

Client centric insight



...with the digital revolution

Christie Group provides a portfolio of over 70 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.

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.

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 in the hospitality, leisure, care, retail and medical 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 40 years' experience in financing businesses in the hospitality, leisure, care, retail and medical 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 40 years' experience arranging business insurance in the hospitality, leisure, care, retail and medical 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

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

ORRIDGE the Company that Counts

Orridge is Europe's longest established stocktaking business and specialises in all fields of retail stocktaking including high street, warehousing and factory operations, as well as supply chain services. 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 Maximised Profits. Optimised Controls.

Venners is 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.

www.venners.co.uk

VENNERSYS

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

Offices

42 offices across the UK,
Continental Europe and Canada.

Employees

Employing over 3,200
professional and specialist staff.

HELSINKI

STOCKHOLM

THE NORDIC REGION,
RUSSIA & THE
BALTIC STATES

UNITED KINGDOM

IRELAND

GLASGOW
EDINBURGH
NEWCASTLE UPON TYNE
LEEDS
MANCHESTER
ALDRIDGE
NOTTINGHAM
BIRMINGHAM
MILTON KEYNES
IPSWICH
HARLOW
BRISTOL
CARDIFF
READING
WINCHESTER
MAIDSTONE
EXETER
LONDON

BENELUX
BRUSSELS

GERMANY

BERLIN

BONN
FRANKFURT

CENTRAL &
EASTERN
EUROPE

MUNICH
VIENNA

FRANCE

RENNES

PARIS

LYON

BORDEAUX

AIX EN PROVENCE

IBERIA

BARCELONA

MADRID

Highlights

- First half revenues up 10.6% to £34.9m (2016: £31.6m)
- First-half operating profit before exceptional items of £1.0m (2016: operating loss of £0.9m)
- Basic earnings per share of 1.49p per share (2016: Negative 4.95p per share)
- Interim dividend maintained at 1.0p per share (2016: 1.0p per share)
- Professional Business Services revenues up 17.7% to £19.3m (2016: £16.4m)
- Stocktaking and Inventory Systems and Services revenues up 2.9% to £15.6m (2016: £15.2m)
- UK transactional activity has recovered, with contributions from across our sectors
- Lender market remains positive and continues to diversify

“We are pleased to report an encouraging first-half performance, with strong growth. Business buyers have been undeterred by political events and our sector-specialist knowledge and services are in demand. We remain optimistic for our full year prospects.”

David Rugg, Chief Executive

Chairman's statement

As anticipated in my AGM statement in June, our first-half result was a material improvement over the corresponding period in 2016, further supporting our view that last year was adversely affected in the run up to the EU Referendum. Reflecting this recovery, we achieved an operating profit before exceptional items of £1.0 million (2016: £0.9m operating loss) from revenue of £34.9 million (2016: £31.6m). In the UK, neither the EU Referendum nor the General Election outcome have deterred business buyers. Indeed, this first-half result coupled with the stronger second-half we delivered in 2016, equates to an operating profit before exceptional items over that twelve month period of £3.0m.



Stock & Inventory Systems & Services

In Germany, our retail stocktaking operation Orridge, added counts for Fressnapf, Hugo Boss and Amor. We have also agreed trials for four additional retailers for work in 2018, while our new sales initiative in France has been successful in securing work for Fremaux Delorme and trials with six retailers for work both in France and Belgium. Across our European operations, we are rolling out our UK-style of bonus schemes to boost count rates whilst maintaining accuracy.

In the UK we have welcomed Musto, Habitat, Tate Gallery, Gouls Departments Stores and Trotters School Uniform Warehouse as clients. We are working with two other major retailers to provide our services, although with systems adaptation requirements these should be to the benefit of next year. All high street client contracts expiring in the period were successfully renewed.

Our Pharmacy division is achieving incremental gains in a sector where ownership remains diversified. Our Supply Chain service, whilst hitherto operating in distribution centres, has been successful in adding "in good faith receiving" checks to food retailers sites whilst we are concurrently on site for our routine stocktaking operations. This creates an integrated and cost effective solution. Evolving further from its origins and reflecting our knowledge in the hospitality sector, our Supply Chain work has also moved beyond pure retail with a new assignment to focus on food and drink supplies.

Continuing in the licence sector with Venners, we won stocktaking for Amber Taverns and for Milton Group, a portfolio of 73 pubs just purchased from Mitchell & Butlers. For our Health & Safety services we added Cotswold Inns and Hotels and Yummy Pub Company.

Early adoption of evolving and emerging third party software and technology is vital. As Venners' Clients adopt newer more modern systems that introduce a greater level of control and analysis into their businesses, we too gain vital exposure to a working knowledge of such systems. We adopt them into our working practices and integrate them into our own technology infrastructure.

Trevor Heyburn, the Managing Director of Venners, has decided to take a well-earned retirement after over forty years with the firm. I am pleased to advise we have been able to appoint our current Client Services Director, Steve Mayne, to the role of Managing Director and have created a new role of Deputy M.D. to further strengthen Venners' solid management team.

Vennersys, our cloud-based e-ticketing and customer management system for visitor attractions, reports a healthy outlook for growth. Scottish Seabird Centre, Greensand Trust, Dynamic Earth and Active Tameside are all recently welcomed as users.

Professional Business Services

We have enjoyed a strong first-half performance by our existing UK regional office network. Owning and operating one's own business remains an aspiration for many. Our coordinated sector-specialist teams were busy assisting corporate operators to either build or rationalise their portfolios across both branded and unbranded assets.

In Hotels, we've been busy on regional brokerage transactions. Branded examples included the sale of Holiday Inn Expresses in Tamworth and Ramsgate, the Holiday Inn Coventry South and a number of Mercures including Hatfield, Hull and Bowdon, Cheshire. Most recently we have sold on behalf of Principal Hotel Group, Project Prime, a group of five regional hotels to be operated by a major FTSE 100 Plc. Remaining in the UK hospitality arena in the Pub sector, we have seen most of the activity coming from established PubCos seeking to expand their estates.

"Our growth has always been driven by the quality of service, which in my view has never been stronger than it is today."

“The Group is excellently positioned within its various market sectors... with the prospect for further growth into 2018.”



Differing from the UK, hotel agency completions in our mainland Europe operations were subdued in the period. However momentum has begun to gather pace. Completions nonetheless included two branded hotels – the Lindner Hotel Much in Cologne and the Steigenberger in Linz – as well as the Best Western L'Artist Hotel in the Loire Valley and the Hotel Live & Dream in Barcelona.

The Care team have been continuing with their ongoing work of disposal of non-core assets for Four Seasons, including the sale of six homes based across the North East and South Yorkshire to Hill Care. We also acted on behalf of LRH to sell thirteen homes in a deal worth over £70m and completed three deals for specialist supported living provider National Care Group. In one of the largest transactions of the year, Christie & Co sold the Elderly Care Division of Embrace Group – consisting of thirty five homes across England and Scotland – to Sanctuary Care Group.

Following on from an excellent 2016, our Childcare and Education team facilitated multiple single-asset transactions including providing buy-side advice to ICP Nurseries on their acquisition of Little Monkeys Nurseries, helping them to add to their expanding portfolio of six settings across London and the South East.

In the Medical sector, The Department of Health's funding cuts to Pharmacy remuneration, introduced from September 2016, have to date had little effect on market appetite. Sales activity increased compared with the first half in 2016, and saw our Medical team broker the sale of Patrick Dental Group in Glasgow, made up of two high quality Dental Practices comprising nine surgeries in total.

Active on the ground in fifteen European markets, the Valuations and Consultancy team have undertaken a number of large (and small) assignments across both the UK and Europe, leveraging the knowledge and experience of our teams. The Care Consultancy Team launched its renowned Adult Social Care Report in July which this year focused on funding, staffing and bed blocking. The report has already generated extensive interest and

media coverage including The Sunday Times, The Guardian and all key trade publications. The Hotels Consultancy team is busy working on confidential due diligence projects in the UK and across Europe.

Pinders' own excellence in service provision was recognised by Lloyds Bank, with the award of 'South East Valuer of the Year'. As well as valuing over £1bn worth of student accommodation in the period, its Building Services division saw significant progression in the learning difficulties sector, with portfolio instructions relating to the G4S, Swanton Care and Danshell groups.

We have decided to create a Financial Services Division to focus the provision of our existing Finance and Insurance services and to seek to make available a wider product offering to our existing client base, as well as the external inflows from our strengthening Christie Finance and Christie Insurance brands. The new division will come into effect once we have obtained the necessary regulatory approvals.

There has been no let up in the continuing diversity of the lender market – new entrants continue to appear. As a result, there has been no detriment to the availability of Commercial Finance for SME's seen post-Brexit or in the run up to the General Election. Expanding its own product offering in light of this positive lending landscape, Christie Finance will launch its new Unsecured Finance option in Q4.

Dividend

The Board has declared an interim dividend of 1.0p per share (2016: 1.0p per share) which will be paid on 20 October 2017 to shareholders on the register on 29 September 2017.

Outlook

Assuming relatively benign conditions continue to prevail overall, the Group is on track for the year with the prospect for further growth into 2018.

Board changes

This is my last statement to you as Chairman, as I retire today.

I have enjoyed enormously my 43 years with the business and I am immensely proud to have seen it grow from a company in the South of England into the international group of companies which it is today. Growth within the Group has always been driven by the quality of service provided to our customers and, in my view, this has never been stronger than it is today. I would like to thank all our talented staff, both current and past, for their unbridled enthusiasm, energy and support over the years. I am very grateful to you all.

It has been a great honour to serve as the first Chairman of our Group since its flotation in 1988 and I am pleased to advise that my long standing colleague and friend David Rugg has agreed to become Chairman, as well as continuing his role as Chief Executive. In support of this move our current Chief Financial Officer Daniel Prickett has moved to Chief Operating Officer and Simon Hawkins, currently finance director of Christie & Co, has been appointed Group Finance Director.

My enthusiasm and belief in the companies within Christie Group remains undiminished and I will be staying in close contact as both the major shareholder and in my honorary role as Group President. I am also pleased to announce that my son, Hwfa Gwyn, has been invited to join your board, thereby ensuring our family's ongoing involvement in the performance and direction of the Group.

Lastly I thank you, our shareholders, including many longstanding holders, for their loyal support of our Group. I think that the Group is excellently positioned within its various market sectors and so trust that you will continue to support it on the next phase of its journey.

Philip Gwyn
Chairman

Consolidated interim income statement

	Note	Half year to 30 June 2017 (Unaudited) £'000	Half year to 30 June 2016 (Unaudited) £'000	Year ended 31 December 2016 £'000
Revenue	4	34,925	31,575	64,488
Employee benefit expenses		(23,733)	(23,260)	(45,866)
		11,192	8,315	18,622
Depreciation and amortisation		(415)	(352)	(757)
Impairment charge		–	–	(194)
Other operating expenses		(9,749)	(8,867)	(16,651)
Operating profit/(loss) before exceptional items		1,028	(904)	1,020
Exceptional items		–	–	1,328
Operating profit/(loss) after exceptional items	4	1,028	(904)	2,348
Finance costs		(63)	(47)	(111)
Finance income		2	–	–
Pension scheme finance costs		(235)	(216)	(432)
Total finance charge		(296)	(263)	(543)
Profit/(loss) before tax		732	(1,167)	1,805
Taxation	5	(376)	(202)	(516)
Profit/(loss) for the period after tax		356	(1,369)	1,289
All amounts derive from continuing operations.				
Profit/(loss) for the period after tax attributable to:				
– Equity shareholders of the parent		391	(1,301)	1,405
– Non-Controlling interest		(35)	(68)	(116)
		356	(1,369)	1,289
Earnings per share attributable to equity holders – pence				
– Basic	6	1.49	(4.95)	5.35
– Fully diluted	6	1.47	(4.95)	5.25

Consolidated interim statement of comprehensive income

	Half year to 30 June 2017 (Unaudited) €'000	Half year to 30 June 2016 (Unaudited) €'000	Year ended 31 December 2016 €'000
Profit/(loss) for the period after tax	356	[1,369]	1,289
Other comprehensive (losses)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	2	143	184
Net other comprehensive income/(losses) to be reclassified to profit or loss in subsequent periods	2	143	184
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement (losses)/gains on defined benefit plans	(378)	(3,046)	(8,054)
Income tax effect	64	459	1,011
Net other comprehensive (losses)/income not being reclassified to profit or loss in subsequent periods	(314)	[2,587]	[7,043]
Other comprehensive (losses)/income for the period, net of tax	(312)	[2,444]	(6,859)
Total comprehensive income/(losses) for the period	44	[3,813]	(5,570)
Total comprehensive income/(losses) attributable to:			
Equity shareholders of the parent	79	(3,745)	(5,454)
Non-controlling interest	(35)	(68)	(116)
	44	[3,813]	(5,570)

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 2016 (Unaudited)						
Balance at 1 January 2016	531	5,207	472	(9,073)	(454)	(3,317)
Profit/(loss) for the period after tax	–	–	–	(1,301)	(68)	(1,369)
Items that will not be reclassified subsequently to profit or loss	–	–	–	(2,587)	–	(2,587)
Items that may be reclassified subsequently to profit or loss	–	–	143	–	–	143
Total comprehensive (losses)/income for the period	–	–	143	(3,888)	(68)	(3,813)
Movement in respect of employee share scheme	–	117	–	–	–	117
Employee share option scheme:						
– value of services provided	–	2	–	–	–	2
Dividends payable	–	–	–	(394)	–	(394)
Balance at 30 June 2016	531	5,326	615	(13,355)	(522)	(7,405)

	Share capital £'000	Fair value and other reserves £'000	Cumulative translation adjustments £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
Year ended 31 December 2016 (Audited)						
Balance at 1 January 2016	531	5,207	472	(9,073)	(454)	(3,317)
Profit/(loss) for the year after tax	–	–	–	1,405	(116)	1,289
Items that will not be reclassified subsequently to profit or loss	–	–	–	(7,043)	–	(7,043)
Items that may be reclassified subsequently to profit or loss	–	–	184	–	–	184
Total comprehensive (losses)/income for the year	–	–	184	(5,638)	(116)	(5,570)
Movement in respect of employee share scheme	–	20	–	–	–	20
Employee share option scheme:						
– value of services provided	–	238	–	–	–	238
Acquisition of non controlling interest	–	–	–	(241)	241	–
Dividends paid	–	–	–	(657)	–	(657)
Balance at 31 December 2016	531	5,465	656	(15,609)	(329)	(9,286)

	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	(15,609)	(329)	(9,286)
Profit/(loss) for the period after tax	–	–	–	391	(35)	356
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	77	(35)	44
Movement in respect of employee share scheme	–	33	–	–	–	33
Employee share option scheme:						
– value of services provided	–	100	–	–	–	100
Dividends payable	–	–	–	(398)	–	(398)
Balance at 30 June 2017	531	5,598	658	(15,930)	(364)	(9,507)

Consolidated interim statement of financial position

	Note	At 30 June 2017 (Unaudited) €'000	At 30 June 2016 (Unaudited) €'000	At 31 December 2016 €'000
Assets				
Non-current assets				
Intangible assets – Goodwill		1,837	1,790	1,812
Intangible assets – Other		1,353	1,226	1,241
Property, plant and equipment		1,536	1,251	1,468
Deferred tax assets		3,781	3,613	3,901
Available-for-sale financial assets		635	635	635
Other receivables		451	451	451
		9,593	8,966	9,508
Current assets				
Inventories		16	8	29
Trade and other receivables		14,568	12,913	13,226
Current tax assets		178	243	357
Cash and cash equivalents	11	3,385	2,348	1,637
		18,147	15,512	15,249
Total assets		27,740	24,478	24,757
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	8	531	531	531
Fair value and other reserves		5,598	5,326	5,465
Cumulative translation reserve		658	615	656
Retained earnings		(15,930)	(13,355)	(15,609)
		(9,143)	(6,883)	(8,957)
Non-controlling interest		(364)	(522)	(329)
Total equity		(9,507)	(7,405)	(9,286)
Liabilities				
Non-current liabilities				
Trade and other payables		–	–	249
Retirement benefit obligations	9	18,167	14,721	18,106
Borrowings		–	3	1
Provisions		218	281	167
		18,385	15,005	18,523
Current liabilities				
Trade and other payables		10,891	9,438	8,883
Current tax liabilities		335	73	152
Borrowings		6,807	6,479	5,624
Provisions		829	888	861
		18,862	16,878	15,520
Total liabilities		37,247	31,883	34,043
Total equity and liabilities		27,740	24,478	24,757

Consolidated interim statement of cash flows

	Note	Half year to 30 June 2017 (Unaudited) £'000	Half year to 30 June 2016 (Unaudited) £'000	Year ended 31 December 2016 £'000
Cash flow from operating activities				
Cash generated from/(used in) operations	10	1,202	(2,735)	(1,016)
Interest paid		(63)	(47)	(111)
Tax paid		(23)	(129)	(213)
Net cash generated from/(used in) operating activities		1,116	(2,911)	(1,340)
Cash flow from investing activities				
Purchase of property, plant and equipment (PPE)		(295)	(373)	(855)
Proceeds from sale of PPE		–	14	16
Interest received		2	–	–
Intangible assets expenditure		(268)	(297)	(453)
Net cash used in investing activities		(561)	(656)	(1,292)
Cash flow from financing activities				
Proceeds from invoice discounting		779	1,158	363
Payment of finance lease liabilities		(1)	(4)	(6)
Dividends paid		–	–	(657)
Net cash generated from/(used in) financing activities		778	1,154	(300)
Net increase/(decrease) in cash and cash equivalents		1,333	(2,413)	(2,932)
Cash and cash equivalents at beginning of period		(2,933)	17	17
Exchange gain/(losses) on Euro bank accounts		9	107	(18)
Cash and cash equivalents at end of period	11	(1,591)	(2,289)	(2,933)

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 2017.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, except for those noted below and except for the adoption of new standards and interpretations effective as of 1 January 2017. 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 2016. 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 2016 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 2016 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 2017 and 30 June 2016 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 2016.

Notes to the consolidated interim financial statements continued

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 2017 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	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)	178	1,028
Net finance charge				(296)
Profit before tax				732
Taxation				(376)
Profit for the period after tax				356

The reportable segment results for continuing operations for the period ended 30 June 2016 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment revenue	16,440	15,188	1,538	33,166
Inter-segment revenue	(53)	–	(1,538)	(1,591)
Revenue	16,387	15,188	–	31,575
Operating loss	(414)	(116)	(374)	(904)
Net finance charge				(263)
Loss before tax				(1,167)
Taxation				(202)
Loss for the period after tax				(1,369)

4. Segment information continued

The reportable segment results for continuing operations for the year ended 31 December 2016 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment sales	35,139	29,455	3,533	68,127
Inter-segment sales	(106)	–	(3,533)	(3,639)
Revenue	35,033	29,455	–	64,488
Operating profit/(loss) before exceptional items	1,407	(165)	(222)	1,020
Exceptional items	973	286	69	1,328
Operating profit/(loss) after exceptional items	2,380	121	(153)	2,348
Finance costs				(543)
Profit before tax				1,805
Taxation				(516)
Profit for the year after tax				1,289

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 before pension scheme finance costs, due to £87,000 arising from the reduction in the value of the brought forward deferred tax asset and a further £85,000 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.

Notes to the consolidated interim financial statements continued

6. Earnings per share continued

	Half year to 30 June 2017 £'000	Half year to 30 June 2016 £'000	Year ended 31 December 2016 £'000
Profit/(loss) from total operations attributable to equity holders of the Company	391	(1,301)	1,405
	30 June 2017 Thousands	30 June 2016 Thousands	31 December 2016 Thousands
Weighted average number of ordinary shares in issue	26,351	26,279	26,295
Adjustment for share options	344	–	472
Weighted average number of ordinary shares for diluted earnings per share	26,695	26,279	26,767
	30 June 2017 Pence	30 June 2016 Pence	31 December 2016 Pence
Basic earnings per share	1.49	(4.95)	5.35
Fully diluted earnings per share	1.47	(4.95)	5.25

7. Dividends

A final dividend in respect of the year ended 31 December 2016 of 1.5p per share, amounting to a total dividend of £398,000, was approved and paid to the Christie Group plc registrar on 30 June 2017. The funds were transferred to shareholders on 7 July 2017.

An interim dividend in respect of 2017 of 1.0p per share, amounting to a dividend of £265,000, was declared by the directors at their meeting on 13 September 2017. These financial statements do not reflect this dividend payable.

The dividend of 1.0p per share will be payable to shareholders on the record on 29 September 2017. The ex-dividend date will be 28 September 2017. The dividend will be paid on 20 October 2017.

8. Share capital

Ordinary shares of 2p each	30 June 2017		30 June 2016		31 December 2016	
	Number	£'000	Number	£'000	Number	£'000
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 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 2017 the total payments by the Group to the ESOP to finance the purchase of ordinary shares were £2,639,000 (30 June 2016: £2,639,000; 31 December 2016: £2,639,000). This figure is inclusive of shares purchased and subsequently issued to satisfy employee share awards. The market value at 30 June 2017 of the ordinary shares held in the ESOP was £129,000 (30 June 2016: £203,000; 31 December 2016: £151,000). The investment in own shares represents 139,000 shares (30 June 2016: 247,000; 31 December 2016: 182,000) with a nominal value of 2p each.

9. Retirement benefit obligations

The obligation outstanding of £18,167,000 (30 June 2016: £14,721,000; 31 December 2016: £18,106,000) includes £965,000 (30 June 2016: £962,000; 31 December 2016: £990,000) 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 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 2017 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 2017 £'000	Half year to 30 June 2016 £'000	Year ended 31 December 2016 £'000
Beginning of the period	18,106	11,958	11,958
Expenses included in the employee benefit expense	219	303	587
Contributions paid	(746)	(778)	(1,547)
Finance costs	235	216	432
Pension paid	(25)	(24)	(50)
Past service cost	–	–	(1,328)
Actuarial losses/(gains) recognised	378	3,046	8,054
End of the period	18,167	14,721	18,106

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

	Half year to 30 June 2017 £'000	Half year to 30 June 2016 £'000	Year ended 31 December 2016 £'000
Current service cost	219	303	587
Total included in employee benefit expenses	219	303	587
Past service cost	–	–	(1,328)
Total included in exceptional items	–	–	(1,328)
Net interest cost	235	216	432
Total included in finance costs	235	216	432
Actuarial (losses)/gains	(378)	(3,046)	(8,054)
Total included in other comprehensive (losses)/income	(378)	(3,046)	(8,054)

The principal actuarial assumptions used were as follows:

	Half year to 30 June 2017 %	Half year to 30 June 2016 %	Year ended 31 December 2016 %
Inflation rate	2.80	2.70	2.80
Discount rate	3.30	3.10	3.30
Future salary increases	1.00 – 2.00	2.70	1.00–2.00
Future pension increases	2.30 – 3.50	1.90 – 2.70	2.30–3.50

Assumptions regarding future mortality experience were consistent with those disclosed in the financial statements for the year ended 31 December 2016.

10. Note to the cash flow statement

Cash generated from/(used in) operations

	Half year to 30 June 2017 £'000	Half year to 30 June 2016 £'000	Year ended 31 December 2016 £'000
Continuing operations			
Profit/(loss) for the period	356	(1,369)	1,289
Adjustments for:			
– Taxation	376	202	516
– Finance costs	61	47	111
– Past services cost	–	–	(1,328)
– Depreciation	258	216	480
– Amortisation of intangible assets	157	136	277
– Profit on sale of property, plant and equipment	–	(9)	(10)
– Foreign currency translation	(25)	(102)	18
– Increase/(decrease) in provisions	19	(738)	(879)
– Movement in share option charge	117	117	238
– Retirement benefits	(317)	(283)	(578)
Changes in working capital (excluding the effects of exchange differences on consolidation):			
– Increase in inventories	13	(2)	(23)
– Increase in trade and other receivables	(1,322)	(919)	(1,203)
– Increase/(decrease) in trade and other payables	1,509	(31)	76
Cash generated from/(used in) operations	1,202	(2,735)	(1,016)

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

	Half year to 30 June 2017 £'000	Half year to 30 June 2016 £'000	Year ended 31 December 2016 £'000
Cash and cash equivalents	3,385	2,348	1,637
Bank overdrafts	(4,976)	(4,637)	(4,570)
	(1,591)	(2,289)	(2,933)

12. Related-party transactions

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

During the period rentals of £393,000 (30 June 2016: £164,000; 31 December 2016: £287,000) 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.

13. Publication of Interim Report

The 2017 Interim Financial Statements are available on the Company's website www.christiegroup.com

Company 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/cgroup/en/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
Pommy Sarwal	Non-executive Director
Hwfa Gwyn	Non-executive Director

Secretary

Dan Prickett FCA

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Registered number

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Nominated adviser and broker

Panmure Gordon (UK) Limited

Principal solicitors

Royds
SNR Denton

Auditors

Nexia Smith & Williamson Audit

Financial calendar

Announcements

Preliminary full-year results for 2017 April 2018

Half-year dividend 2017

Ex-dividend	28 September 2017
Record date	29 September 2017
Payment date	20 October 2017

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 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@capita.co.uk

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

Shareholder information

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 Capita 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@capita.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: www.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 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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