Tarsus

A world of global opportunities

Condensed Interim Financial Statements 2011

Tarsus Group plc

6 months ended 30th June 2011

Tarsus

Aerospace | Emerging Markets | Medical | Labels & Packaging | Discount Clothing | France

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CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

OVERVIEW

2011 has started well, with increased economic confidence noticeable in our emerging markets' portfolio. The Off Price and Medical events in the US also continued to perform well. The key trend in the first half of the year has been the acceleration in forward bookings as exhibitors have gained confidence and sought to grow their revenues. Whilst trading is very heavily weighted towards the second half, this first half performance augers well for the full year driven by our important Labelexpo Europe and the Dubai Airshow events.

The acquisition of IFO in Turkey was an important step in the delivery of our 50/13 strategy. It is a major operator in the region and has a portfolio of market leading events which, combined with a strong management team, gives us a strong platform for growth in the region. The integration of IFO into the Group is progressing in line with our acquisition plan. We are looking to expand IFO's existing events, develop new products as well as looking to add other events in the region.

The successful placing of 11,347,517 new ordinary shares in May, which raised £15 million net of expenses, has strengthened our balance sheet and coupled with improved cash flow has resulted in a 40% reduction in net debt to £17.3 million from £28.6m at the beginning of the year.

We continue to evaluate selective acquisition opportunities but will adhere to our strict criteria of geography, sector and valuation.

FINANCIAL REVIEW

Group revenue for the period was £19.2 million (2010: £16.9 million) – an increase of 14% on the same period last year, with underlying like-for-like growth of 7%.

Loss before tax was £1.5 million (2010: loss £0.5 million) and adjusted profit before tax was £0.6 million (2010: £1.1 million). This performance reflects both the increased interest costs in the period before the receipt of the proceeds from the equity fundraising and the increased overheads in advance of the strong programme of events scheduled for the second half of 2011. The Group incurred exceptional costs of £0.4 million in respect of acquisition costs that were expensed.

Basic loss per share was 2.3p (2010: 1.6p) whilst adjusted earnings per share were 0.1p (2010: 0.8p).

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

Operating cash flow continued to be very strong with £3.1 million generated in the period (2010: £1.6 million). Operating cash conversion continued to be high at 219% reflecting the difference in timing between cash collection and profit recognition of our large biennial events. Net debt reduced significantly and at 30 June 2011 was £17.3 million (2010: £31.9 million). The Group's balance sheet position is strong and provides a robust foundation for the business.

On 19 May 2011, the Group announced the acquisition of 75% of the issued share capital of Istanbul based IFO, one of the largest independent exhibition businesses in Turkey, for up to £10.0 million in aggregate payable in cash.

On 7 June 2011, the Group announced the successful completion of the placing of 11,347,517 new ordinary shares raising £15.0 million net of expenses. These proceeds were used to finance the acquisition of IFO, reduce the Group's indebtedness and provide additional working capital for the Group.

The Directors are proposing an interim dividend of 2.1p per share (2010: 2.0p). The interim dividend will be paid on 19 January 2012 to Shareholders on the Register of Members of the Company on 9 December 2011. We will continue to offer a scrip alternative.

GEOGRAPHIC ANALYSIS

USA – strong performance across the portfolio

Europe – difficult first half in France

Emerging Markets – good performance in both Middle East and China; Turkey off to good start

	US		Europe		Emerging Markets	
£'m	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Revenue	6.5	6.2	7.1	7.4	5.7	3.3
Adjusted Profit before tax	2.0	1.9	0.1	0.4	0.5	0.1

USA

The February Off Price was yet another record event with revenues up 10% compared with the equivalent 2010 event. Continuing demand for 'value' product is driving growth. Our expansion into footwear and accessories has been well received by the market and the August edition is tracking well.

Sales in our Medical Division were up 12% in the period with education/online products showing strong growth. The launch of the online educational business internationally has been well received. As highlighted at our Autumn Investor Presentation in London last year, growth in 'wellness' is driving strong demand for both existing and new products.

Europe

French sales were down 6% in the first half. The smaller events, which are skewed towards the first half, continue to lag behind the recovery being seen in the larger events. The largest exhibition in the period, Modamont, performed relatively well with revenues at a similar level to the 2010 event. Sales for the September Modamont event are tracking ahead of the 2010 edition. It is pleasing that bookings for 3 out of 4 of our major events in the second half are now ahead of their 2010 editions.

Sales for the major Labelexpo Europe event in September are already ahead of its 2009 event level.

Emerging Markets

Our emerging markets portfolio of events saw good growth in the period with notable performances in Dubai from GESS (education supplies) and Gulf Pack & Print. We also hosted the first Al Ain aerobatic show in partnership with the Abu Dhabi Tourist Authority. Customer expectations for the Dubai Airshow have risen following the success of the recent Paris Airshow. Bookings are now ahead of the corresponding 2009 show and we are increasingly confident of a record show for 2011.

Hope (China) had a successful first half with sales up 11% and positive momentum has continued into the second half.

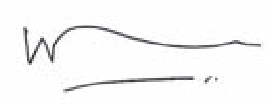
REW, our waste recycling exhibition, was the first Turkish event to take place under our ownership and performed in-line with pre-acquisition expectations.

OUTLOOK

In what remains a relatively subdued global economy we are seeing encouraging trends. Forward bookings remain strong and currently stand at 87% of anticipated full year revenues (2010: 77%). Our major second half events are tracking well and the benefits of the Group's strategy are becoming more evident.

The second half of 2011 will be the most significant trading period in the Group's history with major events taking place in the main geographies where we operate. The momentum we carry forward from the first half should herald a strong performance in the second half.

We have made good progress on our long term strategy of increasing our exposure to Emerging Markets (Project 50/13). Approximately 37% of 2011 Group revenues, on a pro-forma basis, will be derived from these geographies and we remain on track to hit 50% by 2013. The Group continues to strive for growth both organically and through selective value enhancing acquisitions.



Neville Buch
Chairman
27 July 2011

Douglas Emslie
Group Managing Director

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 2011 which comprises the Condensed Consolidated Interim Income Statement, Condensed Consolidated Interim Statement of Comprehensive Income, Condensed Consolidated Interim Statement of Financial Position, Condensed Consolidated Interim Statement of Changes in Equity, Condensed Consolidated Interim Statement of Cash Flows and the related notes. 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 the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 reached.

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 Services 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.

INDEPENDENT REVIEW REPORT TO TARSUS GROUP PLC

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 enquiries, 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 2011 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 Services Authority.

PKF(UK)LLP.

PKF (UK) LLP
27 July 2011
London, UK

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June

	Notes	2011 £000 Unaudited	2010 £000 Unaudited
Revenue	7	19,233	16,882
Operating costs		(19,694)	(16,822)
Operating loss/profit		(461)	60
Finance costs		(1,078)	(607)
Loss before taxation		(1,539)	(547)
Taxation credit/(charge)	8	98	(190)
Loss for the financial period		(1,441)	(737)
Loss for the financial period attributable to equity shareholders of the parent company		(1,771)	(1,072)
Profit for the financial period attributable to non- controlling interests		330	335
		(1,441)	(737)

	Notes	2011 Unaudited	2010 Unaudited
Loss per share (pence)	9		
– basic		(2.3)	(1.6)
– diluted		(2.3)	(1.6)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

	Notes	2011 £000 Unaudited	2010 £000 Unaudited
Loss for the financial period		(1,441)	(737)
Other comprehensive income:			
Foreign exchange translation differences	13	237	4,378
Cash flow hedges:			
Losses during the period		(221)	–
Other comprehensive income		16	4,378
Total comprehensive (expense)/income for the period		(1,425)	3,641
Attributable to:			
Equity holders of the parent company		(1,755)	3,306
Non-controlling interests		330	335
Total comprehensive (expense)/income for the period		(1,425)	3,641

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2011 £000 Unaudited	30 June 2010 £000 Unaudited	31 December 2010 £000 Restated Audited
NON-CURRENT ASSETS				
Property, plant and equipment		2,012	1,226	1,314
Intangible assets	10	100,424	97,842	93,441
Other investments		1	–	1
Deferred tax assets		989	1,274	1,242
		103,426	100,342	95,998
CURRENT ASSETS				
Trade and other receivables		14,034	15,380	13,305
Cash and cash equivalents		14,580	5,849	10,968
		28,614	21,229	24,273
CURRENT LIABILITIES				
Trade and other payables		(19,055)	(13,725)	(15,546)
Deferred income		(25,996)	(20,076)	(20,332)
Interest bearing loans and borrowings		(1,875)	(8,900)	(2,750)
Liabilities for current tax		(4,719)	(3,769)	(5,009)
		(51,645)	(46,470)	(43,637)
NET CURRENT LIABILITIES		(23,031)	(25,241)	(19,364)
TOTAL ASSETS LESS CURRENT LIABILITIES		80,395	75,101	76,634
NON-CURRENT LIABILITIES				
Other payables		(4,099)	(3,069)	(6,160)
Deferred tax liability		(3,774)	(4,585)	(3,703)
Interest bearing loans and borrowings		(28,807)	(28,485)	(35,889)
		(36,680)	(36,139)	(45,752)
NET ASSETS		43,715	38,962	30,882
EQUITY				
Share capital		4,342	3,465	3,757
Share premium account		26,723	6,295	12,133
Other reserves		(5,208)	173	(5,224)
Retained earnings		16,802	27,625	20,037
Issued capital and reserves attributable to equity holders of the parent		42,659	37,558	30,703
NON CONTROLLING INTEREST		1,056	1,404	179
TOTAL EQUITY		43,715	38,962	30,882

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £000	Share premium account £000	Reorganisation reserve £000	Capital redemption reserve £000	Fair value reserve £000	Foreign exchange reserve £000	Retained earnings £000	Non-controlling interest £000	Total £000
		Attributable to equity holders of the parent								
As at 30 June 2011:										
Recognised foreign exchange gain for the period		–	–	–	–	–	237	–	–	237
Decrease in Fair Value of hedging derivatives		–	–	–	–	(221)	–	–	–	(221)
Non-controlling interest profit for the period		–	–	–	–	–	–	–	330	330
Loss attributable to shareholders		–	–	–	–	–	–	(1,771)	–	(1,771)
Total comprehensive result for the period		–	–	–	–	(221)	237	(1,771)	330	(1,425)
Scrip dividend		1	12	–	–	–	–	–	–	13
New share capital subscribed		584	15,711	–	–	–	–	–	–	16,295
Cost of shares issued		–	(1,133)	–	–	–	–	–	–	(1,133)
Share option charge		–	–	–	–	–	–	105	–	105
Movement in reserves relating to deferred tax		–	–	–	–	–	–	(90)	–	(90)
Dividend paid		–	–	–	–	–	–	(1,479)	–	(1,479)
Acquisition of non-controlling interests		–	–	–	–	–	–	–	547	547
Net change in shareholders' funds		585	14,590	–	–	(221)	237	(3,235)	877	12,833
Opening equity shareholders' funds		3,757	12,133	6,013	(443)	14	(10,808)	23,565	179	34,410
Prior restatement – in year effect	16	–	–	–	–	–	–	(3,528)	–	(3,528)
Restated Opening equity shareholders' funds		3,757	12,133	6,013	(443)	14	(10,808)	20,037	179	30,882
Closing equity shareholders' funds		4,342	26,723	6,013	(443)	(207)	(10,571)	16,802	1,056	43,715

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent								
	Share capital £000	Share premium account £000	Reorganisation reserve £000	Capital redemption reserve £000	Fair value reserve £000	Foreign exchange reserve £000	Retained earnings £000	Non-controlling interest £000	Total £000
As at 30 June 2010:									
Recognised foreign exchange gain for the period	–	–	–	–	–	4,378	–	–	4,378
Non-controlling interest profit for the period	–	–	–	–	–	–	–	335	335
Loss attributable to shareholders	–	–	–	–	–	–	(1,072)	–	(1,072)
Total comprehensive result for the period	–	–	–	–	–	4,378	(1,072)	335	3,641
New share capital subscribed	43	262	–	–	–	–	–	–	305
Share option charge	–	–	–	–	–	–	203	–	203
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(404)	(404)
Net change in shareholders' funds	43	262	–	–	–	4,378	(869)	(69)	3,745
Opening equity shareholders' funds	3,422	6,033	6,013	(443)	–	(9,775)	28,494	1,473	35,217
Closing equity shareholders' funds	3,465	6,295	6,013	(443)	–	(5,397)	27,625	1,404	38,962

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June

	2011 £000 Unaudited	2010 £000 Unaudited
Cash flows from operating activities		
Loss for the period	(1,441)	(737)
Adjustments for:		
Depreciation	249	190
Amortisation	1,505	1,422
Share option charge	105	203
Taxation (credit)/charge	(98)	190
Net interest	1,078	607
Operating cashflow before changes in working capital and provisions	1,398	1,875
Increase in trade and other receivables	(970)	(180)
Decrease/(increase) in current trade and other payables	2,689	(107)
Cash generated from operations	3,117	1,588
Interest paid	(1,303)	(1,826)
Income taxes paid	(394)	(589)
Net cash from operating activities	1,420	(827)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(280)	(346)
Acquisition of intangible assets	(109)	–
Acquisition of subsidiary – cash paid	(3,041)	–
Acquisition of subsidiary – cash acquired	652	–
Deferred and contingent consideration paid	(1,094)	(1,293)
Net cash outflow from investing activities	(3,872)	(1,639)
Cash flows from financing activities		
Repayment of borrowings	(7,956)	(931)
Proceeds from the issue of share capital	16,270	281
Cost of share issue	(628)	–
Dividends paid to shareholders of parent company	(1,467)	–
Dividends paid to minority shareholders in subsidiary companies	–	(404)
Net cash inflow/(outflow) from financing activities	6,219	(1,054)
Net increase/(decrease) in cash and cash equivalents	3,767	(3,520)
Opening cash and cash equivalents	10,968	9,286
Effect of exchange rate fluctuations on cash held	(155)	83
Closing cash and cash equivalents	14,580	5,849

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 interim financial statements of the Company as at and for the six months ended 30 June 2011 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 2010 are available upon request from the Company Secretary at 17 Upper Pembroke Street, Dublin 2, Ireland.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (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 2010 which were prepared under International Financial Reporting Standards, as adopted by the European Union, and have been reported on by the Company's auditors. The auditors' report was unqualified.

The interim financial statements were approved by a duly appointed and authorised committee of the Board of Directors on 25 July 2011. The interim financial statements are unaudited but have been reviewed by the auditors as set out in their report.

3. SIGNIFICANT ACCOUNTING POLICIES

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 2010.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. ESTIMATES

The preparation of consolidated interim financial statements requires management to make judgments, 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 2010.

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 year ended 31 December 2010.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6. PROFIT AND LOSS ANALYSIS

The following analysis illustrates the performance of the Group's activities, and reconciles the Group's profit, as shown in the condensed consolidated interim income statement, to adjusted profits. Adjusted profit is presented to provide a better indication of overall financial performance and to reflect how the business is managed and measured on a day-to-day basis. The adjusted profit excludes share option charges, amortisation of intangible assets and unwinding of discount charges.

	Six months to 30 June 2011 £000 Unaudited	Six months to 30 June 2010 £000 Unaudited
Loss for the financial period after taxation	(1,441)	(737)
Add back:		
Taxation (credit)/charge	(98)	190
	(1,539)	(547)
Add back:		
Exceptional costs	419	–
Charge for share options	105	203
Amortisation charge	1,505	1,422
Unwinding of discount – Contingent consideration	116	–
Adjusted profit before tax	606	1,078

In 2011, the Group incurred exceptional one-off costs resulting from acquisition costs expensed following the adoption of IFRS 3 (revised) – Business combinations (£0.4 million).

7. SEGMENTAL ANALYSIS

As at 30 June 2011, the Group is organised into three main operating segments – Europe, USA and Emerging Markets. These segments are the basis on which the Group reports its segment information for management purposes.

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 for the Group's operating segments:

	Six months ended 30 June 2011 Unaudited				
	Europe £000	USA £000	Emerging Markets £000	Central costs £000	Group £000
Revenue	7,124	6,451	5,658	–	19,233
Profit/(loss) from operating activities	107	1,967	511	(3,046)	(461)
Financing costs				(1,078)	(1,078)
Profit/(loss) before tax	107	1,967	511	(4,124)	(1,539)
Exceptional costs	–	–	–	419	419
Amortisation of intangible assets	–	–	–	1,505	1,505
Cost of share options	–	–	–	105	105
Unwinding of discount – Contingent consideration	–	–	–	116	116
Adjusted profit before tax*	107	1,967	511	(1,979)	606

	Six months ended 30 June 2010 Unaudited				
	Europe £000	USA £000	Emerging Markets £000	Central costs £000	Group £000
Revenue	7,371	6,229	3,282	–	16,882
Profit/(loss) from operating activities	435	1,910	90	(2,375)	60
Financing costs	–	–	–	(607)	(607)
Profit/(loss) before tax	435	1,910	90	(2,982)	(547)
Amortisation of intangible assets	–	–	–	1,422	1,422
Cost of share options	–	–	–	203	203
Adjusted profit before tax*	435	1,910	90	(1,357)	1,078

**Adjusted profit before tax represents Group profit before tax excluding share option charges, amortisation of intangible assets and unwinding of discount charges. This is the same measure as given in note 6.*

7. SEGMENTAL ANALYSIS (CONTINUED)

Non-current assets have significantly increased due to the acquisition of IFO. The segmental analysis of non-current assets is as follows:

	Non-current assets Unaudited				
	Europe £000	USA £000	Emerging Markets £000	Central costs £000	Group £000
As at 30 June 2011	34,209	39,918	28,310	–	102,437

	Non-current assets Audited				
	Europe £000	USA £000	Emerging Markets £000	Central costs £000	Group £000
As at 31 December 2010	32,901	41,450	20,404	–	94,755

8. INCOME TAX EXPENSE

The taxation charge for the six months ended 30 June 2011 is based upon the estimated effective tax rate of 17% on adjusted profit before tax (2010: 17%) for the year ending 31 December 2011.

9. EARNINGS PER SHARE

	Six months to 30 June 2011 £000 Unaudited	Six months to 30 June 2010 £000 Unaudited
Basic loss per share (pence)	(2.3)	(1.6)
Diluted loss per share (pence)	(2.3)	(1.6)
Adjusted earnings per share (pence)	0.1	0.8
Adjusted diluted earnings per share (pence)	0.1	0.8

Basic earnings per share

Basic earnings per share has been calculated on loss after tax attributable to ordinary shareholders for the six months of £1,771,000 (June 2010: Loss of £1,072,000) and 75,912,421 (June 2010: 68,593,682) ordinary shares, being the weighted average number of shares in issue during the period.

Diluted earnings per share

Diluted earnings per share has been calculated on the loss after tax attributable to ordinary shareholders for the six months of £1,771,000 (June 2010: Loss of £1,072,000) and 77,217,386 (June 2010: 68,995,977) ordinary shares, being the weighted average number of shares in issue during the period.

Adjusted earnings per share

The adjusted earnings per share has been calculated using profit after tax attributable to equity shareholders, adjusted for exceptional costs, share option charges, amortisation charges, and loss/profit on disposal of intangible assets, of £79,000 (June 2010: Profit of £560,000) and 75,912,421 (June 2010: 68,593,682) ordinary shares, being the weighted average number of shares in issue during the year.

9. EARNINGS PER SHARE (CONTINUED)

Adjusted diluted earnings per share

Adjusted diluted earnings per share is calculated using profit after tax attributable to equity shareholders, adjusted for exceptional costs, share option charges, amortisation charges, and loss/profit on disposal of intangible assets, of £79,000 (June 2010: Profit of £560,000) and 77,217,386 (June 2010: 68,995,977) ordinary shares, being the diluted weighted average number of shares in issue during the year.

Weighted average number of ordinary shares (diluted):

	Six months to 30 June 2011 £000 Unaudited	Six months to 30 June 2010 £000 Unaudited
Weighted average number of ordinary shares	75,912,421	68,593,682
Effect of share options	1,304,965	402,295
Weighted average number of ordinary shares (diluted)	77,217,386	68,995,977

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10. INTANGIBLE FIXED ASSETS

	Goodwill	Trademarks and Lists	Total
	£000	£000	£000
	Unaudited	Unaudited	Unaudited
Cost:			
At 1 January 2011	74,378	30,390	104,768
Acquisitions	6,395	1,559	7,954
Additions	–	109	109
Foreign exchange adjustments	53	(275)	(222)
Adjustment to contingent consideration	507	–	507
At 30 June 2011	81,333	31,783	113,116
Amortisation:			
At 1 January 2011	369	10,958	11,327
Amortisation charge	–	1,505	1,505
Foreign exchange adjustments	–	(140)	(140)
At 30 June 2010	369	12,323	12,692
Net book values:			
At 30 June 2011	80,964	19,460	100,424
At 31 December 2010	74,009	19,432	93,441
At 30 June 2010	75,358	22,484	97,842

11. ACQUISITIONS

The Group completed one acquisition during 2011, in line with the Group's "Project 50/13" strategy of expansion into emerging markets and specifically the fast-growing Turkish economy.

Effective date acquired	Name	Type of business	Percentage
7 June 2011	Istanbul Fuar Hizmetleri A.S. ('IFO')	Exhibition business	75%

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group, in respect of the acquisition made during 2011:

	IFO		
	Carrying value £000	Adjustments £000	Fair value £000
Property, plant and equipment	653		653
Other intangibles and acquisitions	23	1,536	1,559
Trade and other debtors	450		450
Cash and cash equivalents	652		652
Trade and other payables	(738)		(738)
Deferred tax liability		(390)	(390)
	1,040	1,146	2,186
Non-controlling interest (25%)			(547)
Net assets acquired			1,639
Goodwill arising on acquisition			6,395
Consideration paid and costs incurred:			
Satisfied in cash			3,041
Contingent consideration (less than 1 year)			4,993
Total consideration and costs incurred			8,034
Consideration paid in cash			3,041
Cash acquired			(652)
Total net cash outflow			2,389

11. ACQUISITIONS (CONTINUED)

The values used in accounting for the identifiable assets and liabilities and related contingent consideration of this acquisition are estimates and are therefore provisional in nature at the balance sheet date, due to the proximity of the date of acquisition to the period end. If necessary, adjustments will be made to these carrying values and the related goodwill, within 12 months of the acquisition date. The non-controlling interest is measured as their proportionate share of the fair value of the 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 future financial performances of the various exhibitions, conferences and publications acquired during 2011.

From the date of acquisition to 30 June 2011, the acquisition has contributed £0.7 million to the Group revenue.

Goodwill of £6.4 million, recognised on this acquisition, relates to certain assets that cannot be separated and reliably measured. These items include sector knowledge, customer loyalty and the anticipated future profitability that the Group can bring to the business acquired.

12. DIVIDENDS

The following dividends were paid and proposed by the Group:

For the six months ended 30 June

	2011 £000 Unaudited	2010 £000 Unaudited
Dividend paid in cash or scrip		
2010 interim dividend (2.0p per share)	1,479	–
Dividend paid and proposed post this period		
2010 final dividend paid (4.0p per share)	2,963	–
Dividend proposed in the period (2.1p/2.0p per share)	1,823	1,386

13. FOREIGN EXCHANGE TRANSLATION DIFFERENCES

Other Comprehensive Income includes foreign exchange translation gains of £0.2 million (2010: gain of £4.4 million) relating to the retranslation of foreign currency denominated net assets, including goodwill.

14. RELATED PARTIES

As at 30 June 2011, directors of the company controlled 11.7% (31 December 2010: 13.5%) of the voting shares of the company.

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

15. ISSUE OF SHARE CAPITAL

On 7 June 2011, the Group announced the successful completion of the placing of 11,347,517 new ordinary shares raising £15.0 million net of expenses.

16. DEFERRED CONTINGENT CONSIDERATION

The provision for consideration relating to the acquisition of the remaining 20% interest in MCII Opco LLC, which took place on 18 August 2010, has been increased by £3.5m, being contingent consideration. This revision has arisen following further review and clarification of the conditions and facts relating to the deferred contingent consideration. The consolidated statement of financial position at 31 December 2010 has been restated by this amount, the effect being to increase non-current liabilities by £3.5m and decrease group retained earnings by the same amount. There is no effect on the income statement.

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) DTR 4.2.8R 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 detailed in our last Annual Report and Accounts to 31 December 2010 and include:

- Economic and financial uncertainty
- 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
- Fluctuations 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

Full details of the risks and uncertainties are detailed in the Directors' Report of the 2010 accounts.

Douglas Emslie
Group Managing Director
27 July 2011

Dan O'Brien
Group Finance Director