

Aspiring to new heights

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Christie Group provides a portfolio of over 80 professional services for the leisure, retail and care sectors.

These include surveying, valuation, agency, consultancy, finance, insurance, stock control and business software solutions.

Our focus on a limited number of sectors gives us an unrivalled market awareness in each of these areas.

The results: a greater understanding of our clients' operations and a heightened ability to help them improve efficiency, enhance trading profits and increase the value of their businesses. In these ways, and through our innovative use of technology, we have built a reputation for making a significant contribution to our clients' commercial success.

Professional Business Services

The expertise offered by Christie & Co and – within Christie Financial Services – Christie Finance and Christie Insurance, covers all aspects of valuing, buying, selling, developing, financing and insuring a wide variety of businesses. Its scope is complemented by the comprehensive appraisal and project management services available from Pinders.

Stock & Inventory Systems & Services

Orridge and Venners are the leading specialists in stock control and inventory management services. Orridge specialises in all fields of retail, Venners focuses on the hospitality sector and Vennersys provides software and systems to the leisure and hospitality sectors.

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Our brands

Professional Business Services

CHRISTIE & CO

Christie & Co is a leading specialist firm providing business intelligence working in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors. A market leader in its sectors, it employs the largest teams of sector specialists in the UK providing professional agency, valuation and consultancy services.

www.christie.com

CHRISTIE FINANCE

Christie Finance has over 40 years' experience in financing businesses in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors. Christie Finance prides itself on its speed of response to client opportunities and its strong relationships with finance providers.

www.christiefinance.com

CHRISTIE INSURANCE

Christie Insurance, with over 40 years' experience arranging business insurance in the hospitality, leisure, healthcare, medical, childcare and education and retail sectors, is a leading company in its markets. It delivers and exceeds clients' expectations in terms of the cost of their insurance and the breadth of its cover.

www.christieinsurance.com



Pinders is the UK's leading specialist business appraisal, valuation and consultancy company, providing professional services to the licensed, leisure, retail and care sectors, and also the commercial and corporate business sectors. Pinders staff use business analysis and surveying skills to look at the detail of businesses to arrive at accurate assessments of their trading potential and value.

www.pinders.co.uk

Stock & Inventory Systems & Services



Venners is the leading supplier of stocktaking, inventory, consultancy services and related stock management systems to the hospitality sector. Venners is the largest and longest established stock audit company in the sector in the UK.

www.venners.com



Orridge is Europe's longest established stocktaking business specialising in all fields of retail stocktaking including high street, warehousing & factory operations, pharmacy and supply chain services. Orridge prides itself on the speed in supplying high quality management information to its clients.

www.orridge.eu



Vennersys operates in the UK and North America and delivers online Cloud-based ticketing sales and admission Systems

to visitor attractions such as historic houses and estates, museums, zoos, safari parks, aquaria and cinemas. It has over 20 years' experience delivering purpose-designed solutions for clients' ticketing, admissions, EPoS and food and beverage sales requirements.

www.vennersys.co.uk

www.vennersys.ca

The area we cover



Highlights

- First half revenues up 10.0% to £38.4m (H1 2017: £34.9m)
- First-half operating profit of £2.0m (H1 2017: £1.1m)
- Basic earnings per share of 5.18p per share (H1 2017: 1.53p per share)
- Interim dividend increased to 1.25p per share (2017: 1.0p per share)
- PBS revenues up 11.9% to £21.6m (H1 2017: £19.3m)
- Enhanced performance from international operations
- An increased pipeline of current and ongoing projects

“The first half saw progress in performance and our services remain in demand from sophisticated commercial audiences.”

David Rugg, Chairman and Chief Executive

Chairman and Chief Executive's review



“I am pleased to report an operating profit for our first half of £2.0m (H1 2017: £1.1m) from increased revenue of £38.4m (H1 2017: £34.9m).”

As anticipated, this profit is significantly ahead of our performance for the same period in the previous year. As I indicated at our AGM in June, this improvement was primarily attributable to an enhanced performance from our international operations.

As promised we have prepared a new Group strategy which can be viewed on our new Group website. The next step is to align our trading companies' business plans within this overarching strategy. This is now in process. Our intention is that our aims and objectives become clearer to our staff, clients and investors. Constructive feedback will be welcome.

We have chosen to adopt the updated QCA Code for Corporate Governance and the extent of its application will be published on our website by 28th September.

I should like to thank Panmure Gordon & Co. for their service as Nomad and Broker to your Group. We welcome Stockdale Securities as Nomad and Broker and look forward to working with them to achieve wide interest in our Group.

During the period we completed the significant project of readying for the introduction of GDPR in late May. While the costs – which we estimate at £0.3m – were not insignificant, we believe the benefits of having cleansed and reorganised our records will be tangible in terms of increased operational efficiency.

We recognise an increasing demand for a more flexible approach to employee benefits to both recruit and retain the best people. Our recent investment in an integrated payroll & HR system will help us to facilitate this.

As reported in our 2017 Annual Report & Accounts, we indirectly own the freehold interest in Pinder House. A recently initiated rent review of the property as at May 2018, commissioned for internal purposes, indicates an additional £1.1m of shareholder equity that could be recognised, were we to formally revalue the property.

We recently completed the acquisition of the outstanding minority equity interest in Orridge Inventory Services GmbH. This means that each of our trading subsidiaries are now 100% owned by our Group.

Professional Business Services

Across the past decade in Christie & Co, the value of the businesses we sell has increased significantly, resulting in the doubling of our average transaction fee. As a consequence, the majority of the sales we broker are to existing operators and established investors. For this reason, whilst not immune, we are less impacted from the weaker residential markets seen in the first half.

Geographically, our UK agency and advisory work is well spread, evidenced by us recording assignments in over 86% of the postal areas of the UK over the last twelve months. Internationally we strive to operate as one team for each trade sector we serve. Assignments are successfully completed both territorially – where we are physically located – and on a wider basis. Our digital online presence, www.christie.com, is key to this capability. This hosts 2,000 businesses for sale and 50,000 registered buyers.

Our trusted advisor status provides the benefit of client continuity as we routinely assist with bigger and more complex assignments.

We continue to recruit to bring in further specialists as our markets and sectors evolve.

We announced the launch of the sale of 146 Wyevale Garden Centres in May.

We have already exchanged contracts or completed on 18 centres, including nine centres to Blue Diamond off an aggregate asking price of £36.6m. The process has generated an exceptional level of interest and we have received offers to purchase the majority of sites either individually, or in sub-groups, along with offers to acquire the portfolio as a whole.

Our investment specialists have also been busy. For example, we have forward funded a new 73 bed Malmaison Hotel in Edinburgh on behalf of Associated British Foods.

Our team of RICS valuers specialising in the hotel market, provided (for reporting purposes) a valuation of GLH's hotel portfolio including The Tower Hotel at Tower Bridge and The Cumberland at Marble Arch. They also provided the Bank of Scotland valuation of part of the RF hotels portfolio, including Brown's Hotel Mayfair, the Balmoral Edinburgh, Hotel de Russie Rome, Hotel Amigo Brussels, The Charles Hotel Munich and Hotel Savoy Florence, all premier destinations in their respective cities.

The skills, knowledge and experience of our Childcare & Education team are increasingly being called upon by international operators and investors. Fuelled by demand, we have held a series of global seminars and meetings across Asia and the Far East. Thus far this year, across the day nursery, education and specialist childcare sectors, our team have been appointed on 118 new mandated sale projects, with the majority of portfolios being conducted via confidential processes.

In Leisure, the bounce has gone out of the trampoline market due to the haste of expansion and widely differing quality of facilities. Expect closures.

For the Care sector we have launched four separate corporate disposal programmes which will monetize predominantly in 2019.

In the Pub sector we continue to act on behalf of Greene King, Wellington Pub Company, Marston's and British Country Inns, selling numerous pubs across the UK.

In Dentistry we brokered the acquisition of Dentapol for (August Equity backed) Dental Partners and the sale of Oradi Dental, a substantial multi-site dental business and an example of the continued consolidation in the dental sector.

Pharmacy operators are hoping for some respite to cashflow squeeze as the category M clawback comes to an end in July.

Our Restaurant consultancy division is developing rapidly, providing strategic advice and valuable opportunities in what is, for some, a troubled sector.

Our market intelligence reports continue to receive great acclaim, covering issues of relevance to investors in the Dentistry, Hotel and Care markets. Launch events include key industry figures helping us to create 'Christie communities' within the sectors.

At Christie Insurance, we have completed a transition of our insurance provider. We expect this move will result in a growth in our revenue through a combination of improved commercial terms, higher levels of business from existing clients and an increased gain of new business which will follow from a more proactive approach to new insurance sales. As an example of our integrated services, Christie Insurance worked with Christie & Co in providing a pragmatic appraisal on the current and future insurance placement of an iconic golf club and leisure centre for the funder.

Christie Finance continued a focus on funding its specialisms in our niche sectors such as Medical (Dental and Pharmacy) and children's day nurseries.

Our lending market remained positive as new entrants continued to provide alternatives to traditional high street banks. We procured an increasing level of unsecured finance for both corporate and private clients while also enjoy an increasing proportion of repeat business. Our finance pipeline increased 32% over the period.

Finally, within the PBS division, our appraisal business Pinders saw an increase in volume of 17% in the first half compared to the same period a year earlier. Instructions come directly from a range of lenders including Lloyds, Barclays, HSBC, Clydesdale and Metro bank and more recently from AIB and Atom Bank, the result of newer panel appointments. The 'White Coat' sector was a star performer with instructions up 71% on H1 of the prior year.

Stock & Inventory Systems & Services

Our stocktaking businesses serve the Retail, Hospitality, Leisure, Pharmacy and Supply Chain markets. Of these five markets, the UK retail market has continued to be a difficult market place. This year administrations and C.V.A.'s have been widespread.

In July, we instigated a plan to return our UK retail stocktaking operation within Orridge to profit. We have brought in impartial external expertise to achieve this. Our focus is on returning our UK retail stocktaking operation – itself part of a pan-European retail stocktaking business generating revenues of approximately £20m – to operating profit. Key to this is restoring job profitability to levels previously achieved, where gross profit margins in excess of 30% have previously proved achievable.

To improve counter retention, key for maximising operational efficiency, we opted to pay our UK staff under age 25 at the upper rate of national minimum wage.

Encouragingly at our current prices we continue to win retail clients such as Primark, Hugo Boss, Polo and Birkenstock.

In Venners, we recruited and trained higher levels of starters than in previous years enabling us to capture peak summer revenue with a record income level for each month in H1.

Our consultancy division is at record level as clients increasingly look to Venners to fix the issues it identifies. Given the size of the hospitality, leisure and catering industries, we foresee a strong demand.

Following the sale of Principle Hotels to IHG (Intercontinental Hotel Group) we have been retained to continue to supply stocktaking services. With local and regional business wins at an all-time high, new clients include Top Golf, TLC Inns, Elite pubs and John Fowler Holidays (a returning client).

For Vennersys, having successfully migrated established system users such as Blenheim, Burghley and Aspro to its new Venpos Cloud Enterprise system, those customers, through dialogue with us, have each identified areas in their businesses which our system can be further extended to serve. We will work with each client through our consultancy and development teams to increase our clients' revenues and thereby our own.

Our product is, by design, ideal for Family Entertainment Centres ("FECs") where we have won business including Adventure Land in Lincolnshire and the Edinburgh-based family experience attraction, Dynamic Earth. Product enhancements have included group and party bookings, consumer gate capacity control, additional pay and gateway options and remote scanning and

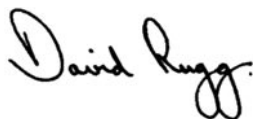
redemption. Our new customers coming on stream start to impact our revenues in their first full year of operation which, because of the seasonal nature of many FECs, is from the next season onwards.

Summary

In conclusion, the first half saw progress in performance while our services remain in demand from sophisticated commercial audiences. Looking at the second half we anticipate a more balanced year than 2017. With an increased pipeline of both current and ongoing projects we intend to deliver a solid set of results for the year.

I take this opportunity to congratulate our management and staff who rise to the challenges and opportunities presented by change. We have good people.

The Board has declared an interim dividend of 1.25p (2017: 1.0p per share) which will be paid on 19 October 2018 to shareholders on the register on 28 September 2018.



David Rugg
Chairman and Chief Executive

Consolidated interim income statement

	Note	Half year to 30 June 2018 (Unaudited) £'000	Restated (*) Half year to 30 June 2017 (Unaudited) £'000	Year ended 31 December 2017 (Audited) £'000
Revenue	4	38,404	34,925	71,635
Employee benefit expenses		(26,224)	(23,733)	(48,978)
		12,180	11,192	22,657
Depreciation and amortisation		(509)	(435)	(902)
Impairment charge		–	–	61
Other operating expenses		(9,661)	(9,666)	(18,048)
Operating profit		2,010	1,091	3,768
Finance costs		(64)	(93)	(162)
Finance income		2	2	3
Pension scheme finance costs		(158)	(235)	(463)
Total finance charge		(220)	(326)	(622)
Profit before tax		1,790	765	3,146
Taxation	5	(442)	(396)	(699)
Profit for the period after tax		1,348	369	2,447
Profit for the period after tax attributable to:				
– Equity shareholders of the parent		1,366	404	2,496
– Non-controlling interest		(18)	(35)	(49)
		1,348	369	2,447
Earnings per share attributable to equity holders – pence				
– Basic	6	5.18	1.53	9.47
– Fully diluted	6	5.12	1.51	9.43

All amounts derive from continuing operations.

(*) Refer to note 13 for full details of the restatement of June 2017 figures.

Consolidated interim statement of comprehensive income

	Half year to 30 June 2018 (Unaudited) £'000	Restated (*) Half year to 30 June 2017 (Unaudited) £'000	Year ended 31 December 2017 (Audited) £'000
Profit for the period after tax	1,348	369	2,447
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	21	2	3
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	21	2	3
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement gains/(losses) on defined benefit plans	1,800	(378)	3,233
Income tax effect	(306)	64	(548)
Net other comprehensive income/(losses) not being reclassified to profit or loss in subsequent periods	1,494	(314)	2,685
Other comprehensive income/(losses) for the period	1,515	(312)	2,688
Total comprehensive income for the period	2,863	57	5,135
Total comprehensive income attributable to:			
Equity shareholders of the parent	2,881	92	5,184
Non-controlling interest	(18)	(35)	(49)
	2,863	57	5,135

(*) Refer to note 13 for full details of the restatement of June 2017 figures.

Consolidated interim statement of changes in shareholders' equity

	Share capital £'000	Fair value and other reserves £'000	Cumulative translation adjustments £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
Half year to 30 June 2017 (Unaudited)						
Balance at 1 January 2017	531	5,465	656	(15,543)	(329)	(9,220)
Profit/(loss) for the period after tax	–	–	–	404	(35)	369
Items that will not be reclassified subsequently to profit or loss	–	–	–	(314)	–	(314)
Items that may be reclassified subsequently to profit or loss	–	–	2	–	–	2
Total comprehensive income/(losses) for the period	–	–	2	90	(35)	57
Movement in respect of employee share scheme	–	33	–	–	–	33
Employee share option scheme:						
– value of services provided	–	100	–	–	–	100
Dividends paid	–	–	–	(398)	–	(398)
Balance at 30 June 2017 (*)	531	5,598	658	(15,851)	(364)	(9,428)
Year ended 31 December 2017 (Audited)						
Balance at 1 January 2017	531	5,465	656	(15,543)	(329)	(9,220)
Profit/(loss) for the year after tax	–	–	–	2,496	(49)	2,447
Items that will not be reclassified subsequently to profit or loss	–	–	–	2,685	–	2,685
Items that may be reclassified subsequently to profit or loss	–	–	3	–	–	3
Total comprehensive income/(losses) for the year	–	–	3	5,181	(49)	5,135
Movement in respect of employee share scheme	–	(82)	–	–	–	(82)
Employee share option scheme:						
– value of services provided	–	229	–	–	–	229
Dividends paid	–	–	–	(657)	–	(657)
Balance at 31 December 2017	531	5,612	659	(11,019)	(378)	(4,595)
Half year to 30 June 2018 (Unaudited)						
Balance at 1 January 2018	531	5,612	659	(11,019)	(378)	(4,595)
Profit/(loss) for the period after tax	–	–	–	1,366	(18)	1,348
Items that will not be reclassified subsequently to profit or loss	–	–	–	1,494	–	1,494
Items that may be reclassified subsequently to profit or loss	–	–	21	–	–	21
Total comprehensive income/(losses) for the period	–	–	21	2,860	(18)	2,863
Movement in respect of employee share scheme	–	32	–	–	–	32
Employee share option scheme:						
– value of services provided	–	(127)	–	–	–	(127)
Acquisition of non-controlling interest	–	–	–	(396)	396	–
Dividends payable	–	–	–	(462)	–	(462)
Balance at 30 June 2018	531	5,517	680	(9,017)	–	(2,289)

(*) Refer to note 13 for full details of the restatement of June 2017 figures.

Consolidated interim statement of financial position

	Note	At 30 June 2018 (Unaudited) £'000	Restated (*) At 30 June 2017 (Unaudited) £'000	At 31 December 2017 (Audited) £'000
Assets				
Non-current assets				
Intangible assets – Goodwill		1,843	1,837	1,841
Intangible assets – Other		1,370	1,353	1,368
Property, plant and equipment		3,687	3,607	3,565
Deferred tax assets		2,681	3,781	3,142
Available-for-sale financial assets		635	635	635
Other receivables		182	182	182
		10,398	11,395	10,733
Current assets				
Inventories		30	16	25
Trade and other receivables		17,090	14,956	14,873
Current tax assets		1	178	4
Cash and cash equivalents	11	3,977	3,385	4,692
		21,098	18,535	19,594
Total assets		31,496	29,930	30,327
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	8	531	531	531
Fair value and other reserves		5,517	5,598	5,612
Cumulative translation reserve		680	658	659
Retained earnings		(9,017)	(15,851)	(11,019)
		(2,289)	(9,064)	(4,217)
Non-controlling interest		–	(364)	(378)
Total equity		(2,289)	(9,428)	(4,595)
Liabilities				
Non-current liabilities				
Trade and other payables		134	–	436
Retirement benefit obligations	9	12,000	18,167	14,241
Borrowings		692	743	734
Provisions		161	218	188
		12,987	19,128	15,599
Current liabilities				
Trade and other payables		13,318	11,275	11,703
Current tax liabilities		275	346	230
Borrowings		6,365	7,780	6,526
Provisions		840	829	864
		20,798	20,230	19,323
Total liabilities		33,785	39,358	34,922
Total equity and liabilities		31,496	29,930	30,327

(*) Refer to note 13 for full details of the restatement of June 2017 figures.

Consolidated interim statement of cash flows

	Note	Half year to 30 June 2018 (Unaudited) £'000	Restated (*) Half year to 30 June 2017 (Unaudited) £'000	Year ended 31 December 2017 (Audited) £'000
Cash flow from operating activities				
Cash generated from operations	10	782	1,248	5,171
Interest paid		(64)	(93)	(162)
Tax paid		(267)	(30)	(160)
Net cash generated from operating activities		451	1,125	4,849
Cash flow from investing activities				
Purchase of property, plant and equipment (PPE)		(437)	(295)	(575)
Proceeds from sale of PPE		10	–	3
Interest received		2	2	3
Intangible assets expenditure		(196)	(268)	(460)
Net cash used in investing activities		(621)	(561)	(1,029)
Cash flow from financing activities				
Repayment of bank borrowings		(41)	(9)	(17)
Proceeds from invoice discounting		(1)	779	(12)
Payment of finance lease liabilities		(1)	(1)	(6)
Net payments to ESOP		(321)	–	–
Dividends paid		–	–	(657)
Net cash (used in)/generated from financing activities		(364)	769	(692)
Net (decrease)/increase in cash and cash equivalents		(534)	1,333	3,128
Cash and cash equivalents at beginning of period		176	(2,933)	(2,932)
Exchange (losses)/gain on Euro bank accounts		(21)	9	(20)
Cash and cash equivalents at end of period	11	(379)	(1,591)	176

(*) Refer to note 13 for full details of the restatement of June 2017 figures.

Notes to the consolidated interim financial statements

1. General information

Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into two divisions – Professional Business Services and Stock & Inventory Systems & Services. Professional Business Services principally covers business valuation, consultancy and agency, mortgage and insurance services, and business appraisal. Stock & Inventory Systems & Services covers stock audit and counting, compliance and food safety audits and inventory preparation and valuation, hospitality and cinema software.

2. Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 December 2018.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, except for those noted below and except for the adoption of new standards and interpretations effective as of 1 January 2018. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

A number of amendments apply for the first time in 2018, specifically IFRS9: 'Financial Instruments' and IFRS15: 'Revenue from Customers with Contracts'. However, they do not materially impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

Non-statutory accounts

These consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The financial information for the year ended 31 December 2017 set out in this interim report does not constitute the Group's statutory accounts for that period. The statutory accounts for the year ended 31 December 2017 have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis. The financial information for the periods ended 30 June 2018 and 30 June 2017 is unaudited.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are consistent with those applied to the consolidated financial statements for the year ended 31 December 2017.

4. Segment information

The Group is organised into two main business segments: Professional Business Services and Stock & Inventory Systems & Services.

The reportable segment results for continuing operations for the period ended 30 June 2018 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment revenue	21,640	16,819	1,810	40,269
Inter-segment revenue	(55)	–	(1,810)	(1,865)
Revenue	21,585	16,819	–	38,404
Operating profit/(loss)	2,452	(581)	139	2,010
Net finance charge				(220)
Profit before tax				1,790
Taxation				(442)
Profit for the period after tax				1,348

The reportable segment results for continuing operations for the period ended 30 June 2017 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Restated (*) Group £'000
Total gross segment revenue	19,351	15,628	1,451	36,430
Inter-segment revenue	(54)	–	(1,451)	(1,505)
Revenue	19,297	15,628	–	34,925
Operating profit/(loss)	1,408	(558)	241	1,091
Net finance charge				(326)
Profit before tax				765
Taxation				(396)
Profit for the period after tax				369

(*) Refer to note 13 for full details of the restatement of June 2017 figures.

The reportable segment results for continuing operations for the year ended 31 December 2017 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment revenue	40,726	31,018	2,992	74,736
Inter-segment revenue	(109)	–	(2,992)	(3,101)
Revenue	40,617	31,018	–	71,635
Operating profit/(loss)	5,298	(1,085)	(445)	3,768
Net finance charge				(622)
Profit before tax				3,146
Taxation				(699)
Profit for the year after tax				2,447

The Group is not reliant on any key customers.

5. Taxation

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 19% based on the Group's profit before tax and pension scheme finance costs, due to Enil arising from the reduction in the value of the brought forward deferred tax asset and £54,000 arising from other movements in the deferred tax asset.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, which excludes the shares held in the Employee Share Ownership Plan (ESOP) trust.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of potential dilutive ordinary shares: share options. Where a loss for the year has been recognised the share options are considered anti-dilutive and so not included in the calculation of diluted earnings per share.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Half year to 30 June 2018 £'000	Restated (*) Half year to 30 June 2017 £'000	Year ended 31 December 2017 £'000
Profit from total operations attributable to equity holders of the Company	1,366	404	2,496
	30 June 2018 Thousands	30 June 2017 Thousands	31 December 2017 Thousands
Weighted average number of ordinary shares in issue	26,351	26,351	26,346
Adjustment for share options	306	344	100
Weighted average number of ordinary shares for diluted earnings per share	26,657	26,695	26,446
	30 June 2018 Pence	30 June 2017 Pence	31 December 2017 Pence
Basic earnings per share	5.18	1.53	9.47
Fully diluted earnings per share	5.12	1.51	9.43

(*) Refer to note 13 for full details of the restatement of June 2017 figures.

7. Dividends

A final dividend in respect of the year ended 31 December 2017 of 1.75p per share, amounting to a total dividend of £462,000, was approved and paid to the Christie Group plc registrar on 30 June 2018. The funds were transferred to shareholders on 6 July 2018.

An interim dividend in respect of 2018 of 1.25p per share, amounting to a dividend of £332,000, was declared by the directors at their meeting on 11 September 2018. These financial statements do not reflect this dividend payable.

The dividend of 1.25p per share will be payable to shareholders on the record on 28 September 2018. The dividend will be paid on 19 October 2018.

8. Share capital

	30 June 2018		30 June 2017		31 December 2017	
	Number	£'000	Number	£'000	Number	£'000
Ordinary shares of 2p each						
Allotted and fully paid:						
At beginning and end of period	26,526,729	531	26,526,729	531	26,526,729	531

The Company has one class of ordinary shares which carry no right to fixed income.

Investment in own shares

The Group has established an Employee Share Ownership Plan (ESOP) trust to meet its future contingent obligations under the Group's share option schemes. The ESOP purchases shares in the market for distribution at a later date in accordance with the terms of the Group's share option schemes. The rights to dividend on the shares held have been waived.

At 30 June 2018 the total payments by the Group to the ESOP to finance the purchase of ordinary shares were £3,035,000 (30 June 2017: £2,639,000; 31 December 2017: £2,714,000). This figure is inclusive of shares purchased and subsequently issued to satisfy employee share awards. The market value at 30 June 2018 of the ordinary shares held in the ESOP was £350,000 (30 June 2017: £129,000; 31 December 2017: £235,000). The investment in own shares represents 219,000 shares (30 June 2017: 139,000; 31 December 2017: 178,000) with a nominal value of 2p each.

9. Retirement benefit obligations

The obligation outstanding of £12,000,000 (30 June 2017: £18,167,000; 31 December 2017: £14,241,000) includes £956,000 (30 June 2017: £965,000; 31 December 2017: £981,000) payable to David Rugg by Christie Group plc.

The Group operates two defined benefit schemes (closed to new members) providing pensions on final pensionable pay. The contributions are determined by qualified actuaries based on triennial valuations using the projected unit method.

When a member retires, the pension and any spouse's pension is either secured by an annuity contract or paid from the managed fund. Assets of the schemes are reduced by the purchase price of any annuity purchase and the benefits no longer regarded as liabilities of the scheme.

The amounts recognised in the statement of comprehensive income and the movement in the liability recognised in the statement of financial position have been based on the forecast position for the year ended 31 December 2018 after adjusting for the actual contributions to be paid in the period.

Notes to the consolidated interim financial statements continued

9. Retirement benefit obligations continued

The movement in the liability recognised in the statement of financial position is as follows:

	Half year to 30 June 2018 £'000	Half year to 30 June 2017 £'000	Year ended 31 December 2017 £'000
Beginning of the period	14,241	18,106	18,106
Expenses included in the employee benefit expense	207	219	438
Contributions paid	(780)	(746)	(1,482)
Finance costs	158	235	463
Pension paid	(26)	(25)	(51)
Actuarial (gains)/losses recognised	(1,800)	378	(3,233)
End of the period	12,000	18,167	14,241

The amounts recognised in the income statement and statement of comprehensive income are as follows:

	Half year to 30 June 2018 £'000	Half year to 30 June 2017 £'000	Year ended 31 December 2017 £'000
Current service cost	207	219	438
Total included in employee benefit expenses	207	219	438
Net interest cost	158	235	463
Total included in finance costs	158	235	463
Actuarial (gains)/losses	(1,800)	378	(3,233)
Total included in other comprehensive income	(1,800)	378	(3,233)

The principal actuarial assumptions used were as follows:

	Half year to 30 June 2018 %	Half year to 30 June 2017 %	Year ended 31 December 2017 %
Inflation rate	3.00 – 3.10	3.30	3.10 – 3.30
Discount rate	2.00 – 2.70	2.80	2.50
Future salary increases	1.00 – 2.00	1.00 – 2.00	1.00 – 2.00
Future pension increases	2.00 – 3.40	2.30 – 3.50	2.10 – 3.50

Assumptions regarding future mortality experience were consistent with those disclosed in the financial statements for the year ended 31 December 2017.

10. Note to the cash flow statement

Cash generated from operations

	Half year to 30 June 2018 £'000	Restated (*) Half year to 30 June 2017 £'000	Year ended 31 December 2017 £'000
Continuing operations			
Profit for the period	1,348	369	2,447
Adjustments for:			
– Taxation	442	396	699
– Finance costs	62	91	159
– Depreciation	315	278	569
– Amortisation of intangible assets	194	157	333
– Profit on sale of property, plant and equipment	–	–	(3)
– Foreign currency translation	21	(26)	16
– (Decrease)/increase in provisions	(51)	19	24
– Movement in share option charge	(127)	117	229
– Retirement benefits	(441)	(317)	(632)
– Movement in reserves	(79)	–	–
Changes in working capital (excluding the effects of exchange differences on consolidation):			
– Increase in inventories	5	13	3
– Increase in trade and other receivables	(2,217)	(1,710)	(1,647)
– Increase in trade and other payables	1,310	1,861	2,974
Cash generated from operations	782	1,248	5,171

(*) Refer to note 13 for full details of the restatement of June 2017 figures.

11. Cash and cash equivalents include the following for the purposes of the cash flow statement

	Half year to 30 June 2018 £'000	Restated (*) Half year to 30 June 2017 £'000	Year ended 31 December 2017 £'000
Cash and cash equivalents	3,977	3,385	4,692
Bank overdrafts	(4,356)	(4,976)	(4,516)
	(379)	(1,591)	176

(*) Refer to note 13 for full details of the restatement of June 2017 figures.

12. Related-party transactions

There is no controlling interest in the Group's shares.

During the period rentals of £280,000 (30 June 2017: £393,000; 31 December 2017: £435,000) were paid to Carmelite Property Limited, a company incorporated in England and Wales, and jointly owned by The Christie Group Pension and Assurance Scheme, The Venners Retirement Benefit Fund and The Fitzroy Square Pension Fund, by Christie Group plc in accordance with the terms of a long-term lease agreement.

For the six months ended 30 June 2018, Christie Group plc incurred losses of £50,000 (30 June 2017: £nil; 31 December 2017: £25,000) in relation to the engagement of Philip Gwyn for consultancy work.

13. Prior year restatement

The Board have reviewed their previously adopted accounting treatment in relation to two indirectly held subsidiary entities, which were previously not consolidated by virtue of being considered to be immaterial contingent net assets.

Having considered the requirements of IFRS 10 (incorporating the requirements of SIC 12) the Board have restated the Consolidated Statement of Financial Position as at 30 June 2017, the Consolidated Income Statement for the period ended 30 June 2017, and all other elements of the financial statements so affected. In doing so, the consolidated financial statements are now prepared recognising Atrium Holdings Limited and P.H. UK Limited as indirectly but wholly owned subsidiaries of Christie Group plc and recognise that indirect beneficial ownership of both entities has vested with Christie Group plc since 30 April 2015.

The effect on the Consolidated Income Statement for June 2017 is set out below:

	Previously reported June 2017 £'000	Restated June 2017 £'000	Impact of restatement £'000
Revenue	34,925	34,925	–
Operating expenses	(33,897)	(33,834)	63
Operating profit	1,028	1,091	63
Finance costs	(296)	(326)	30
Profit before tax	732	765	33
Taxation	(376)	(396)	(20)
Profit after tax	356	369	13
Earnings per share attributable to equity holders – pence			
– Basic	1.49	1.53	0.04
– Fully diluted	1.47	1.51	0.04

The effect on the Statement of Financial Position as at 30 June 2017 was as follows:

	Previously reported June 2017 £'000	Restated June 2017 £'000	Impact of restatement £'000
Property, plant and equipment	1,536	3,607	2,071
Other receivables	451	182	(269)
Trade and other receivables	14,568	14,956	388
Trade and other payables	(10,891)	(11,275)	(384)
Current tax liabilities	(335)	(346)	(11)
Current borrowings	(6,807)	(7,780)	(973)
Non-current borrowings	–	(743)	(743)
Other assets and liabilities (net)	(8,029)	(8,029)	–
Net (liabilities)/assets	(9,507)	(9,428)	79

Property, plant and equipment has been restated to recognise P.H. UK Limited's ownership of the freehold property of Pinder House, 249 Upper Third Street, Milton Keynes, MK9 1DS.

Current and non-current borrowings are restated to include amounts payable by Atrium Holdings Limited and its immediate and wholly owned subsidiary undertaking, P.H. UK Limited. Borrowings within these companies are without direct recourse to any other Group company, including Christie Group plc, in the event of any non-repayment or default. The bank loan is secured against the freehold property noted above.

14. Publication of Interim Report

The 2018 Interim Financial Statements are available on the Company's website www.christiegroup.com

Shareholder information

Company information

Investor and shareholder-related information can be found on our website at: www.christiegroup.com

Online copy

An electronic version of this annual report is available on our website in the Investors/Reports section at: www.christiegroup.com/investors/reports

Board of directors

David Rugg	Chairman and Chief Executive
Dan Prickett	Chief Operating Officer
Simon Hawkins	Group Finance Director
Chris Day	Executive Director
Paul Harding	Executive Director
Tony Chambers	Senior Non-executive Director
Laurie Benson	Non-executive Director
Hwfa Gwyn	Non-executive Director
Victoria Muir	Non-executive Director

Secretary

Dan Prickett FCA

Registered office

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Registered number

01471939

Nominated adviser and broker

Stockdale Securities Limited

Principal solicitors

Royds
Dentons

Auditors

Grant Thornton UK LLP

Financial calendar Announcements

Preliminary full-year results for 2018 April 2019

Final dividend 2018

Ex-dividend	27 September 2018
Record date	28 September 2018
Payment date	19 October 2018

Dates are correct at the time of printing, but are subject to change.

Registrars

All administrative enquiries relating to shareholdings and requests to receive corporate documents by e-mail should, in the first instance, be directed to:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

0871 664 0300 from the UK and +44 (0) 371 664 0300 from overseas. (Calls cost 12 pence per minute plus network extras. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9am to 5:30pm Mon – Fri, excluding public holidays in England and Wales).

shareholderenquiries@linkgroup.co.uk

Shareholders who receive duplicate sets of company mailings because they have multiple accounts should write to Link Asset Services to have their accounts amalgamated.

Voting online and the shareholder portal – www.signalshares.com

You will need your investor code, which can be found on your share certificate(s) to register for the shareholder portal.

Once you have registered, you can immediately:

- Cast your proxy vote online.
- Elect to receive shareholder communications electronically.

And, after you have activated your account, you can benefit from a number of other online services:

- View your holding balance and indicative share price and valuation.
- View transactions on your holding and dividend payments you have received.
- Update your address or register a bank mandate instruction to have dividends paid directly to your bank account.
- Access a wide range of shareholder information including downloadable forms.

If you need any help with voting online, please contact the Link Asset Services Shareholders Helpline, either:

- by phone on 0871 664 0300 from the UK and +44 (0) 371 664 0300 from overseas. (Calls cost 12 pence per minute plus network extras. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9am to 5:30pm Mon – Fri, excluding public holidays in England and Wales) OR
- by e-mail at shareholderenquiries@linkgroup.co.uk

ShareGift

ShareGift is a charity share donation scheme for shareholders who may wish to dispose of a small number of shares where the market value makes it uneconomic to sell them on a commission basis. The scheme is administered by the Orr Mackintosh Foundation. For further information, please contact the foundation: 020 7930 3737.

www.sharegift.org/donate-shares

Unauthorised brokers ('boiler room' scams)

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turns out to be worthless or high risk shares in US or UK investments. These are commonly known as 'boiler rooms'.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FCA before getting involved. You can check at: <https://register.fca.org.uk>
- Report the matter to the FCA by calling 0800 111 6768.
- If the calls persist, hang up.

Details of any share dealing facilities that Christie Group endorses will only be included in company mailings.

Identity theft

Tips for protecting your shares in the company:

- Ensure all your certificates are kept in a safe place or hold your shares electronically in CREST via a nominee.
- Keep correspondence from us and Link in a safe place and destroy any unwanted correspondence by shredding.
- If you change address, inform Link in writing or update your address online via the shareholder portal. If you receive a letter from Link regarding a change of address but have not moved, please contact them immediately.
- Consider having your dividend paid directly into your bank. This will reduce the risk of the cheque being intercepted or lost in the post. If you change your bank account, inform Link of the details of your new account. You can do this by post or online via the shareholder portal.
- If you are buying or selling shares, only deal with brokers registered and authorised to carry out that type of business.
- Be wary of phone calls or e-mails purporting to come from us or Link asking you to confirm personal details or details of your investment in our shares. Neither we nor Link will ever ask you to provide information in this way.

Directory

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Christie Finance

The addresses are the same as Christie & Co with the exception of the Chester office which is only occupied by Christie Finance

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