25 July 2012

# Tarsus Group plc

## Interim results for the six months ended 30 June 2012

## Group transformed and growth prospects significantly improved

Tarsus Group plc ('Tarsus', the 'Group' or 'Company'), the international business-to-business media group, announces its results for the six months ended 30 June 2012.

**Financial highlights**

| Financial highlights – six months to 30 June | | | | |
|---|---|---|---|---|
| | **2012** | **2011** | **2010** | **Growth 2012/2010 %** |
| **Revenue (£'m)** | 19.2 | 19.2 | 16.9 | 13 |
| **Adjusted profit before tax (£'m)** | 1.8 | 0.6 | 1.1 | 64 |
| **Adjusted EPS (p)** | 1.0 | 0.1 | 0.8 | 25 |
| **Interim dividend per share (p)** | 2.2 | 2.1 | 2.0 | 10 |

- Like-for-like revenue up 14% on 2011 as adjusted for biennials
- Interim dividend up 5% to 2.2p (2011: 2.1p)
- Net debt £19.6 million (2011: £17.3 million)

**Operational highlights**

- Quality portfolio in high growth markets driving strong Group performance
- Very strong performance from Emerging Markets
  - Turkey like-for-like revenues +17%
  - China (Hope) revenues +39%
- Medical division continues strong growth - revenues +16%
- Group transformed with Project 50/13 strategy substantially implemented
  - *Life Media* (Turkey) acquisition completed in March 2012
  - Acquisition of *GZ Auto* (China) expected to complete in the next few months
- Heads of terms agreed for new five year £45m bank facility

**Outlook**

- Forward bookings currently stand at 80% of anticipated full year revenues (2011: 74%)
- Labelexpo Americas and MEBA both tracking well ahead of previous events
- Focus on accelerating earnings growth and increasing dividends over the medium term

**Douglas Emslie,** Group Managing Director, said:

***"Our significant progress in the first half has been driven by excellent performances in the US from our Medical and Off Price products and in the Emerging Markets by very strong growth in the Turkish and Chinese businesses.***

***"Turkey is now a key component in our portfolio as a result of our acquisitions of Life Media and IFO. Our position in China will be significantly enhanced with the addition of GZ Auto, the leading automotive aftermarket show.***

***"With our 2012 forward bookings currently standing at 80% and the strong performance in the first half, we have increased the interim dividend by 5%.***

***"We are increasingly confident that our quality portfolio addressing high growth sectors and markets in transition together with our focus on driving visitors and growing exhibition volumes will quicken the pace of our future earnings and dividend growth".***

**For further information contact:**

**Tarsus Group plc:**

| | |
|---|---|
| Douglas Emslie, Group Managing Director | 020 8846 2700 |
| Dan O'Brien, Group Finance Director | |

**College Hill**

| | |
|---|---|
| Adrian Duffield / Kay Larsen | 020 7457 2020 |


The Company will be hosting a presentation to analysts at 12.30pm today at the offices of Investec, 2 Gresham Street, London, EC2V 7QP. A webcast of the presentation will be available on Tarsus's website (www.tarsus.com) from 9.30am on 26 July 2012.

## Overview

The first half of 2012 has seen a further shift in the Group's portfolio toward high-growth markets, driving strong underlying growth across the business. The Group's existing Emerging Markets portfolio delivered growth of more than 26%. The US division continued to perform well, with *Off Price* and Medical events growing strongly. Whilst trading is heavily weighted towards the second half of the year, the Group's first half performance augurs well for the full year.

The recent addition of *Life Media* in Turkey and *GZ Auto* (awaiting various governmental approvals) in China to the Emerging Markets portfolio adds significant scale to the Group's operations in these high growth economies, taking Tarsus close to its 50/13 strategic objective of deriving 50% of revenues from Emerging Markets in 2013.

Tarsus continues to evaluate selective bolt-on acquisition opportunities that adhere to the Group's strict criteria of geography, sector, and valuation that will help drive earnings growth.

## Financial review

Group revenue for the period was £19.2 million (2011: £19.2 million). Adjusting for businesses disposed in 2011 and biennial shows, underlying like-for-like growth was 14%.

Adjusted profit before tax was £1.8 million (2011: £0.6 million), which reflects the strong revenue growth in the portfolio together with the move toward higher margin markets. The Group incurred exceptional costs of £0.2 million in respect of acquisition costs that were expensed. Loss before tax was £0.2 million (2011: loss £1.5 million).

Adjusted earnings per share were 1.0p (2011: 0.1p). Basic loss per share was 1.0p (2011: 2.3p).

An interim dividend of 2.2p per share (2011: 2.1p) has been declared and will be paid on 18 January 2013 to Shareholders on the Register on 7 December 2012. The Group will continue to offer a scrip alternative.

Operating cash outflow was £0.8 million (2011: inflow £3.1 million). Net debt at 30 June 2012 was £19.6 million (2011: £17.3 million). The operating cash performance reflects the difference in timing between cash collections and payments for our large biennial events.

The Group's balance sheet remains strong, with net debt at £19.6 million (2011: £17.3 million). Tarsus has agreed heads of terms for a new five year £45m bank facility expected to provide the financial resources to support the growth strategy. This facility is expected to operate under a net debt to EBITDA covenant of 2.5 times throughout the five-year term.

On 30 March 2012 Tarsus announced the acquisition of 70% of *Life Media* in Turkey for a total estimated consideration of £15 million payable in cash. The acquisition was partly financed by the placing of 8,086,228 new ordinary shares which raised £10.6 million net of expenses. The remaining deferred acquisition costs, payable in 2013, will be financed from existing cash and bank facilities.

## Operating review

### Geographic Analysis

Emerging Markets - strong performance in China and Turkey

USA - excellent performance across the portfolio

Europe - stability in France but outlook remains cautious

| | US | | | Europe | | | Emerging Markets | | |
|---|---|---|---|---|---|---|---|---|---|
| **£'m** | **2012** | **2011** | **2010** | **2012** | **2011** | **2010** | **2012** | **2011** | **2010** |
| **Revenue** | 7.8 | 6.5 | 6.2 | 4.1 | 7.1 | 7.4 | 7.3 | 5.7 | 3.3 |
| **Adjusted Profit before tax** | 2.4 | 2.0 | 1.9 | (0.5) | 0.1 | 0.4 | 1.5 | 0.5 | 0.1 |

**Emerging markets**

The Group's Emerging Markets portfolio saw strong growth with a notable performance in China from the *Hope* joint venture, with sales up 39%. The Group's position in China will be further strengthened with the acquisition of 50% of *GZ Auto*, a leading business to business automotive aftermarket exhibition held annually in China. The acquisition, which is subject to various governmental approvals, is expected to complete in the next few months.

In Dubai, Tarsus' education event *GESS* performed strongly with excellent visitor attendance and revenues up 16%. The Group's largest event in Dubai in 2012 is *MEBA* (Middle East Business Aviation) and forward bookings for this show are tracking well ahead of the previous event.

In Turkey, the second *REW* event held under Tarsus ownership, achieved revenue growth of 17%. *Life Media,* one of the largest independent exhibition businesses in Turkey was acquired in March 2012 and organises Turkey's two leading annual housewares and gift events. The business is now fully integrated into the Group and held its first event, *Ideal Home*, under Tarsus ownership, performing slightly better than pre-acquisition expectations and achieving a 62% revenue increase over its previous show.

**USA**

Sales in the Medical division were up 16% with education/online products showing very strong growth. The medical event held in Orlando in May also performed very well, with revenue up 15% on its previous edition.

The February *Off Price* show in Las Vegas was another record event, with revenues up 7% compared with the equivalent 2011 event. Bookings for the August edition of the exhibition are also tracking ahead of its comparable 2011 iteration.

**Europe**

Like-for-like French sales were up 6% in the first half, adjusted for the disposal of *Modamont* in 2011, driven by good bookings at the start of the year. However, given the current economic uncertainty in Europe, and with the largest French exhibitions taking place in the second half of the year, the Group remains cautious for the full year outlook in France.

**Outlook**

The Group has now substantially implemented its strategy of increasing its exposure to Emerging Markets (Project 50/13) and remains on track to hit 50% in 2013. Tarsus remains committed to driving earnings growth by growing its diversified portfolio organically and through selective value enhancing acquisitions.

The Group is increasingly seeing the benefits of its strategy of driving the focus of the portfolio toward high-growth economies. Forward bookings are strong and currently stand at 80% of anticipated full year revenues (2011: 74%). The key events for the remainder of 2012, *Labelexpo Americas* and *MEBA*, are tracking well ahead of their previous iterations.

Tarsus continues to develop its portfolio in high growth markets, with the Labels division launching a *Label Summit* in Indonesia in 2013. Forward bookings for the major 2013 events - the *Dubai Airshow* and *Labelexpo Europe* - are strong. Tarsus' high quality portfolio in Emerging Markets and the US underpins a positive outlook for the Group in the medium term.

Neville Buch                                        Douglas Emslie
25 July 2012

## 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 2012 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.

### 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 2012 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**

25 July 2012

London, UK

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**

**For the six months ended 30 June**

| | Notes | 2012 £000 | 2011 £000 |
|---|---|---|---|
| | | Unaudited | Unaudited |
| **Revenue** | 7 | 19,157 | 19,233 |
| Operating costs | | (18,671) | (19,694) |
| **Operating profit/(loss)** | | 486 | (461) |
| Finance costs | | (648) | (1,078) |
| **Loss before taxation** | | (162) | (1,539) |
| Taxation (charge) / credit | 8 | (71) | 98 |
| Loss for the financial period | | (233) | (1,441) |
| Loss for the financial period attributable to equity shareholders of the parent company | | (865) | (1,771) |
| Profit for the financial period attributable to non-controlling interests | | 632 | 330 |
| | | (233) | (1,441) |

| | Notes | 2012 Unaudited | 2011 Unaudited |
|---|---|---|---|
| **Loss per share (pence)** | 9 | | |
| - basic | | (1.0) | (2.3) |
| - diluted | | (0.9) | (2.3) |

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

**For the six months ended 30 June**

| | Notes | 2012 £000 | 2011 £000 |
|---|---|---|---|
| | | Unaudited | Unaudited |
| Loss for the financial period | | (233) | (1,441) |
| Other comprehensive income: | | | |
| Foreign exchange translation differences | 13 | (821) | 237 |
| Cash flow hedges: | | | |
| Losses during the period | | (9) | (221) |
| Other comprehensive (expense) / income | | (830) | 16 |
| Total comprehensive expense for the period | | (1,063) | (1,425) |
| Attributable to: | | | |
| Equity holders of the parent company | | (1,818) | (1,755) |
| Non-controlling interests | | 755 | 330 |
| Total comprehensive expense for the period | | (1,063) | (1,425) |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

| | Notes | 30 June 2012 £000 | 30 June 2011 £000 | 31 December 2011 £000 |
|---|---|---|---|---|
| | | Unaudited | Unaudited | Audited |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | | 1,509 | 2,012 | 1,461 |
| Intangible assets | 10 | 98,873 | 100,424 | 86,229 |
| Other investments | | 1 | 1 | 1 |
| Deferred tax assets | | 728 | 989 | 290 |
| | | 101,111 | 103,426 | 87,981 |
| **CURRENT ASSETS** | | | | |
| Trade and other receivables | | 19,692 | 14,034 | 16,844 |
| Cash and cash equivalents | | 6,260 | 14,580 | 8,505 |
| | | 25,952 | 28,614 | 25,349 |
| **CURRENT LIABILITIES** | | | | |
| Trade and other payables | | (13,011) | (19,055) | (20,528) |
| Deferred income | | (24,328) | (25,996) | (17,824) |
| Other interest bearing loans and borrowings | | (1,250) | (1,875) | (2,250) |
| Liabilities for current tax | | (1,832) | (4,719) | (2,579) |
| | | (40,421) | (51,645) | (43,181) |
| **NET CURRENT LIABILITIES** | | (14,469) | (23,031) | (17,832) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 86,642 | 80,395 | 70,149 |
| **NON-CURRENT LIABILITIES** | | | | |
| Other payables | | (13,688) | (4,099) | (4,393) |
| Deferred tax liability | | (4,600) | (3,774) | (3,730) |
| Other interest bearing loans and borrowings | | (24,283) | (28,807) | (19,620) |
| | | (42,571) | (36, 680) | (27,743) |
| **NET ASSETS** | | 44,071 | 43,715 | 42,406 |
| **EQUITY** | | | | |
| Share capital | | 4,756 | 4,342 | 4,342 |
| Share premium account | | 37,219 | 26,723 | 26,884 |
| Other reserves | | (6,055) | (5,208) | (5,103) |
| Retained earnings | | 5,857 | 16,802 | 15,371 |
| **Issued capital and reserves attributable to equity holders of the parent** | | 41,777 | 42,659 | 41,494 |
| **NON CONTROLLING INTEREST** | | 2,294 | 1,056 | 912 |
| **TOTAL EQUITY** | | 44,071 | 43,715 | 42,406 |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Share capital** | **Share premium account** | **Reorganisation reserve** | **Capital redemption reserve** | **Fair value reserve** | **Foreign exchange reserve** | **Retained earnings** | **Non-controlling interest** | **Total** |
| Unaudited | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Six months ended 30 June 2012:** | | | | | | | | | |
| Recognised foreign exchange gain for the period | - | - | - | - | - | (944) | - | 123 | **(821)** |
| Decrease in Fair Value of hedging derivatives | - | - | - | - | (9) | - | - | - | **(9)** |
| Non-controlling interest profit for the period | - | - | - | - | - | - | - | 632 | **632** |
| Loss attributable to shareholders | - | - | - | - | - | - | (865) | - | **(865)** |
| Total comprehensive result for the period | - | - | - | - | (9) | (944) | (865) | 755 | **(1,063)** |
| Scrip dividend | 1 | 32 | - | - | - | - | - | - | **33** |
| New share capital subscribed | 413 | 10,659 | - | - | - | - | - | - | **11,072** |
| Cost of shares issued | - | (356) | - | - | - | - | - | - | **(356)** |
| Share option charge | - | - | - | - | - | - | 162 | - | **162** |
| Liability on put option over non-controlling interest | - | - | - | - | - | - | (6,850) | - | **(6,850)** |
| Movement in reserves related to deferred tax | - | - | - | - | - | - | (160) | - | **(160)** |
| Dividend paid | - | - | - | - | - | - | (1,800) | - | **(1,800)** |
| Acquisition of non-controlling interests | - | - | - | - | - | - | - | 627 | **627** |
| Net change in shareholders' funds | 414 | 10,335 | - | - | (9) | (944) | (9,513) | 1,382 | **1,665** |
| Opening equity shareholders' funds | 4,342 | 26,884 | 6,013 | (443) | (295) | (10,377) | 15,370 | 912 | **42,406** |
| Closing equity shareholders' funds | **4,756** | **37,219** | **6,013** | **(443)** | **(304)** | **(11,321)** | **5,857** | **2,294** | **44,071** |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Share capital** | **Share premium account** | **Reorganisation reserve** | **Capital redemption reserve** | **Fair value reserve** | **Foreign exchange reserve** | **Retained earnings** | **Non-controlling interest** | **Total** |
| Unaudited | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Six months ended 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 |
| 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 CASH FLOWS

**For the six months ended 30 June**

| | 2012<br>£000<br>Unaudited | 2011<br>£000<br>Unaudited |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the period | (233) | (1,441) |
| Adjustments for: | | |
| Depreciation | 278 | 249 |
| Amortisation | 1,579 | 1,505 |
| Profit on disposal of tangible assets | (57) | - |
| Share option charge | 162 | 105 |
| Taxation charge / (credit) | 71 | (98) |
| Net interest | 648 | 1,078 |
| **Operating cashflow before changes in working capital and provisions** | 2,448 | 1,398 |
| Increase in trade and other receivables | (2,901) | (970) |
| (Decrease) / increase in current trade and other payables | (394) | 2,689 |
| **Cash generated from operations** | (847) | 3,117 |
| Interest paid | (862) | (1,303) |
| Income taxes paid | (987) | (394) |
| **Net cash (outflow)/inflow from operating activities** | (2,696) | 1,420 |
| **Cash flows from investing activities** | | |
| Acquisition of property, plant and equipment | (129) | (280) |
| Proceeds from sale of tangible fixed assets | 44 | - |
| Acquisition of intangible assets | (445) | (109) |
| Acquisition of subsidiary – cash paid | (10,461) | (3,041) |
| Acquisition of subsidiary – cash acquired | 1,202 | 652 |
| Deferred and contingent consideration paid | (2,032) | (1,094) |
| **Net cash (outflow) from investing activities** | (11,821) | (3,872) |
| **Cash flows from financing activities** | | |
| Drawdown / (repayments) of borrowings | 3,483 | (7,956) |
| Proceeds from the issue of share capital | 10,916 | 16,270 |
| Cost of share issue | (356) | (628) |
| Dividends paid to shareholders of parent company | (1,767) | (1,467) |
| **Net cash inflow from financing activities** | 12,276 | 6,219 |
| Net (decrease)/increase in cash and cash equivalents | (2,241) | 3,767 |
| Opening cash and cash equivalents | 8,505 | 10,968 |
| Effect of exchange rate fluctuations on cash held | (4) | (155) |
| Closing cash and cash equivalents | 6,260 | 14,580 |

## 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 2012 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 2011 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 2011 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 2012. 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 2011, with the addition of the following:

**Put option liabilities over non-controlling interest**
Put options over shares in subsidiaries held by non-controlling interests are recognised initially at fair value through equity when granted. They are subsequently re-measured at fair value at each reporting period with the change in fair value recorded in the Income Statement as other finance expenses and income.

### 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 2011, with the addition of the following:

**Put option liability over non-controlling interest**
The calculation of the fair value of the put option over the non-controlling interest in the LifeMedia business in Turkey is based on the contractual agreement and requires the application of key assumptions around both the future performance of this business and the appropriate discount rate to use in Turkey. Refer to note 11 for further details of the put option liability.

## 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 2011.

## 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 2012 £000** Unaudited | **Six months to 30 June 2011 £000** Unaudited |
|---|---|---|
| Loss for the financial period after taxation | (233) | (1,441) |
| Add back: | | |
| Taxation charge / (credit) | 71 | (98) |
| | (162) | (1,539) |
| Add back: | | |
| Exceptional costs | 193 | 419 |
| Charge for share options | 162 | 105 |
| Amortisation charge | 1,579 | 1,505 |
| Unwinding of discount - Contingent consideration | 105 | 116 |
| Profit on disposal of tangible assets | (57) | - |
| Fair value adjustment – contingent consideration | (68) | - |
| **Adjusted profit before tax** | 1,752 | 606 |

In 2012, the Group incurred exceptional one-off costs of £0.2 million (£0.4 million) resulting from acquisition costs expensed following the adoption of IFRS 3 (revised) – Business combinations.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 7. SEGMENTAL ANALYSIS

As at 30 June 2012, 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 2012 Unaudited | | | | |
|---|---|---|---|---|---|
| | Europe £000 | USA £000 | Emerging Markets £000 | Central costs £000 | Group £000 |
| Revenue | 4,111 | 7,751 | 7,295 | - | 19,157 |
| Profit/ (loss) from operating activities | (470) | 2,368 | 1,467 | (2,879) | 486 |
| Financing costs | - | - | - | (648) | (648) |
| Profit/ (loss) before tax | (470) | 2,368 | 1,467 | (3,527) | (162) |
| Exceptional costs | | | | 193 | 193 |
| Amortisation of intangible assets | - | - | - | 1,579 | 1,579 |
| Cost of share options | | | | 162 | 162 |
| Unwinding of discount - Contingent consideration | - | - | - | 105 | 105 |
| Fair value adjustment – Contingent consideration | - | - | - | (68) | (68) |
| Profit on disposal of tangible assets | - | - | - | (57) | (57) |
| Adjusted profit before tax* | (470) | 2,368 | 1,467 | (1,613) | 1,752 |

| | 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 |

* Adjusted profit before tax represents Group profit before tax excluding exceptional costs, share option charges, amortisation of intangible assets, unwinding of discount charges, fair value adjustments on contingent consideration. This is the same measure as given in note 6.

## 7. SEGMENTAL ANALYSIS

Non-current assets within Emerging Markets have significantly increased due to the acquisition of Life Media on 30 March 2012. Non-current assets in Europe have decreased due to the impairment of goodwill in France and the disposal of the Group's 51% shareholding in Modamont SAS in the financial year ended 31 December 2011. The segmental analysis of non-current assets excluding deferred tax, is as follows:

**Non-current assets**

**Unaudited**

| | Europe £000 | USA £000 | Emerging Markets £000 | Group £000 |
|---|---|---|---|---|
| As at 30 June 2012 | 19,999 | 39,297 | 41,087 | 100,383 |

**Unaudited**

| | Europe £000 | USA £000 | Emerging Markets £000 | Group £000 |
|---|---|---|---|---|
| As at 30 June 2011 | 34,209 | 39,918 | 28,310 | 102,437 |

**Audited**

| | Europe £000 | USA £000 | Emerging Markets £000 | Group £000 |
|---|---|---|---|---|
| As at 31 December 2011 | 20,745 | 40,357 | 26,589 | 87,691 |

## 8. INCOME TAX EXPENSE

The taxation charge for the six months ended 30 June 2012 is based upon the estimated effective tax rate of 15% on adjusted profit before tax (2011: 17%) for the year ending 31 December 2012.

## 9. EARNINGS PER SHARE

| | Six months to 30 June 2012 | Six months to 30 June 2011 |
|---|---|---|
| | Unaudited | Unaudited |
| Basic loss per share (pence) | (1.0) | (2.3) |
| Diluted loss per share (pence) | (0.9) | (2.3) |
| Adjusted earnings per share (pence) | 1.0 | 0.1 |
| Adjusted diluted earnings per share (pence) | 0.9 | 0.1 |

**Basic earnings per share**

Basic earnings per share has been calculated on loss after tax attributable to ordinary shareholders for the six months of £865,000 (June 2011: Loss of £1,771,000) and 90,127,025 (June 2011: 75,912,421) 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 £865,000 (June 2011: Loss of £1,771,000) and 91,475,798 (June 2011: 77,217,386) ordinary shares, being the weighted average number of shares adjusted for options 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 tangible and intangible assets, of £858,000 (June 2011: Profit of £79,000) and 90,127,025 (June 2011: 75,912,421) ordinary shares, being the weighted average number of shares in issue during the period.

**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 £858,000 (June 2011: Profit of £79,000) and 91,475,798 (June 2011: 77,217,386) ordinary shares, being the diluted weighted average number of shares adjusted for options in issue during the period.

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

| | Six months to 30 June 2012 | Six months to 30 June 2011 |
|---|---|---|
| | Unaudited | Unaudited |
| Weighted average number of ordinary shares | 90,127,025 | 75,912,421 |
| Effect of share options | 1,348,773 | 1,304,965 |
| Weighted average number of ordinary shares (diluted) | 91,475,798 | 77,217,386 |

## 10. INTANGIBLE FIXED ASSETS

| | Goodwill | Trademarks and Lists | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| | Unaudited | Unaudited | Unaudited |
| **Cost:** | | | |
| At 1 January 2012 | 78,336 | 32,477 | 110,813 |
| Additions through business acquisitions | 12,698 | 1,949 | 14,647 |
| Additions | - | 445 | 445 |
| Foreign exchange adjustments | (1,292) | (535) | (1,827) |
| At 30 June 2012 | 89,742 | 34,336 | 124,078 |
| **Amortisation:** | | | |
| At 1 January 2012 | 8,458 | 16,126 | 24,584 |
| Amortisation charge | - | 1,579 | 1,579 |
| Foreign exchange adjustments | (617) | (341) | (958) |
| At 30 June 2012 | 7,841 | 17,364 | 25,205 |
| **Net book values:** | | | |
| At 30 June 2012 | 81,901 | 16,972 | 98,873 |
| At 31 December 2011 | 69,561 | 16,668 | 86,229 |
| At 30 June 2011 | 80,964 | 19,460 | 100,424 |

## 11. ACQUISITIONS

The Group completed one acquisition during the first half of 2012, in line with the Group's "Project 50/13" strategy of expansion into Emerging Markets and specifically the fast-growing Turkish economy.

| Effective date | Name | Type of business | Percentage acquired |
|---|---|---|---|
| 30 March 2012 | LifeMedia Fuarcilik A.S ('Life Media') | Exhibition business | 70% |

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group, in respect of the acquisition made during 2012:

| | LIFE Carrying value | Adjustments | Fair value |
|---|---|---|---|
| | £000 | £000 | £000 |
| Property, plant and equipment | 176 | | 176 |
| Other intangibles and acquisitions | - | 1,949 | 1,949 |
| Trade and other debtors | 1,743 | | 1,743 |
| Cash and cash equivalents | 1,202 | | 1,202 |
| Trade and other payables | (2,705) | | (2,705) |
| Deferred tax asset | 115 | | 115 |
| Deferred tax liability | - | (390) | (390) |
| | 531 | 1,559 | 2,090 |
| Non-controlling interest (30%) | | | (627)) |
| **Net assets acquired** | | | **1,463** |
| Goodwill arising on acquisition | | | 12,698 |
| **Consideration paid and costs incurred:** | | | |
| Satisfied in cash | | | 10,461 |
| Contingent consideration (less than 1 year) | | | 3,700 |
| **Total consideration and costs incurred** | | | **14,161** |
| Consideration paid in cash | | | 10,461 |
| Cash acquired | | | (1,202) |
| **Total net cash outflow** | | | **9,259** |

## 11. ACQUISITIONS

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 2012.

Tarsus and the vendor hold put and call options over the remaining 30% of the shares of the business, exercisable from 2015 and enforceable by either party from 2016 to 2018, with consideration payable based on a multiple of EBIT in the relevant year. The group has recognised a liability for this through equity in accordance with IAS 32.

From the date of acquisition to 30 June 2012, the acquisition has contributed £1.6 million of revenue to the Group.

Goodwill of £12.7 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.

The Group incurred transaction costs of £0.2m in respect of the acquisition.

## 12. DIVIDENDS

The following dividends were paid and proposed by the Group:

**For the six months ended 30 June**

| | **2012**<br>**£000**<br>Unaudited | **2011**<br>**£000**<br>Unaudited |
|---|---|---|
| **Dividend paid in cash or scrip** | | |
| 2011 interim dividend (2.1p per share) | 1,800 | 1,479 |
| **Dividend paid and proposed post this period** | | |
| 2011 / 2010 final dividend paid (4.0p / 4.0p per share) | 3,945 | 2,963 |
| Dividend proposed in the period (2.2p / 2.1p per share) | 2,093 | 1,823 |

## 13. FOREIGN EXCHANGE TRANSLATION DIFFERENCES

Other Comprehensive Income includes foreign exchange translation losses of £0.8 million (2011: gain of £0.2 million) relating to the retranslation of foreign currency denominated net assets, including goodwill.

## 14. RELATED PARTIES

As at 30 June 2012, directors of the company controlled 10.7% (31 December 2011: 11.7%) 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 30 March 2012, the Group announced the successful completion of the placing of 8,086,228 new ordinary shares raising £10.6 million net of expenses.

**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 2011 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 2011 accounts.

Douglas Emslie
Group Managing Director
25 July 2012

Dan O'Brien
Group Finance Director