flows from its operations. The larger events in the Group's portfolio typically have a positive working capital cycle and the 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 even years (including 2016) which do not include the Group's two largest events. This occurs as deferred income relating to these events builds up in the Statement of Financial Position ahead of the events in the following year.

During 2016, the Group generated £20.3m of adjusted operating cash* (2015: £27.0m; 2014: £19.5m).

The key non-operating cash flows in 2016 included:

- Dividends paid of £8.9m
- Contingent consideration payments totalling £4.9m
- Tax and interest paid totalling £3.1m
- Acquisition of Intex, PEP and Connect £42.5m
- Acquisition of minority interests £4.4m
- Net proceeds of share placing £23.4m
- Share purchases by Employee Benefit Trust £1.1m

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. The Group has a medium term gearing target of 1.5-2.0 x net debt/EBITDA across its two year earnings cycle.

In December 2016 Tarsus' external bank debt facility of £75m was extended to £111m and remains in place until December 2020. At 31 December 2016 all borrowings were denominated in Sterling. The Group has entered into interest rate swaps to fix the interest rates payable under its banking facilities.

The Group's net debt was £69.5m at 31 December 2016 (31 December 2015: £43.8m).

Net assets

As at 31 December 2016 the Group had net assets of £71.6m (31 December 2015: £39.9m).

Intangible assets

Intangible assets comprise goodwill, trademarks and customer lists. The carrying value of intangible assets at 31 December 2016 was £186.8m (31 December 2015: £127.1m).

Working capital

It is the Group's policy to recognise profits upon the completion of an event. Until completion, revenues and costs are held on the Statement of Financial Position. Included in net current liabilities as at 31 December 2016 is deferred income of £35.8m (2015: £24.1m; 2014: £28.5m). Prepaid event costs of £7.9m (2015: £4.8m; 2014: £3.7m) are included in Trade and Other Receivables.

Dan O'Brien
Group Finance Director
1 March 2017

CONSOLIDATED INCOME STATEMENT

	Note	Year to 31 December 2016 Headline £000	Adjusting items * £000	Reported £000	Year to 31 December 2015 Headline £000	Adjusting items * £000	Reported £000
Total Revenue		**68,358**	**-**	**68,358**	86,877	-	86,877
Less: Revenue from discontinued operations		**-**	**-**	**-**	-	(4,924)	(4,924)
Continuing Operations							
Group revenue	2	**68,358**	**-**	**68,358**	86,877	(4,924)	81,953
Operating costs		**(51,178)**	**(5,762)**	**(56,940)**	(59,640)	1,395	(58,245)
Share of profit of joint ventures		**4,427**	**(1,144)**	**3,283**	1,071	(288)	783
Group operating profit		**21,607**	**(6,906)**	**14,701**	28,308	(3,817)	24,491
Net finance costs		**(2,427)**	**(3,699)**	**(6,126)**	(1,988)	(3,434)	(5,422)
Profit before taxation		**19,180**	**(10,605)**	**8,575**	26,320	(7,251)	19,069
Taxation expense	4	**(2,899)**	**2,170**	**(729)**	(3,819)	1,643	(2,176)
Profit for the financial year from continuing operations		**16,281**	**(8,435)**	**7,846**	22,501	(5,608)	16,893
Loss for the financial year from discontinued operations		**-**	**-**	**-**	-	(1,426)	(1,426)
Profit for the financial period		**16,281**	**(8,435)**	**7,846**	22,501	(7,034)	15,467
Profit for the financial period attributable to equity shareholders of the parent company		**15,526**	**(8,435)**	**7,091**	21,613	(7,034)	14,579
Profit for the financial period attributable to non-controlling interests		**755**	**-**	**755**	888	-	888
		16,281	**(8,435)**	**7,846**	22,501	(7,034)	15,467

	Note	Headline	Reported	Headline	Reported
Earnings per share (pence)	6				
- basic		**15.2**	**6.9**	**21.4**	**14.4**
- diluted		**15.1**	**6.9**	**21.3**	**14.4**

	Note	£000	£000
Dividends	5		
Equity - ordinary			
Final 2015 dividend paid		5,998	5,469
Interim 2015 dividend paid		2,530	2,416
Minority dividend paid		470	1,908
		8,998	9,793

*see note 3 for adjusting items

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year to 31 December 2016	Year to 31 December 2015
	£000	£000
Profit for the financial year	7,846	15,467
Other comprehensive income/(expense):		
Cash flow hedge reserve - movement in fair value	(1,354)	(262)
Foreign exchange translation differences	11,584	(1,835)
Other comprehensive income / (expense)	10,230	(2,097)
Total comprehensive income for the year	18,076	13,370
Attributable to:		
Equity shareholders of the parent company	17,364	12,482
Non-controlling interests	712	888
Total comprehensive income for the year	18,076	13,370

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.

The amounts above are presented net of tax.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2016 £000	As at 31 December 2015 £000
NON-CURRENT ASSETS			
Property, plant and equipment		1,355	904
Intangible assets		186,813	127,127
Investment in Joint Ventures		34,281	23,595
Other investments		1	1
Deferred tax assets		3,224	2,503
		225,674	154,130
CURRENT ASSETS			
Trade and other receivables		33,420	29,709
Cash and cash equivalents	7	15,946	10,693
		49,366	40,402
CURRENT LIABILITIES			
Trade and other payables		(33,357)	(27,536)
Deferred income		(35,790)	(24,135)
Provisions		(165)	(200)
Liabilities for current tax		(692)	(1,510)
		(70,004)	(53,381)
NET CURRENT LIABILITIES		(20,638)	(12,979)
TOTAL ASSETS LESS CURRENT LIABILITIES		205,036	141,151
NON-CURRENT LIABILITIES			
Other payables		(38,716)	(38,364)
Deferred tax liabilities		(10,881)	(8,505)
Interest bearing loans and borrowings	7	(83,800)	(54,350)
		(133,397)	(101,219)
NET ASSETS		71,639	39,932
EQUITY			
Share capital		5,637	5,091
Share premium account		72,304	48,280
Other reserves		(5,618)	(15,891)
Retained loss		(3,047)	(1,972)
Issued capital and reserves attributable to equity shareholders of the parent		69,276	35,508
NON-CONTROLLING INTERESTS		2,363	4,424
TOTAL EQUITY		71,639	39,932

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year to 31 December 2016 £000	Year to 31 December 2015 £000
Cash flows from operating activities			
Profit for the year		7,846	15,467
Adjustments for:			
Depreciation		387	434
Amortisation & Impairment		6,918	6,969
Other gains		(4,445)	(4,469)
Loss on disposal of tangible assets		5	93
Profit on disposal of subsidiary		-	(165)
Share option charge		2,234	1,706
Taxation charge	4	729	2,202
Interest payable		6,126	5,422
Share of joint venture profits		(3,283)	(783)
Dividend received from joint venture company		957	975
Operating cash flow before changes in working capital		17,474	27,851
(Increase)/ decrease in trade and other receivables		(2,079)	2,862
Increase/ (decrease) in trade and other payables		525	(8,381)
(Decrease) / increase in provisions		(106)	62
Cash generated from operations		15,814	22,394
Interest paid		(2,401)	(1,768)
Income taxes paid		(711)	(1,960)
Net cash from operating activities		12,702	18,666
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		-	163
Acquisition of property, plant & equipment		(232)	(615)
Acquisition of intangible fixed assets		(687)	(1,088)
Acquisition of subsidiaries - cash paid		(36,332)	(3,258)
Acquisition of joint venture - cash paid		(6,130)	(2,675)
Proceeds on disposal of business		1,536	3,256
Acquisition of subsidiaries - cash acquired		459	-
Deferred and contingent consideration paid		(4,943)	(7,247)
Put call option liability paid		(4,392)	-
Net cash outflow from investing activities		(50,721)	(11,464)
Cash flows from financing activities			
Drawdown of borrowings		29,450	3,393
Bank facility fees		(305)	(243)
Proceeds from the issue of share capital		24,094	-
Purchases for employee benefit trust		(1,077)	(1,445)
Dividends paid to shareholders in parent company		(8,474)	(7,638)
Dividends paid to non-controlling interests in subsidiaries		(417)	(1,908)
Costs of shares issued		(719)	-
Net cash inflow / (outflow) from financing activities		42,552	(7,841)
Net increase / (decrease) in cash and cash equivalents		4,533	(639)
Opening cash and cash equivalents		10,693	12,347
Foreign exchange movements		720	(1,015)
Closing cash and cash equivalents	7	15,946	10,693

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital Account £000	Share Premium Reserve £000	Other Reserves: Reorgan-isation Reserve £000	Other Reserves: Capital Redemption Reserve £000	Other Reserves: Fair Value Reserve £000	Other Reserves: Foreign Exchange Reserve £000	Retained Earnings £000	Non-Controlling Interests £000	Total £000
As at 1 January 2016	5,091	48,280	6,013	(443)	(1,080)	(20,381)	(1,972)	4,424	39,932
Recognised foreign exchange gains for the period	-	-	-	-	-	11,627	-	(43)	11,584
Profit for the period:									
– Attributable to equity shareholders	-	-	-	-	-	-	7,091	-	7,091
– Attributable to non-controlling interests	-	-	-	-	-	-	-	755	755
Cash flow hedge reserve	-	-	-	-	(1,354)	-	-	-	(1,354)
Total comprehensive income / (expense) for the period	-	-	-	-	(1,354)	11,627	7,091	712	18,076
Scrip dividend	1	53	-	-	-	-	-	-	54
New share capital subscribed	545	24,782	-	-	-	-	-	-	25,327
Cost of shares issued	-	(811)	-	-	-	-	-	-	(811)
Share option charge	-	-	-	-	-	-	1,896	-	1,896
Movement in reserves relating to deferred tax	-	-	-	-	-	-	(829)	-	(829)
Other movements in reserves	-	-	-	-	-	-	(1,582)	-	(1,582)
Dividend paid	-	-	-	-	-	-	(8,528)	-	(8,528)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(470)	(470)
Purchase of non-controlling interests	-	-	-	-	-	-	2,240	(2,240)	-
Written Put/Call options over non-controlling interests	-	-	-	-	-	-	(1,363)	-	(1,363)
Non-controlling interests arising on acquisition	-	-	-	-	-	-	-	(63)	(63)
Net change in shareholders' funds	546	24,024	-	-	(1,354)	11,627	(1,075)	(2,061)	31,707
As at 31 December 2016	5,637	72,304	6,013	(443)	(2,434)	(8,754)	(3,047)	2,363	71,639

	Share Capital Account £000	Share Premium Reserve £000	Other Reserves: Reorgan-isation Reserve £000	Other Reserves: Capital Redemption Reserve £000	Other Reserves: Fair Value Reserve £000	Other Reserves: Foreign Exchange Reserve £000	Retained Earnings £000	Non-Controlling Interests £000	Total £000
At 1 January 2015	5,060	47,424	6,013	(443)	(818)	(18,546)	(6,601)	5,444	37,533
Recognised foreign exchange losses for the period	-	-	-	-	-	(1,835)	-	-	(1,835)
Profit for the period:									
– Attributable to equity shareholders	-	-	-	-	-	-	14,579	-	14,579
– Attributable to non-controlling interests	-	-	-	-	-	-	-	888	888
Cash flow hedge reserve	-	-	-	-	(262)	-	-	-	(262)
Total comprehensive income / (expense) for the period	-	-	-	-	(262)	(1,835)	14,579	888	13,370
Scrip dividend	6	240	-	-	-	-	-	-	246
New share capital subscribed	25	616	-	-	-	-	-	-	641
Share option charge	-	-	-	-	-	-	1,422	-	1,422
Movement in reserves relating to deferred tax	-	-	-	-	-	-	(1,237)	-	(1,237)
Other movements in reserves	-	-	-	-	-	-	(2,250)	-	(2,250)
Dividend paid	-	-	-	-	-	-	(7,885)	-	(7,885)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(1,908)	(1,908)
Net change in shareholders' funds	31	856	-	-	(262)	(1,835)	4,629	(1,020)	2,399
As at 31 December 2015	5,091	48,280	6,013	(443)	(1,080)	(20,381)	(1,972)	4,424	39,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The results for the year ended 31 December 2016 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 2015. The 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 2016 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 2016 or 2015 but is derived from those accounts. Statutory accounts for 2015 have been delivered to the Jersey Financial Services Commission Companies Registry. Those for the year ended 31 December 2016 will be delivered following the Company's Annual General Meeting on 19 June 2017.

This financial information has been extracted from the Group's Annual Report and Accounts for the year ended 31 December 2016. The auditors have reported on these accounts; their reports were unqualified, did not draw attention to any matters by the emphasis without qualifying their report and did not contain statements under s.113B(3) or (4) Companies (Jersey) Law 1991 or equivalent preceding legislation. The Group intends to publish its 2016 Annual Report and Accounts in March 2017.

2. SEGMENTAL ANALYSIS

As at 31 December 2016, the Group was organised into three main segments – EMEA, Americas, and Asia. This has changed from the prior year when the three main segments were - Europe, USA, and Emerging Markets. The change in segments reflects the format in which the key decision makers now review the business, the composition of the business and strategic intent. We have restated the prior year segmental analysis to reflect the new segments.

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 reportable segments:

	31 December 2016				
Revenue by sector	**Americas £'000**	**Asia £'000**	**EMEA £'000**	**Central Costs £'000**	**Group £'000**
Group revenue from continuing operations	38,122	12,818	17,418	-	68,358
Profit/(loss) from operating activities	17,088	4,804	2,144	(9,335)	14,701
Net financing costs	-	-	-	(6,126)	(6,126)
Profit/(loss) before taxation	17,088	4,804	2,144	(15,461)	8,575
Total adjusting items - note 3	-	-	-	10,605	10,605
Adjusted profit/(loss) before tax	17,088	4,804	2,144	(4,856)	19,180
Segment non-current assets	126,763	47,254	48,433	-	222,450
Segment current assets	13,546	8,060	27,760	-	49,366
	140,309	55,314	76,193	-	271,816
Deferred tax assets					3,224
Total assets					275,040
Segment liabilities	(36,588)	(21,755)	(133,485)	-	(191,828)
Liabilities for current tax					(692)
Deferred tax liabilities					(10,881)
Total liabilities					(203,401)

RESTATED **Revenue by sector**	**Americas** **£'000**	**Asia** **£'000**	**EMEA** **£'000**	**Central Costs** **£'000**	**Group** **£'000**
			31 December 2015		
Total Revenue	26,046	11,232	49,599	-	86,877
Less: Revenue from discontinued operations	-	-	(4,924)	-	(4,924)
Group revenue from continuing operations	26,046	11,232	44,675	-	81,953
Profit/(loss) from operating activities	11,423	3,288	15,339	(5,559)	24,491
Net financing costs	-	-	-	(5,422)	(5,422)
Profit/(loss) before taxation	11,423	3,288	15,339	(10,981)	19,069
Total adjusting items - note 3	-	-	400	6,851	7,251
Adjusted profit/(loss) before tax	11,423	3,288	15,739	(4,130)	26,320
Segment non-current assets	70,350	34,230	47,047	-	151,627
Segment current assets	10,094	4,615	25,693	-	40,402
	80,444	38,845	72,740	-	192,029
Deferred tax assets					2,503
Total assets					194,532
Segment liabilities	(27,049)	(21,955)	(95,581)	-	(144,585)
Liabilities for current tax					(1,510)
Deferred tax liabilities					(8,505)
Total liabilities					(154,600)

3. 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, unwinding of discount charges, changes in fair value of contingent consideration and put/ call liabilities, acquisition related costs, discontinued operations and the related taxation impact.

	Year to 31 December 2016 £000	Year to 31 December 2015 £000
Operating items:		
Revenue from discontinued operations	-	4,924
Operating costs:		
Operating costs from discontinued operations	-	(6,323)
Acquisition and potential acquisition costs	2,144	1,714
Changes in fair value of put/call and contingent consideration	(4,104)	(4,041)
Share option charge	2,234	1,706
Amortisation charge (excluding amounts charged to costs of sale)	5,304	3,721
Other	184	193
Impairment	-	1,800
Profit on sale of investment	-	(165)
Total adjusting items in operating costs	5,762	(1,395)
Tax on joint venture profits	1,144	288
Total adjusting items in operating profit	6,906	3,817
Finance item - Unwinding of discount	3,699	3,434
Adjusting items before tax	10,605	7,251
Taxation:		
Tax on joint venture profits	(1,144)	(288)
Tax relating to adjusting items	(1,026)	(1,355)
	(2,170)	(1,643)
Discontinued operations	-	1,426
Total adjusting items	8,435	7,034

4. INCOME TAX EXPENSE

	2016 £000	2015 £000
Corporation tax:		
Overseas tax on profits for the period	1,236	2,365
Adjustments to overseas corporation tax in respect of previous periods	(269)	(1,566)
Current tax charge for the period	967	799
Deferred tax:		
Origination and reversal of timing differences	215	357
Adjustment in respect of previous periods (tax losses recognised)	(8)	(1)
Adjustments in respect of previous periods (timing difference recognised)	(445)	1,021
Total deferred tax	(238)	1,377
Tax charge for the year	729	2,176
Current tax charge for the period for discontinued operations	-	26

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

	2016 £000	2015 £000
Profit before taxation	8,575	19,069
Tax on profit on ordinary activities at 25% (2015: 25%)	2,144	4,767
Effects of:		
Non-deductible expenses / non-taxable income	(1,133)	654
Current period losses unrecognised	698	127
Tax effect of share of results of associates	(889)	(288)
Utilisation of brought forward losses unrecognised	-	(274)
Effect of tax rates in overseas jurisdictions	165	(2,603)
Over provision in respect of prior periods	(722)	(547)
Current period credit for current and historic exposures	-	(460)
Recognition of previously unrecognised losses	(29)	-
Other items	495	800
Tax on profit on ordinary activities	729	2,176

Tax debit recognised directly in equity

	2016 £000	2015 £000
Current tax on exercised employee share options	-	532
Deferred tax on losses and prepaid expenses	(55)	-
Deferred tax on intangible assets due to foreign exchange movements	(1,029)	(1,134)
Deferred tax on unexercised employee share options	255	(264)
Total tax recognised in equity	(829)	(866)

5. DIVIDENDS

	2016 £000	2015 £000
Dividend paid in cash or scrip		
2015/2014 interim dividend (2.5p / 2.4p per share)	2,530	2,416
2015/2014 final dividend (5.9p / 5.4p per share)	5,998	5,469
	8,528	7,885
Dividend paid and proposed post year end		
2016/2015 interim dividend paid (2.7p / 2.5p per share)	2,751	2,530
2016/2015 final dividend proposed (6.4p / 5.9p per share)	7,218	6,024
	9,969	8,554

An interim dividend of 2.7p per share (2015: 2.5p) was paid on 13 January 2017 to shareholders on the Register of Members of the Company as at 02 December 2016.

The directors announced the proposed final dividend for 2016, of 6.4p per share, on 1 March 2017. Subject to approval at the Annual General Meeting on 21 June 2017, the proposed date of payment is 6 July 2017 to Shareholders on the Register of Members as at 26 May 2017.

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

	2016 Pence	2015 Pence
Basic earnings per share	6.9	14.4
Diluted earnings per share	6.9	14.4
Adjusted earnings per share	15.2	21.4
Adjusted diluted earnings per share	15.1	21.3

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

Diluted earnings per share
Diluted earnings per share has been calculated on profit after tax attributable to ordinary shareholders for the year (as shown on the Consolidated Income Statement) and the diluted weighted average number of ordinary shares 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 3 and the weighted average number of ordinary shares (as above) in issue in the year.

Adjusted diluted earnings per share
Adjusted diluted earnings per share is calculated using adjusted profit after tax as reconciled in note 3 and the weighted average number of diluted ordinary shares (as above) in issue in the year.

Weighted average number of ordinary shares (diluted):

	2016 Number	2015 Number
Weighted average number of ordinary shares	102,353,366	101,088,069
Dilutive effect of share options	739,494	289,250
Weighted average number of ordinary shares (diluted)	103,092,860	101,377,319

Dilutive and anti-dilutive share options were determined using the average closing price for the period. The average share price used was 253.38 pence.

7. OVERDRAFTS AND OTHER INTEREST-BEARING LOANS AND BORROWINGS

	2016 £000	2015 £000
Two to five years		
Bank loans	83,800	54,350
Total financial liabilities	83,800	54,350
Cash balances	(15,946)	(10,693)
Net financial liabilities and cash balances	67,854	43,657
Capitalised bank fees	(848)	(930)
Fair value of fx forwards	23	-
Fair value of interest rate swaps	2,434	1,080
Net debt	69,463	43,807

The bank loans are secured by a fixed and floating charge over the undertakings and property of certain subsidiaries. The parent and subsidiaries also act as guarantors for the loans.

	2016 £000	2015 £000
Current liabilities		
Secured bank loans	-	-
Non-current liabilities		
	83,800	54,350
Total financial liabilities	83,800	54,350

8. ACQUISITION OF SUBSIDIARY

i) On 27 April 2016, the Group acquired 51% of the trade and assets of PEP ("PEP"), an exhibition business.

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 this acquisition:

	Book Value	Adjustments	Fair value
	£000	£000	£000
Other intangibles	-	1,348	1,348
Trade and other payables	(68)	-	(68)
Deferred tax asset/ (liability)	-	20	20
Net assets acquired	(68)	1,368	1,300
Goodwill arising on acquisition			759
			2,059
Consideration paid and costs incurred:			
Satisfied in cash			966
Contingent consideration (less than one year)			546
Contingent consideration (over one year)			547
Total consideration incurred			2,059
Consideration paid in cash			966
Cash acquired			-
Total net cash outflow			966

The non-controlling interest is measured as their proportionate share of the fair value of net assets. Since the release of the Interim Financial Statements the Group has reviewed the values used in accounting for the intangible assets, goodwill and liabilities related to the acquisition. The change in the acquisition accounting estimates has changed due to more accurate forecasts on the performance of PEP, and are therefore measurement period adjustments.

Tarsus and the vendor hold put/call options over the remaining 49% of the shares of the business, exercisable by the seller in 2022 or by both parties in 2025, with consideration payables based on a multiple of EBIT in the relevant year. The Group has recognised a liability for this in accordance with IAS32 "Financial Instruments", with a corresponding debit in equity. The non-controlling interest is measured at their proportionate share of the fair value of net assets.

Contingent consideration, relates to payments to vendors, payable after completion, that are dependent on the outcome of future events. This contingent consideration is dependent on the financial performance of the exhibitions occurring in 2018.

From the date of acquisition to 31 December 2016, the acquisition has contributed £0.5m of revenue to the Group.

Goodwill of £0.8 million, recognised on this acquisition, relates to certain assets that cannot be separated and reliably measured. These items include sector knowledge and the anticipated future profitability that the Group can bring to the business acquired. Consistent with other media companies, goodwill makes up a large percentage of the fair value of the acquisition.

The Group incurred transaction costs of £100,000 in respect of the acquisition, which were expensed.

ii) On 7 December 2016, the Group acquired 80.1% of the trade and assets of Connect Meetings Inc ("Connect"), an exhibition business.

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 this acquisition:

	Book Value £000	Adjustments £000	Fair value £000
Other Intangibles	-	23,937	23,937
Trade and other receivables	577	-	577
Trade and other payables	(712)	(313)	(1,025)
Deferred tax asset/ (liability)	-	119	119
Net assets acquired	(135)	23,743	23,608
Goodwill arising on acquisition			21,316
			44,924
Consideration paid and costs incurred:			
Satisfied in cash			36,128
Contingent consideration (less than one year)			6,997
Contingent consideration (over one year)			1,799
Total consideration incurred			44,924
Consideration paid in cash			36,128
Cash acquired			(245)
Total net cash outflow			35,883

Contingent consideration, relates to payments to vendors, payable after completion, that are dependent on the outcome of future events. This contingent consideration is dependent on the financial performance of the exhibitions occurring in 2017 and 2018.

From the date of acquisition to 31 December 2016, the acquisition has contributed £0.8m of revenue to the Group.

Goodwill of £23.6 million, recognised on this acquisition, relates to certain assets that cannot be separated and reliably measured. These items include sector knowledge and the anticipated future profitability that the Group can bring to the business acquired. Consistent with other media companies, goodwill makes up a large percentage of the fair value of the acquisition.

The Group incurred transaction costs of £500,000 in respect of the acquisition, which were expensed.

10. GOING CONCERN AND VIABILITY

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.

The directors have assessed the viability of the Group over a three year period to December 2019, taking account of the Group’s current position and the potential impact of the principal risks documented in note 11. The choice of a 3 year period is aligned with the Board’s periodic strategic review and plan – it is also used by the Remuneration Committee to set targets for the long term incentive plan.

The plan makes certain assumptions about the acceptable performance of the underlying portfolio of shows and the availability of venues.

The directors’ assessment considered the resilience of the Group, taking account of its current position including committed financing throughout the period, forward bookings, the principal risks facing the business in severe but reasonable scenarios and the effectiveness of any mitigating actions. This assessment has considered the potential impacts of these risks on the plan, including solvency and liquidity over the period – primarily through reducing revenues and cash-flows in the plan. It has also taken account of the mitigating actions including withholding dividends and reducing launch investments and capex.

Based on this assessment, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2019.

11. PRINCIPAL RISKS AND UNCERTAINTIES

The directors have identified below the principal risks and uncertainties relating to the Group’s business.

Tarsus’ events and exhibitions business may be adversely affected by incidents which curtail travel, such as 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 the relevant event and may, therefore, affect reported revenues.

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

As a result of acquisitions and organic growth, the Group operates in many geographic regions such as China, India, the United Arab Emirates, Turkey, Indonesia 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 the Company 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 in allowing the Company to attract and retain 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 the net assets and 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.

Venue availability

Damage to or unavailability of a particular venue could impact specific events within the Group's portfolio. The Group also has key commercial relationships with venues which secure the Group's rights to run its exhibitions in the future.

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 the Company 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.

Breaches of the Group's data security systems or other unauthorised access to its databases, intellectual property or information could adversely affect its businesses and operations

The Group has valuable databases and intellectual property and, as part of its businesses, provides its customers with access to database information such as treatises, journals and publications as well as other data. There are persons who may try to breach the Group's data security systems or gain other unauthorised access to its databases in order to misappropriate such information for potentially fraudulent purposes. Due to the rapid change in the nature of these threats to the Group's databases, intellectual property and other information, it may be unable to anticipate or protect against the threat of breaches of data security or other unauthorised access. Such breaches could damage the Group's reputation and expose it to a risk of loss or litigation and possible liability, as well as increase the likelihood of more extensive governmental regulation of these activities in a way that could adversely affect this aspect of the Group's business. Legal actions against the Group could have a material adverse effect on the Group's business, financial condition and results of operations.

Competition

The Group's businesses operate in competitive markets, which continue to evolve in response to technological innovations, legislative and regulatory changes, the entrance of new competitions and other factors. Whilst an event or sectors in a market could have its prospects curtailed by these factors, the breadth of the Group's portfolio, with its geographic and sector diversity, reduces the risk to Tarsus' overall business.

12. RESPONSIBILITY STATEMENT OF THE DIRECTORS

The responsibility statement below has been prepared in connection with the company's full annual report for the year ending 31 December 2016. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

> the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
>
> the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the board of directors for release on 1 March 2017

The Annual General Meeting will be held at the Writers Room, Radisson BLU Hotel Dublin Airport, Dublin, Ireland on 21 June 2017 at 11.00am.

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