

Delivering value in any market...

Interim Report 2013



...by being the best at what we do

Christie Group provides a portfolio of over 40 professional business 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.

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.

Professional Business Services

The expertise offered by Christie + Co, 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.

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Our brands



Professional Business Services

Christie + Co

Christie + Co is a leading specialist firm providing business intelligence in the hospitality, leisure, care and retail sectors. A market leader in its sectors, it employs the largest teams of sector specialists in the UK providing professional agency and advisory services.

www.christie.com www.christiecorporate.com

Christie Finance

Christie Finance has over 30 years' experience in financing businesses in the hospitality, leisure, care 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

With over 30 years' experience arranging business insurance in the hospitality, leisure, care and retail sectors, Christie Insurance 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

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 www.pinderpack.com

Stock & Inventory Systems & Services

Orridge

Orridge is Europe's longest established stocktaking business and specialises in all fields of retail stocktaking including high street, warehousing and factory operations. Orridge prides itself on the speed with which it supplies high-quality management information to its clients.

www.orridge.co.uk www.orridge.eu

Venners

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

www.venners.co.uk

Vennersys

Vennersys operates in the UK and North America and delivers turnkey EPoS and ticketing 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

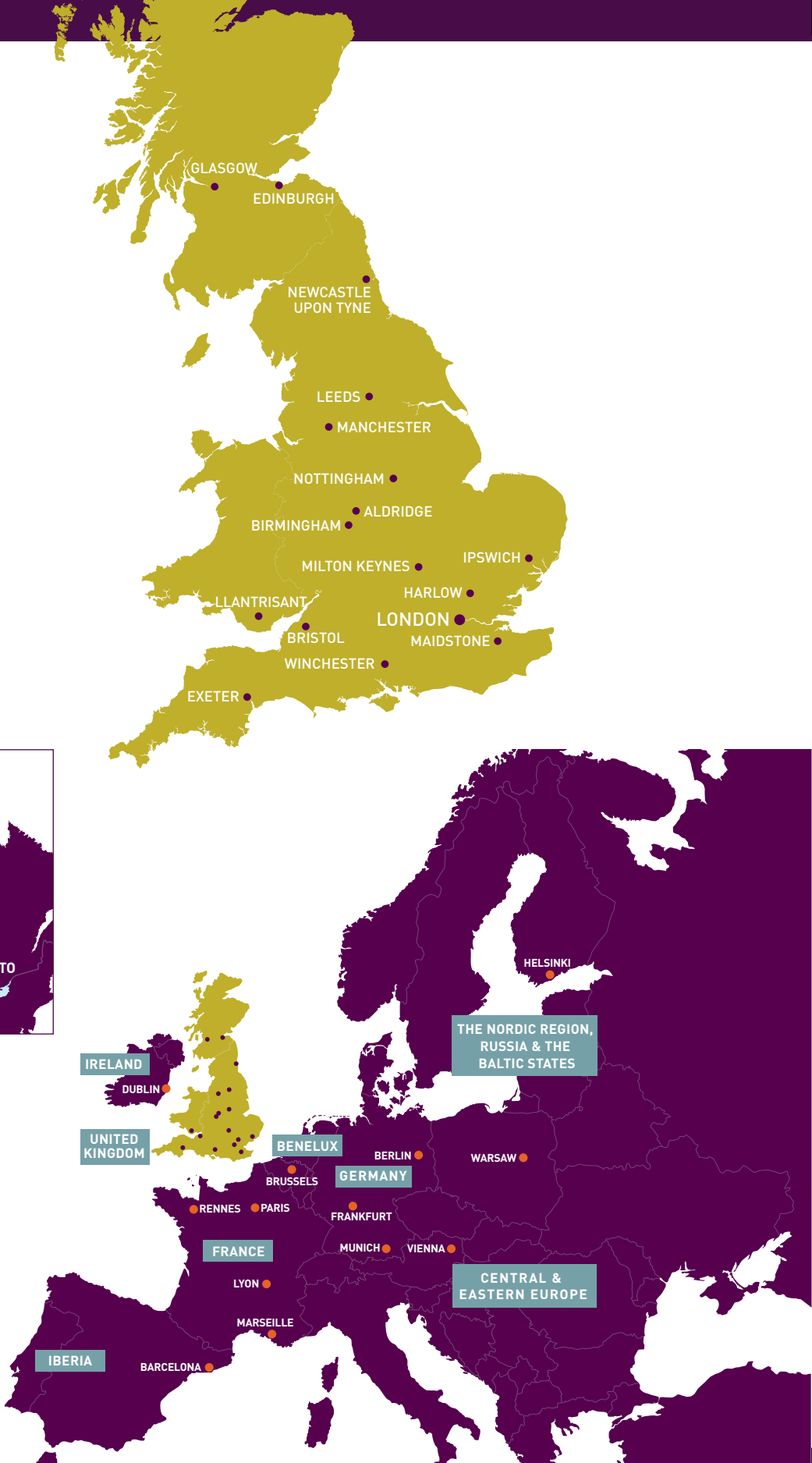
Where we are

Offices

40 offices across the UK and Continental Europe, and in Canada.

Employees

Employing up to 1,155 professional and specialist staff.



Key points

- Revenue in first six months of £25.7m (2012: £30.2m) in line with management expectations of first half trading
- 44% growth in first half Stock & Inventory Systems & Services operating profit to £0.8m (2012: £0.5m)
- Trading within Professional Business Services division improved significantly from Easter with this improvement expected to continue through the second half of the year
- Negative earnings per share from continuing operations of 3.15p (2012: 3.5p per share positive eps)
- Group remains optimistic that full year performance will remain in line with market expectations
- Share placing successfully raises £0.8m to support the expansion of the stocktaking division
- Acquisition of 75% shareholding in Horizons Europe, trading as Orridge Inventory Services, completed in September
- Venners opens its first branch outside the UK in Ireland
- Interim dividend maintained at 0.5p per share
- AIM shares now admissible for investment in ISAs

“Our new regional structure is already delivering greater flexibility in our agency business in our second half. We have welcomed a number of European retailers to our customer base as a result of our acquisition of Inventory Services in Germany and we now offer a truly pan European service to our UK-originated clients. We are well placed to benefit from the recovering economy.”

David Rugg, Chief Executive

Chairman's statement

“Since Easter we have enjoyed much improved trading in the UK and we remain optimistic concerning our prospects for the year as a whole.”

As I indicated in my statement to the Annual General Meeting in June and in my earlier statement in March, our Professional Business Services division experienced a slow start to 2013, in comparison with a period of more buoyant trading in the run-up to the 2012 Olympics.

First half revenue from continuing operations of £25.7m (2012: £30.2m) illustrates this quiet first quarter and meant that we incurred an operating loss from continuing operations – and before exceptional costs – of £0.3m (2012: £1.2m profit). I am, however, pleased to report that since Easter we have enjoyed much improved trading in the UK and we remain optimistic concerning our prospects for the year as a whole.

We have already committed part of the funds raised in our placing in June to complete the acquisition of a 75% shareholding in Horizons Europe, which trades as Orridge Inventory Services, and to invest in this business. We predict that the trading from this acquisition will make a positive contribution to our Group profits for the last four months of the year.

We congratulate Lord Lee, the Quoted Companies Alliance and others for the success in their campaign to have AIM shares admissible for investment in ISAs. This, we believe, will stimulate private investor investment in AIM listed businesses such as ours.

Professional Business Services Division (PBS)

Typically, the first-time buyer of a small business which also provides owner's accommodation raises their initial equity through the sale of a private home. The government's "Help To Buy" initiative in guaranteeing deposits has stimulated the housing market and we anticipate that the mortgage guarantee scheme, effective from January 2014, will add further stimulus. These are welcome developments because rising residential values and volumes have a knock-on effect on the business sales market. New entrants enable existing business owners to trade up to the ownership of larger businesses or become multiple business owners. It is our experience of past recessions that recovery commonly starts in London and ripples out across the country. We believe this process is now under way.

“Most encouragingly, our regional network has seen a resurgence of demand for lifestyle businesses.”



Most encouragingly, our regional network has seen a resurgence of demand for lifestyle businesses, including country and coastal locations serving both local and visitor customers. Christie Finance can readily arrange funding for this asset class.

As predicted, we have benefited from a pick-up in the marketing of larger portfolios as instanced by our instruction to sell the Menzies Hotel portfolio and the Convivial London Pubs portfolio. We are aware of £12 billion of portfolios of trading business in our sectors, the subject of distressed loans. We anticipate that the workout of these situations will continue both this year and next.

Other sales in the period included that of the Holiday Inn Dundee, Paragon Hotel Birmingham, The Close Hotel Tetbury, artotels Berlin Mitte and Berlin Kudamm, Hotel Mercedes Paris, Artis Hotel Semmering Austria and Hotel Consul Del Mar, Valencia Spain.

A pick-up in IPOs has afforded us the instruction to value Thistle and Guoman Assets for Hong Kong listing purposes, while in London we have been retained to sell the property investment in the Metropolitan Hotel on Old Park Lane. During the first half we also provided rapid valuation advice to assist the investor taking an interest in Eaton Square School Group, a portfolio of schools situated in the best London residential areas.

Our advisory work embraced strategic options analysis regarding internationally branded hotels for PLC owners and a strategic review and disposal advice relating to a mixed loan portfolio of over 50 individual assets. At the same time we have benefited from other instructions from the health & fitness, bowling, restaurant, day care, retail, medical and charity sectors.

Within the care sector, Christie Insurance has a significant portfolio of clients. A recent innovation has been to invite the insurance of minibuses used for both staff and patients. The largest such fleet insured to date comprises 44 vehicles.

Stock & Inventory Systems & Services Division (SISS)

From the start of our second quarter, our retail stocktaking activity has grown apace. We have welcomed as clients Day Lewis (the UK's largest independent pharmacy chain), Carphone Warehouse, Blockbuster, One Stop and L.K. Bennett.

Our in-house IT department has recently provided worker portals in the French and German language.

We are working closely with our clients as they adapt their product offerings and stock control processes to an increasingly online world.

Responding to demand, our hospitality stocktaking business, Venners, has opened its first branch outside the UK in Ireland. Early signs are encouraging. On the mainland, new clients include Bridge Leisure, Principal Hayley and Tenpin Limited with Interpub and Banana Tree opting for our Health & Safety Alerts.

In Canada, two of our clients, Landmark Cinemas and Empire Cinemas, have combined and we have been retained to provide ticketing system support to the enlarged entity.

Outlook

We have concerns about the slowdown in the eurozone and fragility in these property markets. However, the move to outsource stocktaking by European retailers continues to gather momentum.

We believe our recovery will originate from our larger UK business. We are doing everything within our means to position ourselves to take maximum advantage of the recovery in the UK economy.

Based upon our current activity levels, we look forward to reporting a much improved second half of trading. In light of this, the board has agreed to maintain an interim dividend of 0.5p per share which will be paid on 18 October 2013 to shareholders on the register on 27 September 2013.

Philip Gwyn
Chairman

Consolidated interim income statement

	Note	Half year to 30 June 2013 (Unaudited) £'000	Half year to 30 June 2012 (Unaudited) £'000	Year ended 31 December 2012 £'000
Continuing operations:				
Revenue	4	25,702	30,168	56,087
Employee benefit expenses		(18,580)	(20,461)	(38,511)
		7,122	9,707	17,576
Depreciation and amortisation		(308)	(218)	(534)
Other operating expenses		(7,087)	(8,241)	(15,678)
Operating (loss)/profit before exceptional items	4	(273)	1,248	1,364
Exceptional items*		(396)	–	–
Operating (loss)/profit after exceptional items		(669)	1,248	1,364
Finance costs		(60)	(58)	(97)
Finance income		–	1	1
Total finance charge		(60)	(57)	(96)
(Loss)/profit before tax from continuing operations		(729)	1,191	1,268
Taxation	5	(67)	(322)	(390)
(Loss)/profit for the period after tax from continuing operations		(796)	869	878
Discontinued operations:				
Loss for the period from discontinued operations	6	(29)	(250)	(808)
(Loss)/profit for the period after tax		(825)	619	70
(Loss)/profit for the period after tax attributable to:				
Equity shareholders of the parent		(824)	638	110
Non-Controlling interest		(1)	(19)	(40)
		(825)	619	70
Earnings per share – pence				
(Loss)/profit attributable to the equity holders of the Company				
– Basic	7	(3.26)	2.57	0.44
– Fully diluted	7	(3.26)	2.54	0.43
(Loss)/profit from continuing operations attributable to the equity holders of the Company				
– Basic	7	(3.15)	3.50	3.50
– Fully diluted	7	(3.15)	3.47	3.47

*Exceptional costs for the half year to 30 June 2013 relate to the restructuring of operations.

All results stated above are attributable to continuing operations, with the exception of those amounts disclosed as discontinued operations.

Consolidated interim statement of comprehensive income

	Half year to 30 June 2013 (Unaudited) £'000	Half year to 30 June 2012 (Restated and Unaudited) £'000	Year ended 31 December 2012 (Restated) £'000
(Loss)/profit for the period after tax	(825)	619	70
Other comprehensive (losses)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	(4)	27	3
Net other comprehensive (losses)/income to be reclassified to profit or loss in subsequent periods	(4)	27	3
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gains/(losses) on defined benefit plans*	1,499	(396)	(6,471)
Income tax effect	(315)	91	1,488
Net other comprehensive income/(losses) not being reclassified to profit or loss in subsequent periods	1,184	(305)	(4,983)
Other comprehensive income/(losses) for the period, net of tax	1,180	(278)	(4,980)
Total comprehensive income/(losses) for the period	355	341	(4,910)
Total comprehensive income/(losses) attributable to:			
Equity shareholders of the parent	356	360	(4,950)
Non-Controlling interest	(1)	(19)	40
	355	341	(4,910)

*Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012 and the interim condensed consolidated financial statements as at 30 June 2012. The restatement relates entirely to the adoption of changes to the accounting standard IAS 19 "Employee Benefits", further detail is provided in Note 2.

Consolidated interim statement of changes in shareholders' equity

Half year to 30 June 2012 (Restated and Unaudited)	Share capital £'000	Fair value and other reserves £'000	Cumulative translation adjustments £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2012*	505	3,685	454	(3,968)	(35)	641
Profit/(loss) for the period after tax	–	–	–	638	(19)	619
Other comprehensive losses*	–	–	27	(305)	–	(278)
Total comprehensive income/(losses) for the period	–	–	27	333	(19)	341
Movement in respect of employee share scheme	–	1,022	–	(1,022)	–	–
Employee share option scheme:						
– value of services provided	–	37	–	–	–	37
Dividends paid	–	–	–	(126)	–	(126)
Balance at 30 June 2012	505	4,744	481	(4,783)	(54)	893

Year ended 31 December 2012 (Restated and Audited)	Share capital £'000	Fair value and other reserves £'000	Cumulative translation adjustments £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2012*	505	3,685	454	(3,968)	(35)	641
Profit/(loss) for the year after tax	–	–	–	110	(40)	70
Other comprehensive losses*	–	–	3	(4,983)	–	(4,980)
Total comprehensive income/(losses) for the year	–	–	3	(4,873)	(40)	(4,910)
Movement in respect of employee share scheme	–	935	–	(1,021)	–	(86)
Employee share option scheme:						
– value of services provided	–	68	–	–	–	68
Dividends paid	–	–	–	(251)	–	(251)
Balance at 31 December 2012	505	4,688	457	(10,113)	(75)	(4,538)

Half year to 30 June 2013 (Unaudited)	Share capital £'000	Fair value and other reserves £'000	Cumulative translation adjustments £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2013	505	4,688	457	(10,113)	(75)	(4,538)
Loss for the period after tax	–	–	–	(824)	(1)	(825)
Other comprehensive income	–	–	(4)	1,184	–	1,180
Total comprehensive income/(losses) for the period	–	–	(4)	360	(1)	355
Movement in respect of employee share scheme	–	53	–	(23)	–	30
Employee share option scheme:						
– value of services provided	–	43	–	–	–	43
Proceeds from shares issued	26	758	–	–	–	784
Balance at 30 June 2013	531	5,542	453	(9,776)	(76)	(3,326)

*Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012 and the interim condensed consolidated financial statements as at 30 June 2012. The restatement relates entirely to the adoption of changes to the accounting standard IAS 19 "Employee Benefits", further detail is provided in Note 2.

Consolidated interim statement of financial position

	Note	At 30 June 2013 (Unaudited) £'000	At 30 June 2012 (*Restated and Unaudited) £'000	At 31 December 2012 (*Restated) £'000
Assets				
Non-current assets				
Intangible assets – Goodwill		1,011	1,011	1,011
Intangible assets – Other		408	423	403
Property, plant and equipment		1,080	1,240	1,232
Deferred tax assets		4,019	3,249	4,401
Available-for-sale financial assets		300	300	300
Other receivables		316	869	316
		7,134	7,092	7,663
Current assets				
Inventories		–	1	1
Trade and other receivables		11,840	14,610	10,670
Current tax assets		177	–	177
Cash and cash equivalents	12	334	963	1,314
		12,351	15,574	12,162
Total assets		19,485	22,666	19,825
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	9	531	505	505
Fair value and other reserves		5,542	4,744	4,688
Cumulative translation reserve		453	481	457
Retained earnings		(9,776)	(4,783)	(10,113)
		(3,250)	947	(4,463)
Non-Controlling interest		(76)	(54)	(75)
Total equity		(3,326)	893	(4,538)
Liabilities				
Non-current liabilities				
Retirement benefit obligations	10	8,131	4,314	10,000
Provisions		644	667	734
		8,775	4,981	10,734
Current liabilities				
Trade and other payables		8,447	10,414	8,047
Borrowings		3,796	4,127	3,440
Provisions		1,793	2,251	2,142
		14,036	16,792	13,629
Total liabilities		22,811	21,773	24,363
Total equity and liabilities		19,485	22,666	19,825

*Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31 December 2012 and the interim condensed consolidated financial statements as at 30 June 2012. The restatement relates entirely to the adoption of changes to the accounting standard IAS 19 "Employee Benefits", further detail is provided in Note 2.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 18 September 2013.

Consolidated interim statement of cash flows

	Note	Half year to 30 June 2013 (Unaudited) £'000	Half year to 30 June 2012 (Unaudited) £'000	Year ended 31 December 2012 £'000
Cash flow from operating activities				
Cash (used in)/generated from operations	11	(1,908)	69	1,422
Interest paid		(60)	(65)	(116)
Tax received		–	72	72
Net cash (used in)/generated from operating activities		(1,968)	76	1,378
Cash flow from investing activities				
Acquisition of Subsidiary	13	–	–	(4)
Purchase of property, plant and equipment (PPE)		(81)	(850)	(1,072)
Proceeds from sale of PPE		8	4	13
Intangible assets expenditure		(93)	(291)	(146)
Interest received		–	1	1
Net cash used in investing activities		(166)	(1,136)	(1,208)
Cash flow from financing activities				
Proceeds from issuance of ordinary shares		784	–	–
Repayment of invoice discounting		(150)	(378)	(435)
Dividends paid		–	(126)	(251)
Net cash generated from/(used in) financing activities		634	(504)	(686)
Net decrease in cash and cash equivalents		(1,500)	(1,564)	(516)
Cash and cash equivalents at beginning of period		(1,538)	(1,009)	(1,009)
Exchange gains/(losses) on Euro bank accounts		14	54	(13)
Cash and cash equivalents at end of period	12	(3,024)	(2,519)	(1,538)

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 2013.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, except for those noted below and except for the adoption of new standards and interpretations effective as of 1 January 2013. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group has chosen, in accordance with the options provided by IAS 1, to present an income statement and a statement of comprehensive income as two separate statements to improve the presentation of the primary statements.

The Group applies for the first time, certain standards and amendments that require restatement of previous financial statements. These include IAS 19 (Revised 2011) Employee Benefits and amendments to IAS 1 Presentation of Financial Statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not materially impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard/amendment is described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g. exchange differences on translation of foreign operations) now have to be presented separately from items that will never be reclassified (e.g. actuarial gains and losses on defined benefit plans). The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group's segment assets are not reported to the chief operating decision maker. As a result of this amendment, the Group no longer discloses the total segment assets.

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)

These consolidated financial statements are the first financial statements in which the Group has adopted IAS 19 (as revised in June 2011) "IAS 19R" Employee Benefits. The amendments require the recognition of changes in defined benefit obligations and in fair value of scheme assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the scheme deficit or surplus. Furthermore, the interest cost and expected return on scheme assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19R, which is calculated by applying a discount rate to the net defined benefit liability or asset. IAS 19R also introduces more extensive disclosures in the presentation of the defined benefit cost.

Notes to the consolidated interim financial statements

2. Basis of preparation continued

IAS 19R has been adopted retrospectively in accordance with IAS 8. Consequently, the Group has adjusted opening equity as of 1 January 2012 and the figures for 2012 have been restated as if IAS 19R had always been applied. The opening 2012 retirement benefit obligation, deferred tax asset and equity are £1,916,000 higher, £441,000 higher and £1,475,000 lower, respectively, than would have been prior to the adoption of IAS 19R. The 30 June 2012 retirement benefit obligation, deferred tax asset and equity are £2,706,000 higher, £622,000 higher and £2,084,000 lower, respectively, than would have been prior to the adoption of IAS 19R. The 31 December 2012 retirement benefit obligation, deferred tax asset and equity are £8,387,000 higher, £1,929,000 higher and £6,458,000 lower, respectively, than would have been prior to the adoption of IAS 19R. For the current period the statement of comprehensive income is £1,184,000 higher than it would have been prior to the adoption of IAS 19R. For the period ended 30 June 2012 the statement of comprehensive income is £609,000 lower than it would have been prior to the adoption of IAS 19R. For the year ended 31 December 2012 the statement of comprehensive income is £4,983,000 lower than it would have been prior to the adoption of IAS 19R.

Non-statutory accounts

These consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The financial information for the period ended 30 June 2013 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 2012 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 2013 and 30 June 2012 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 2012.

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 2013 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment revenue	13,152	12,602	1,163	26,917
Inter-segment revenue	(52)	–	(1,163)	(1,215)
Revenue	13,100	12,602	–	25,702
Operating (loss)/profit before exceptional items	(923)	766	(116)	(273)
Exceptional items	(396)	–	–	(396)
Operating (loss)/profit after exceptional items	(1,319)	766	(116)	(669)
Net finance charge				(60)
Loss before tax				(729)
Taxation				(67)
Loss for the period after tax				(796)

4. Segment information continued

The reportable segment results for continuing operations for the period ended 30 June 2012 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment revenue	16,031	14,189	1,131	31,351
Inter-segment revenue	(52)	–	(1,131)	(1,183)
Revenue	15,979	14,189	–	30,168
Operating profit/(loss)	772	532	(56)	1,248
Net finance charge				(57)
Profit before tax				1,191
Taxation				(322)
Profit for the period after tax				869

The reportable segment results for continuing operations for the year ended 31 December 2012 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment revenue	30,490	25,701	2,340	58,531
Inter-segment revenue	(104)	–	(2,340)	(2,444)
Revenue	30,386	25,701	–	56,087
Operating profit	564	763	37	1,364
Net finance (costs)/credit	(124)	(15)	43	(96)
Profit before tax				1,268
Taxation				(390)
Profit for the year after tax				878

The Group is not reliant on any key customers.

5. Taxation

During the period, as a result of the change in the UK corporation tax rate, the opening deferred tax balances have been re-measured. Deferred tax assets recognised at 1 January 2013 which had been measured at 23% at 31 December 2012 have been re-measured using the enacted rate that will apply at 31 December 2013 (21%).

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 brought forward deferred tax asset has been restated due to changes in IAS 19 "Employee Benefits", further detail is provided in Note 2.

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 23% due to £215,000 arising from the reduction in the value of the brought forward deferred tax asset and a further £27,000 arising from other movements in the deferred tax asset.

Notes to the consolidated interim financial statements

6. Discontinued operation

On 31 January 2013, Christie + Co FZ LLC, a 95% owned subsidiary of Christie Group plc, ceased trading following the Board's decision to voluntarily liquidate the operation. The operations of Christie + Co FZ LLC have been classified as a discontinued operation for the period ended 30 June 2013.

The results of Christie + Co FZ LLC are as follows:

	Half year to 30 June 2013 (Unaudited) £'000	Half year to 30 June 2012 (Unaudited) £'000	Year ended 31 December 2012 £'000
Revenue	9	46	57
Employee benefit expenses	–	(192)	(584)
	9	(146)	(527)
Other operating expenses	(38)	(97)	(262)
Operating loss	(29)	(243)	(789)
Finance costs	–	(7)	(19)
Loss from discontinued operations	(29)	(250)	(808)
Total comprehensive losses from discontinued operations	(29)	(250)	(808)

7. 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.

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 2013 £'000	Half year to 30 June 2012 £'000	Year ended 31 December 2012 £'000
(Loss)/profit from continuing operations attributable to equity holders of the Company	(796)	869	878
Loss from discontinued operations attributable to equity holders of the Company	(28)	(231)	(768)
(Loss)/profit from total operations attributable to equity holders of the Company	(824)	638	110

	30 June 2013 Thousands	30 June 2012 Thousands	31 December 2012 Thousands
Weighted average number of ordinary shares in issue	25,292	24,862	25,091
Adjustment for share options	–	266	245
Weighted average number of ordinary shares for diluted earnings per share	25,292	25,128	25,336

7. Earnings per share continued

	30 June 2013 Pence	30 June 2012 Pence	31 December 2012 Pence
Basic earnings per share			
Continuing operations	(3.15)	3.50	3.50
Discontinued operations	(0.11)	(0.93)	(3.06)
Total operations	(3.26)	2.57	0.44
Fully diluted earnings per share			
Continuing operations	(3.15)	3.47	3.49
Discontinued operations	(0.11)	(0.93)	(3.06)
Total operations	(3.26)	2.54	0.43

8. Dividends

A final dividend in respect of the year ended 31 December 2012 of 0.5p per share, amounting to a total dividend of £125,000, was approved and paid to the Christie Group plc registrar on 1 July 2013. The funds were transferred to shareholders on 5 July 2013.

An interim dividend in respect of 2013 of 0.5p per share, amounting to a dividend of £133,000, was declared by the directors at their meeting on 11 September 2013. These financial statements do not reflect this dividend payable.

The dividend of 0.5p per share will be payable to shareholders on the record on 27 September 2013. The ex-dividend date will be 25 September 2013. The dividend will be paid on 18 October 2013.

9. Share capital

Ordinary shares of 2p each	30 June 2013		30 June 2012		31 December 2012	
	Number	£'000	Number	£'000	Number	£'000
Authorised:						
At 1 January, 30 June and 31 December	30,000,000	600	30,000,000	600	30,000,000	600
Allotted and fully paid:						
At beginning of period	25,263,551	505	25,263,551	505	25,263,551	505
Issue of shares	1,263,178	26	–	–	–	–
At end of period	26,526,729	531	25,263,551	505	25,263,551	505

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

The Company placed 1,263,178 new 2p Ordinary shares during the period. The shares were placed at 62p per share, raising a total of £784,000.

Investment in own shares

The Group has established an Employee Share Ownership Plan (ESOP) trust in order 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 2013 advances by the Group to the ESOP to finance the purchase of ordinary shares were £2,028,000 (30 June 2012: £1,868,000; 31 December 2012: £2,028,000). The market value at 30 June 2013 of the ordinary shares held in the ESOP was £57,000 (30 June 2012: £16,000; 31 December 2012: £92,000). The investment in own shares represents 91,000 shares (30 June 2012: 22,000; 31 December 2012: 153,000) with a nominal value of 2p each.

Notes to the consolidated interim financial statements

10. Retirement benefit obligations

The Group operates two defined benefit schemes (closed to new members) providing pensions on final pensionable pay. The contributions are determined by qualified actuaries on the basis of 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 2013 after adjusting for the actual contributions to be paid in the period.

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

	Half year to 30 June 2013 £'000	Half year to 30 June 2012 [*Restated] £'000	Year ended 31 December 2012 [*Restated] £'000
Beginning of the period	10,000	4,292	4,292
Expenses included in the employee benefit expense	348	291	568
Contributions paid	(718)	(665)	(1,331)
Actuarial (gains)/losses recognised	(1,499)	396	6,471
End of the period	8,131	4,314	10,000

* Restated for IAS 19R (see note 2).

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

	Half year to 30 June 2013 £'000	Half year to 30 June 2012 [*Restated] £'000	Year ended 31 December 2012 [*Restated] £'000
Current service cost	340	339	528
Net interest cost	8	(58)	36
Net actuarial loss/(gain) recognised in the period	–	10	4
Total included in employee benefit expenses	348	291	568

* Restated for IAS 19R (see note 2).

The principal actuarial assumptions used were as follows:

	Half year to 30 June 2013 %	Half year to 30 June 2012 %	Year ended 31 December 2012 %
Inflation rate	3.2 – 3.3	3.5	2.8
Discount rate/expected return on plan assets	5.0 – 6.5	5.8 – 7.6	4.75 – 6.5
Future salary increases	3.2 – 3.3	3.5	2.8
Future pension increases	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5

Assumptions regarding future mortality experience were consistent with those disclosed in the financial statements for the year ended 31 December 2012.

11. Note to the cash flow statement

Cash (used in)/generated from operations

	Half year to 30 June 2013 £'000	Half year to 30 June 2012 £'000	Year ended 31 December 2012 £'000
Continuing operations			
(Loss)/profit for the period	(796)	869	878
Adjustments for:			
– Taxation	67	322	390
– Finance costs	60	57	96
– Depreciation	285	201	432
– Amortisation of intangible assets	23	13	116
– Profit on sale of property, plant and equipment	(28)	(3)	(19)
– Foreign currency translation	20	(19)	(30)
– (Decrease)/increase in provisions	(439)	404	362
– Movement in share option charge	43	37	68
– Retirement benefits	(370)	(373)	(763)
– Decrease in non-current other receivables	–	35	588
Changes in working capital (excluding the effects of exchange differences on consolidation):			
– Decrease in inventories	1	–	–
– (Increase)/decrease in trade and other receivables	(1,198)	(3,373)	550
– Increase/(decrease) in trade and other payables	771	2,208	(746)
Cash (used in)/generated from continuing operations	(1,561)	378	1,922
Discontinued operations			
Loss for the period	(29)	(250)	(808)
Adjustments for:			
– Finance costs	–	7	19
– Depreciation	–	4	8
– Loss on sale of property, plant and equipment	24	–	–
– Foreign currency translation	1	1	1
Changes in working capital (excluding the effects of exchange differences on consolidation):			
– Decrease/(increase) in trade and other receivables	28	(12)	5
– (Decrease)/increase in trade and other payables	(371)	(59)	275
Cash used in discontinued operations	(347)	(309)	(500)
Cash (used in)/generated from operations	(1,908)	69	1,422

Notes to the consolidated interim financial statements

12. Cash and cash equivalents

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

	Half year to 30 June 2013 £'000	Half year to 30 June 2012 £'000	Year ended 31 December 2012 £'000
Cash and cash equivalents	334	963	1,314
Bank overdrafts	(3,358)	(3,482)	(2,852)
	(3,024)	(2,519)	(1,538)

13. Business combinations

As at 30 June 2013, £34,000 of the contingent consideration in relation to the acquisition of Orridge Business Sales Limited was satisfied in ordinary 2p shares of Christie Group plc, these shares were purchased on the vendor's behalf from the Employee Share Ownership Plan (ESOP) trust. As at 31 December 2012 cash consideration had been paid for the net assets acquired following finalisation of the completion accounts. As at 30 June 2012 no consideration had been paid pending finalisation of the completion accounts.

14. Related-party transactions

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

During the period rentals of £155,000 (30 June 2012: £150,000; 31 December 2012: £300,000) 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.

15. Publication of Interim Report

The 2013 Interim Financial Statements are available on the Company's website www.christiegroup.com

Company information

Board of directors

Philip Gwyn	Chairman
David Rugg	Chief Executive
Dan Prickett	Chief Financial Officer
Chris Day	Executive Director
Paul Harding	Executive Director
Tony Chambers	Senior Non-executive Director
Pommy Sarwal	Non-executive Director

Secretary

Dan Prickett ACA

Registered office

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Registered number

1471939

Website

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

Nominated adviser and broker

Charles Stanley Securities

Principal solicitors

Royds
Dentons

Auditors

Nexia Smith & Williamson Audit

Financial calendar

Announcements

Preliminary full-year results for 2013 April 2014

Half-year dividend 2013

Ex-dividend	25 September 2013
Record date	27 September 2013
Payment date	18 October 2013

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:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

0871 664 0300 (calls cost 10 pence per minute plus network extras. Lines are open from 8:30am to 5:30pm Mon – Fri) from the UK and +44 (0) 20 8639 3399 from overseas.

shareholder.services@capitaregistrars.com

Shareholders who receive duplicate sets of company mailings because they have multiple accounts should write to Capita Registrars to have their accounts amalgamated.

Shareholder information

Online documents

An electronic copy of this document is available in the Reports section on our website at:

www.christiegroup.com/cgroup/en/investors/reports

Voting online and the shareholder portal – www.capitashareportal.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 communication 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 Capita Registrars Shareholders Helpline, either:

- by phone on 0871 664 0391 from the UK (calls cost 10p per minute plus network extras. Lines are open between 9am and 5:30pm, Monday – Friday) or from overseas on +44 (0) 20 8639 3367; or
- by e-mail at shareholder.services@capitaregistrars.com

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/donorinformation

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: www.fca.org.uk/register
- 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 Capita in a safe place and destroy any unwanted correspondence by shredding.
- If you change address, inform Capita in writing or update your address online via the shareholder portal. If you receive a letter from Capita 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 Capita 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 Capita asking you to confirm personal details or details of your investment in our shares. Neither we nor Capita will ever ask you to provide information in this way.

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