christie group plc

CROSS POLLINATION

Making the right connections

Interim Report 2015

...with the digital revolution

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.

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.

Contents

Our brands

Professional Business Services

Christie + Co BUSINESS INTELLIGENCE

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 Intelligent Solutions

Christie Finance has over 35 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 Intelligent Solutions

Christie Insurance, with over 35 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 breath 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 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. 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 and is growing in mainland Europe.
www.venners.co.uk

VENNERSYS Ticketing • EPoS • Online

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

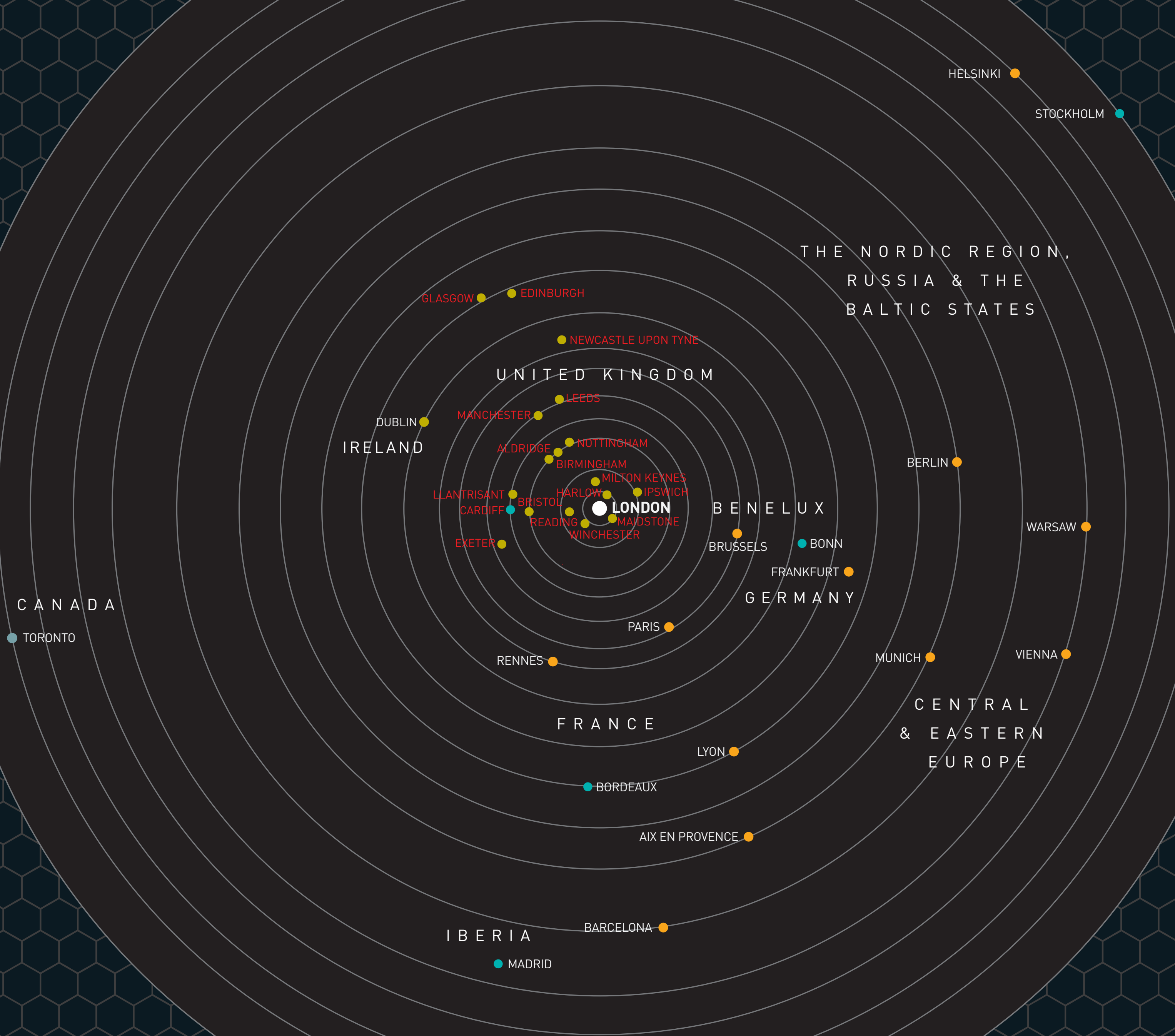
Where we are

Offices

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

Employees

Employing over 3,600 professional and specialist staff.



Highlights

- Revenue for the first half up 8% to £31.7m (2014: £29.4m)
- Operating profit more than doubled to £1.7m (2014: £0.8m)
- Basic earnings per share for the first half increased to 4.18p per share (2014: 1.74p per share)
- Interim dividend increased to 1.0p per share (2014: 0.75p per share)
- Advisory work buoyant in first half with over 5,500 businesses valued
- Encouraging end to the first-half creates expectation of a more balanced performance than 2014
- Strong M&A activity and related financing activity continues into second half

"Our first-half performance demonstrates a continuation of the progress we are making in a market place which offers plenty of opportunity for the future and immediate encouragement for the remainder of 2015."

David Rugg, Chief Executive

Chairman's statement

I am pleased to report a strong finish to our first-half trading. Our operating profit more than doubled to £1.7m (2014: £0.8m). This increase was achieved from an 8% growth in revenue to £31.7m (2014: £29.4m) as we benefitted from a resurgent post-election trading period. As a result, we anticipate that our full-year performance will be more evenly balanced than we saw in 2014.

In what was a first for us, I was particularly pleased to record an appearance in Hansard, with Christie + Co's acclaimed research – entitled "The UK Nursing Workforce: Crisis or Opportunity" – the subject for questions in the upper house.

Professional Business Services

Post-election, our transactional work gathered pace. Strong demand pursued the available opportunities we brought to market. M&A activity culminated in the sale of Interhotels in Germany, the acquisition of The London Autistic Spectrum Centre for Fairview Homes and the sale of the Rezidor Hotel Bristol. The Hotel Freizeit Auefeld was sold for Avalon Hotels to Transworld Corporation, while Golden Tulip Marne-la-Vallée, Mercure Tours and the Falkensteiner Hotel & Spa Bleibergerhof Austria were also sold.

Christie + Co is working with Galvin Brothers to search for pub sites for their new pub company reflecting the strength of the gastro pub market, whilst in the Childrens' Day Care sector, recent notable deals include the sale of the Edinburgh Corner House portfolio to Bertram Nursery Group, and a group of three nurseries from Liverpool Day Nurseries Ltd to Kids Planet Day Nurseries Ltd.

Our practices enjoyed a hectic period during which we formally valued over 4,500 businesses and gave pricing options advice in respect of a further 1,000. We also undertook a number of significant advisory projects for existing owners, operators, investors and funders which, by their commercially sensitive nature, remain confidential. Assignments included strategic advice across education, care, hotel, restaurant, pub, dental and doctors' surgeries, with franchised businesses a growing segment. We reported on asset conditions, lease terms, tenant companies' financial standing, local market analysis and asset management strategy, brand selection, management strength and financial feasibility.

Christie Finance has experienced a highly competitive lending environment. Interest margins have been chased down to pre-recession levels whilst loan-to-value ratios remain relatively consistent across sectors. Given the wide range of available financing facilities, the role of our intermediaries is in strong demand. We broker both new business to the market and assist existing clients to review their position, or remain with their existing lender on competitive terms. We arranged debt funding for the acquisition by an Asian investor of Bredbury Hall and secured financing for the portfolio of Resimed Ltd, a Midlands Care group.

The increase in Insurance Premium Tax (IPT) from 6% to 9.5% presents an opportunity as policyholders will increasingly check the price competitiveness of existing insurance cover.

Stock & Inventory Systems & Services

Within the hospitality sector, we have been newly engaged by Ash Pubs & Taverns, Bath Ales, Drinks Group, Enjoy Pubs, Innovation, Hawthorn Leisure and others in a period of strong growth.

Our Health & Safety monitoring and alerts service grew apace and our operational compliance inspections and reports were in strong demand as was Event Profit Control. Together with inventory work, these additional services provide a rounded offering to our stock audit clients.

Our retail stocktaking businesses engage a high number of assignment-specific counters. The recent announcement by the Chancellor of the intention to eliminate the gap between the National Minimum Wage and the Living Wage will add significantly to our costs in our UK business, while our continental operations will be unaffected.

"We valued over 4,500 businesses in the period, gave pricing advice in respect of a further 1,000 and undertook a number of significant advisory projects."

We intend to work with our clients to protect our profit margins and achieve a sustainable and profitable business that continues to provide the first-class service offering that is our benchmark.

We are therefore focused on attracting future new customers to offset this disruption. New retail clients include Entertainment Alliance, Sequel and Roman Originals, in addition to those that I referred to in my June statement. Alongside this growth in our stocktaking client base, the launch of our Supply Chain service at the beginning of 2015 will prove of timely assistance in achieving this aim.

Vennersys announced that it will help support secure transactions by supporting Apple Pay, the easy, secure and private way to pay, from its launch in July.

Through Vennersys' Venpos Cloud and Enterprise products, the company's leading visitor attraction, ticketing, backoffice and Epos solutions, visitor attractions can take full advantage of Apple Pay. Payment card information will be more secure for purchases made with Apple Pay via our NFC enabled POS terminals.

Our growth in working capital remains consistent with our increase in activity and revenue as our balance sheet continues to strengthen.

Outlook

Since the end of our first half we have continued to enjoy strong M&A activity, including the sale of 146 pubs on behalf of the liquidators handling the GRS group of companies and the sale of 24 recently developed care homes to Anchor on behalf of LNT Group. In addition, Christie + Co has also represented Chinese investor HK CTS Metropark Hotels in their purchase of Kew Green Hotels.

This gives us confidence that the Group should achieve its anticipated full year result as each of our businesses experience strong demand for their services. Your management and staff alike have worked enthusiastically and applied great skill for which I thank them.

As a result of their efforts, the Board have declared an increased interim dividend of 1.0p (2014: 0.75p per share) which will be paid on 16 October 2015 to shareholders on the register on 25 September 2015.

Philip Gwyn
Chairman

Consolidated interim income statement

	Note	Half year to 30 June 2015 (Unaudited) £'000	Half year to 30 June 2014 (Unaudited) £'000	Year ended 31 December 2014 £'000
Continuing operations:				
Revenue	4	31,738	29,406	61,011
Employee benefit expenses		(21,329)	(19,839)	(40,274)
		10,409	9,567	20,737
Depreciation and amortisation		(266)	(273)	(458)
Impairment charge		–	–	(56)
Other operating expenses		(8,427)	(8,479)	(16,517)
Operating profit	4	1,716	815	3,706
Finance costs		(49)	(53)	(125)
Finance income		–	–	9
Pension scheme finance costs		(256)	(124)	(231)
Total finance charge		(305)	(177)	(347)
Profit before tax		1,411	638	3,359
Taxation	5	(409)	(311)	(1,142)
Profit for the period after tax		1,002	327	2,217

All amounts derive from continuing operations.

	Note	Half year to 30 June 2015 (Unaudited) £'000	Half year to 30 June 2014 (Unaudited) £'000	Year ended 31 December 2014 £'000
Profit/(loss) for the period after tax attributable to:				
– Equity shareholders of the parent		1,091	458	2,455
– Non-Controlling interest		(89)	(131)	(238)
		1,002	327	2,217
Earnings per share attributable to equity holders – pence				
– Basic	6	4.18	1.74	9.34
– Fully diluted	6	4.06	1.66	8.99

Consolidated interim statement of comprehensive income

	Half year to 30 June 2015 (Unaudited) £'000	Half year to 30 June 2014 (Unaudited) £'000	Year ended 31 December 2014 £'000
Profit for the period after tax	1,002	327	2,217
Other comprehensive losses:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(67)	17	41
Net other comprehensive (losses)/income to be reclassified to profit or loss in subsequent periods	(67)	17	41
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	57	(2,393)	(9,726)
Income tax effect	(11)	443	1,862
Net other comprehensive income/(losses) not being reclassified to profit or loss in subsequent periods	46	(1,950)	(7,864)
Other comprehensive losses for the period, net of tax	(21)	(1,933)	(7,823)
Total comprehensive income/(losses) for the period	981	(1,606)	(5,606)
Total comprehensive income/(losses) attributable to:			
Equity shareholders of the parent	1,070	(1,475)	(5,368)
Non-controlling interest	(89)	(131)	(238)
	981	(1,606)	(5,606)

Consolidated interim statement of changes in shareholders' equity

Half year to 30 June 2014 (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 2014	531	5,526	503	(6,600)	(51)	(91)
Profit/(loss) for the period after tax	–	–	–	458	(131)	327
Other comprehensive losses for the period after tax	–	–	–	(1,950)	–	(1,950)
Exchange differences on translating foreign operations	–	–	17	–	–	17
Total comprehensive income/(losses) for the period	–	–	17	(1,492)	(131)	(1,606)
Movement in respect of employee share scheme	–	(132)	–	(2)	–	(134)
Employee share option scheme:						
– value of services provided	–	60	–	–	–	60
Dividends paid	–	–	–	(262)	–	(262)
Balance at 30 June 2014	531	5,454	520	(8,356)	(182)	(2,033)

Year ended 31 December 2014 (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 2014	531	5,526	503	(6,600)	(51)	(91)
Profit/(loss) for the year after tax	–	–	–	2,455	(238)	2,217
Other comprehensive losses for the year after tax	–	–	–	(7,864)	–	(7,864)
Exchange differences on translating foreign operations	–	–	41	–	–	41
Total comprehensive income/(losses) for the year	–	–	41	(5,409)	(238)	(5,606)
Movement in respect of employee share scheme	–	(664)	–	(5)	–	(669)
Employee share option scheme:						
– value of services provided	–	92	–	–	–	92
Dividends paid	–	–	–	(459)	–	(459)
Balance at 31 December 2014	531	4,954	544	(12,473)	(289)	(6,733)

Half year to 30 June 2015 (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 2015	531	4,954	544	(12,473)	(289)	(6,733)
Profit/(loss) for the period after tax	–	–	–	1,091	(89)	1,002
Other comprehensive income for the period after tax	–	–	–	46	–	46
Exchange differences on translating foreign operations	–	–	(67)	–	–	(67)
Total comprehensive (losses)/income for the period	–	–	(67)	1,137	(89)	981
Movement in respect of employee share scheme	–	144	–	–	–	144
Employee share option scheme:						
– value of services provided	–	91	–	–	–	91
Dividends paid	–	–	–	(392)	–	(392)
Balance at 30 June 2015	531	5,189	477	(11,728)	(378)	(5,909)

Consolidated interim statement of financial position

	Note	At 30 June 2015 (Unaudited) £'000	At 30 June 2014 (Unaudited) £'000	At 31 December 2014 £'000
Assets				
Non-current assets				
Intangible assets – Goodwill		1,674	1,763	1,740
Intangible assets – Other		854	570	697
Property, plant and equipment		994	970	893
Deferred tax assets		3,814	2,768	3,817
Available-for-sale financial assets		635	635	635
Other receivables		465	466	465
		8,436	7,172	8,247
Current assets				
Inventories		4	–	2
Trade and other receivables		14,172	12,472	11,089
Current tax assets		12	190	12
Cash and cash equivalents	11	472	421	3,770
		14,660	13,083	14,873
Total assets		23,096	20,255	23,120
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	8	531	531	531
Fair value and other reserves		5,189	5,454	4,954
Cumulative translation reserve		477	520	544
Retained earnings		(11,728)	(8,356)	(12,473)
		(5,531)	(1,851)	(6,444)
Non-controlling interest		(378)	(182)	(289)
Total equity		(5,909)	(2,033)	(6,733)
Liabilities				
Non-current liabilities				
Retirement benefit obligations	9	13,728	6,857	13,970
Provisions		313	313	258
		14,041	7,170	14,228
Current liabilities				
Trade and other payables		8,747	8,592	8,804
Current tax liabilities		808	–	403
Borrowings		3,397	4,568	4,385
Provisions		2,012	1,958	2,033
		14,964	15,118	15,625
Total liabilities		29,005	22,288	29,853
Total equity and liabilities		23,096	20,255	23,120

These consolidated interim financial statements have been approved for issue by the Board of Directors on 11 September 2015.

Consolidated interim statement of cash flows

	Note	Half year to 30 June 2015 (Unaudited) £'000	Half year to 30 June 2014 (Unaudited) £'000	Year ended 31 December 2014 £'000
Cash flow from operating activities				
Cash (used in)/generated from operations	10	(1,274)	(745)	3,188
Interest paid		(49)	(53)	(125)
Tax (paid)/received		(11)	–	147
Net cash (used in)/generated from operating activities		(1,334)	(798)	3,210
Cash flow from investing activities				
Purchase of property, plant and equipment (PPE)		(291)	(134)	(223)
Proceeds from sale of PPE		9	6	12
Intangible assets expenditure		(244)	(61)	(266)
Investment in available-for-sale asset		–	(150)	(150)
Interest received		–	–	9
Net cash used in investing activities		(526)	(339)	(618)
Cash flow from financing activities				
Proceeds from invoice discounting		291	969	15
Dividends paid		(392)	(262)	(459)
Net cash (used in)/generated from financing activities		(101)	707	(444)
Net (decrease)/increase in cash and cash equivalents		(1,961)	(430)	2,148
Cash and cash equivalents at beginning of period		6	(2,130)	(2,130)
Exchange losses on Euro bank accounts		(58)	(12)	(12)
Cash and cash equivalents at end of period	11	(2,013)	(2,572)	6

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 2015.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, except for those noted below and except for the adoption of new standards and interpretations effective as of 1 January 2015. 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 2015. 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 2014 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 2014 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 2015 and 30 June 2014 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 2014.

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 2015 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment revenue	17,574	14,216	1,520	33,310
Inter-segment revenue	(52)	–	(1,520)	(1,572)
Revenue	17,522	14,216	–	31,738
Operating profit/(loss)	2,444	(394)	(334)	1,716
Net finance charge				(305)
Profit before tax				1,411
Taxation				(409)
Profit for the period after tax				1,002

The reportable segment results for continuing operations for the period ended 30 June 2014 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment revenue	14,562	14,896	1,239	30,697
Inter-segment revenue	(52)	–	(1,239)	(1,291)
Revenue	14,510	14,896	–	29,406
Operating profit/(loss)	831	264	(280)	815
Net finance charge				(177)
Profit before tax				638
Taxation				(311)
Profit for the period after tax				327

4. Segment information continued

The reportable segment results for continuing operations for the year ended 31 December 2014 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Group £'000
Total gross segment revenue	33,343	27,772	2,549	63,664
Inter-segment revenue	(104)	–	(2,549)	(2,653)
Revenue	33,239	27,772	–	61,011
Operating profit	3,276	202	228	3,706
Net finance charge	(306)	(96)	55	(347)
Profit before tax				3,359
Taxation				(1,142)
Profit for the year after tax				2,217

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 20%, based on the Group's profit before tax and before pension scheme finance costs, due to £65,000 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.

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.

6. Earnings per share continued

	Half year to 30 June 2015 £'000	Half year to 30 June 2014 £'000	Year ended 31 December 2014 £'000
Profit from total operations attributable to equity holders of the Company	1,091	458	2,455

	30 June 2015 Thousands	30 June 2014 Thousands	31 December 2014 Thousands
Weighted average number of ordinary shares in issue	26,113	26,379	26,285
Adjustment for share options	716	1,133	1,011
Weighted average number of ordinary shares for diluted earnings per share	26,829	27,512	27,296

	30 June 2015 Pence	30 June 2014 Pence	31 December 2014 Pence
Basic earnings per share	4.18	1.74	9.34
Fully diluted earnings per share	4.06	1.66	8.99

7. Dividends

A final dividend in respect of the year ended 31 December 2014 of 1.5p per share, amounting to a total dividend of £392,000, was approved and paid to the Christie Group plc registrar on 24 June 2015. The funds were transferred to shareholders on 03 July 2015.

An interim dividend in respect of 2015 of 1.0p per share, amounting to a dividend of £265,000, was declared by the directors at their meeting on 09 September 2015. 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 25 September 2015. The ex-dividend date will be 24 September 2015. The dividend will be paid on 16 October 2015.

8. Share capital

Ordinary shares of 2p each	30 June 2015 Number	30 June 2015 £'000	30 June 2014 Number	30 June 2014 £'000	31 December 2014 Number	31 December 2014 £'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 2015 the total payments by the Group to the ESOP to finance the purchase of ordinary shares during the period were £2,672,000 (30 June 2014: £2,237,000; 31 December 2014: £2,639,000). This figure is inclusive of shares purchased and subsequently issued to satisfy employee share awards. The market value at 30 June 2015 of the ordinary shares held in the ESOP was £487,000 (30 June 2014: £309,000; 31 December 2014: £750,000). The investment in own shares represents 368,000 shares (30 June 2014: 238,000; 31 December 2014: 532,000) with a nominal value of 2p each.

9. Retirement benefit obligations

The obligation outstanding of £13,728,000 (30 June 2014: £6,857,000; 31 December 2014: £13,970,000) includes £980,000 (30 June 2014: £1,000,000; 31 December 2014: £1,000,000) relating to David Rugg who transferred 80% of his accrued benefits out of the Christie Group Pension and Assurance Scheme during 2014. At this date 20% of the residual benefit remained payable to Mr Rugg under agreement of the Christie Group plc Remuneration Committee.

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 2015 after adjusting for the actual contributions to be paid in the period.

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 2015 £'000	Half year to 30 June 2014 £'000	Year ended 31 December 2014 £'000
Beginning of the period	13,970	4,796	4,796
Expenses included in the employee benefit expense	314	284	632
Contributions paid	(743)	(740)	(1,415)
Finance costs	256	124	231
Pension paid	(12)	–	–
Actuarial (gains)/losses recognised	(57)	2,393	9,726
End of the period	13,728	6,857	13,970

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

	Half year to 30 June 2015 £'000	Half year to 30 June 2014 £'000	Year ended 31 December 2014 £'000
Current service cost	314	284	632
Total included in employee benefit expenses	314	284	632
Net interest cost	256	124	231
Total included in finance costs	256	124	231
Actuarial gains/(losses)	57	(2,393)	9,726
Total included in other comprehensive income/(losses)	57	(2,393)	9,726

The principal actuarial assumptions used were as follows:

	Half year to 30 June 2015 %	Half year to 30 June 2014 %	Year ended 31 December 2014 %
Inflation rate	3.00	3.20	3.00
Discount rate/expected return on plan assets	4.00	4.75	4.00
Future salary increases	3.00	3.20	3.00
Future pension increases	2.20 – 3.40	2.20 – 3.50	2.20 – 3.40

Assumptions regarding future mortality experience were consistent with those disclosed in the financial statements for the year ended 31 December 2014.

10. Note to the cash flow statement

Cash (used in)/generated from operations

	Half year to 30 June 2015 £'000	Half year to 30 June 2014 £'000	Year ended 31 December 2014 £'000
Continuing operations			
Profit for the period	1,002	327	2,217
Adjustments for:			
– Taxation	409	311	1,142
– Finance costs	49	53	116
– Depreciation	179	213	387
– Amortisation of intangible assets	87	60	71
– (Profit)/loss on sale of property, plant and equipment	(3)	(1)	7
– Foreign currency translation	(44)	10	83
– Increase in provisions	34	67	87
– Movement in share option charge	91	60	92
– Retirement benefits	(185)	(332)	(552)
– Decrease in non-current other receivables	–	34	35
Changes in working capital (excluding the effects of exchange differences on consolidation):			
– Increase in inventories	(2)	–	(2)
– Increase in trade and other receivables	(3,059)	(1,653)	(270)
– Increase /(decrease) in trade and other payables	168	106	(225)
Cash (used in)/generated from operations	(1,274)	(745)	3,188

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

	Half year to 30 June 2015 £'000	Half year to 30 June 2014 £'000	Year ended 31 December 2014 £'000
Cash and cash equivalents	472	421	3,770
Bank overdrafts	(2,485)	(2,993)	(3,764)
	(2,013)	(2,572)	6

12. Related-party transactions

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

During the period rentals of £162,000 (30 June 2014: £159,000; 31 December 2014: £318,000) 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 2015 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 FCA

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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
SNR Denton

Auditors
Nexia Smith & Williamson Audit

Financial calendar

Announcements

Preliminary full-year results for 2015	April 2016

Half-year dividend 2015

Ex-dividend	24 September 2015
Record date	25 September 2015
Payment date	16 October 2015

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) 20 8639 3399 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

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

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 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 0371 664 0391 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 08:00 – 16:30, Monday to Friday excluding public holidays in England and Wales) OR
- by e-mail at shareportal@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.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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