

FOCUSED ON GROWTH

Annual Report 2007



ABOUT US



Christie Group offers a portfolio of 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.

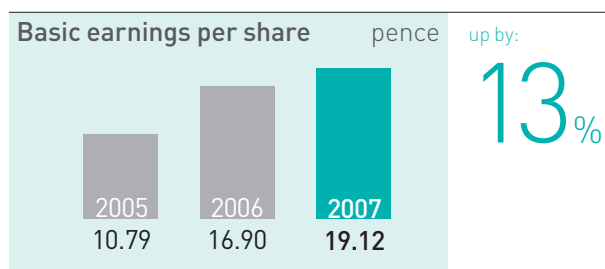
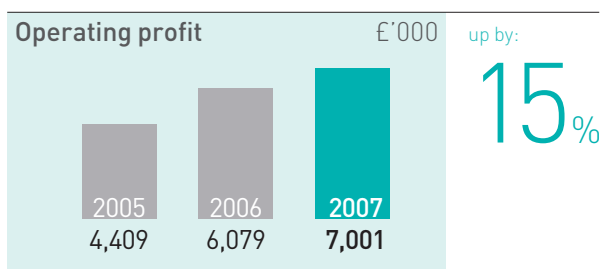
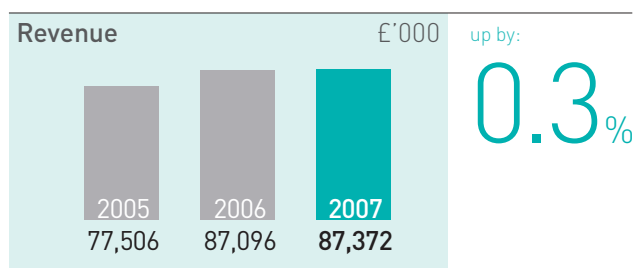
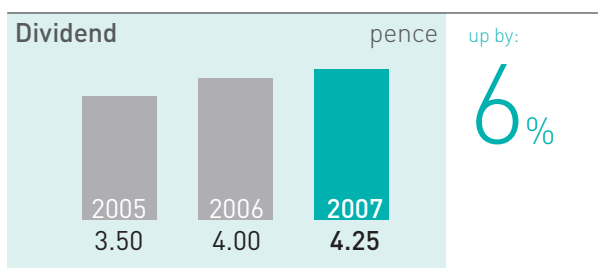
In these ways, and through our innovative use of technology, we have built a reputation for making a significant contribution to our clients' commercial success.

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THE YEAR IN BRIEF

- Operating profit increased by 15% to £7.0m (2006: £6.1m)
- Profit before tax rose by 17% to £7.2m (2006: £6.2m) on revenue of £87.4m (2006: £87.1m)
- Earnings per share increased by 13% to 19.12p (2006: 16.90p)
- Final dividend of 2.75p per share, making the total dividend 4.25p (2006: 4.00p)
- Christie + Co expanded with new offices in London and Hamburg
- Orridge established a further European stocktaking base in the Netherlands
- Venners developed new areas of business in compliance audit and food safety



Group at a glance

OUR DIVISIONS

PROFESSIONAL BUSINESS SERVICES

The expertise offered by Christie + Co, Christie Finance, Christie Corporate 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.

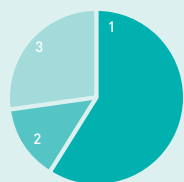
SOFTWARE SOLUTIONS

VCSTIMELESS specialises in sophisticated retail management software solutions and professional IT services. Covering a range of business areas including head office, point of sale and supply chain, VCSTIMELESS has developed solutions for various sectors of retail activity including fashion, leisure, home furnishings, DIY and perfumery.

STOCK & INVENTORY SERVICES

Orridge and Venners are the leading specialists in stock control and inventory management services. Orridge specialises in all fields of retail, whilst Venners focuses on the hospitality sector. Employing state-of-the-art technologies, the division operates in Europe, where both companies have a major share of their specialist sectors.

Revenue



	2007	2006
1. Professional business services	£51.4m 59%	£49.7m 57%
2. Software solutions	£12.7m 14%	£15.1m 17%
3. Stock & inventory services	£23.3m 27%	£22.3m 26%

OUR MARKET SECTORS

LEISURE

The leisure sector is our biggest revenue earner. Hospitality clients include hotels, pubs, restaurants, event caterers and caravan parks. We serve cinemas, nightclubs, sports centres, casinos, bowling alleys and other entertainment venues. Tourist destinations and facilities also feature. Railway companies, currency exchange bureaux, resorts and visitor attractions are among our clients.

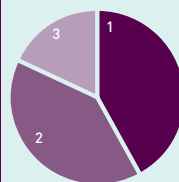
RETAIL

Retail revenue has increased significantly. Our clients span the sector and sell everything from clothing to petrol. They are on the high street, in out-of-town warehouses and in shopping malls. Our clients include supermarkets, department stores, specialist shops, garage forecourts and national chains.

CARE

The care sector is our newest private business sector and our client network is growing fast. At the institutional end, clients include schools and colleges, hospitals, GP surgeries, pharmacies and dental practices. Others are running nursing homes, residential care homes, domiciliary care businesses and children's day nurseries and care centres.

Revenue



	2007	2006
1. Leisure	£37.2m 42%	£41.0m 47%
2. Retail	£34.8m 40%	£31.3m 36%
3. Care	£15.4m 18%	£14.8m 17%

OUR BRANDS



Christie Corporate Finance



OUR STRATEGY FOR GROWTH

EUROPEAN EXPANSION

LEVERAGING
OUR SYNERGIES

INCREASING PENETRATION
OF OUR CORE SECTORS

- > 2007
Christie Corporate Finance established
- > 2006
Christie Group purchased the outstanding minority interest in Orridge SA (Belgium)
- > 2005
Christie Group moved to AIM
- > 2004
Christie + Co formed a new International Consultancy Division
Pinders acquired and integrated West London Estates
- > 2002
Orridge became part of Christie Group
- > 2000
Christie Group acquired Groupe Timeless (merged as VCSTIMELESS)
- > 1999
Venners Computer Systems acquired Vision Associates (renamed Venners Touch Systems)
- > 1998
Venners Computer Systems opened in Canada
- > 1997
Christie + Co opened an office in Paris
- > 1994
Orridge established its Continental business in Belgium
- > 1992
Modus Europe (renamed Venners Computer Systems) acquired by Venners
- > 1986
C, O & D Group renamed Christie Group
- > 1986
Pinders acquired
- > 1984
Venners acquired
- > 1981
Groupe Timeless established
- > 1980
The holding company – C, O & D Group – established
- > 1977
Reliance Consumer Credit (RCC) formed (2007 – rebranded Christie Insurance and Christie Finance)
- > 1971
Orridge merged with Ernest J George & Co
- > 1969
Pinders established
- > 1952
Christie + Co opened its first regional office in Exeter
- > 1935
Christie + Co established
- > 1896
Venners founded
- > 1846
Orridge established



Milestones

January

Christie Corporate Finance is established.

March

Venners launches its new look with a more modern and relevant identity.

The finance and insurance business is re-launched as three new brands: Christie Finance, Christie Corporate Finance and Christie Insurance.

May

Christie + Co opens an office in Hamburg: its fifth in Germany.

June

Venners establishes its Food Safety Division.

August

Christie + Co completes 637 lettings on behalf of Punch Taverns.

September

Justin Cain is appointed MD of Pinders.

VCSTIMELESS deploys its first BeStore customer, Comptoir des Cotonniers.

Chairman's statement

ANOTHER RECORD YEAR

I am pleased to report a further record year with operating profit increased by 15% to £7.0m (2006: £6.1m). Profit before tax rose by 17% to £7.2m (2006: £6.2m) on revenue of £87.4m (2006: £87.1m). Earnings per share rose by 13% to 19.12p (2006: 16.90p). I confirm that the final dividend is 2.75p per share, making a total of 4.25p for 2007, an increase of 0.25p over the prior year.

Christie Group delivered significant organic profit growth during the year. This was achieved by focusing on further international expansion, leveraging our complementary business services and skills to best advantage and developing new opportunities within the leisure, retail and care sectors.

Our Professional Business Services Division returned a further strong trading performance, with a continued increase in revenues through our international network of 11 (2007: 9) offices. Already in 2008 we have opened an additional French regional office in Rennes. In April, we open in Finland with an office in Helsinki, serving the markets in Scandinavia, Russia and the Baltic states.

Christie + Co has experienced a busy start to the year as longstanding business owners seek to sell before the forthcoming changes in Capital Gains Tax on 5 April. Also in April, we will see the start of the phasing in of Energy Performance

Certificates for commercial properties. We consider that both the cost of inspections and lack of inspectors may disrupt the flow of businesses to the market, and reduce opportunistic off-market acquisition activity. Portfolio disposals now tend to be transacted as a series of individual or smaller tranche disposals, as the effects of the credit crunch limit the scale of finance available to purchasers. In challenging times, however, property-based trading businesses remain an attractive asset class.

Christie Finance should benefit from the Budget changes in the Small Firms Loan Guarantee Scheme, which will allow the scheme to be used for financing existing businesses, as well as start-ups.

Our Software Solutions Division saw a decline in revenue but an increase in gross margin as we reduced our dependency on the effects of third-party software. We gained 22 new customers through an impressive range of software solutions already in place. We continued to invest in product development during the year but, due to a delay in product launch, losses from the division increased. In October, we appointed a new Development Director and reorganised our development facility. We also outsourced the bespoke customer developments for our existing systems, for which an encouraging backlog of requirements exists. As a result, we now expect to release

our Columbus.NEXT budgeting and assortment planning modules in June.

Our Stock & Inventory Services Division contributed a solid performance, even after taking account of the costs of expansion in Europe. Through Orridge, we have established a further European stocktaking base in the Netherlands. Venners is the only stocktaking business to gain BII (formerly British Institute of Innkeeping) accreditation, and is successfully developing new areas of business including specialist food safety consultancy and operational audits. Together, these companies offer a largely contra-cyclical, recurring revenue stream.

We continued to make good progress in 2007 and, whilst being prepared for a more demanding trading environment in 2008, we have seen encouraging new business opportunities continuing to materialise in both the UK and Europe. Historically, we have experienced the opportunities to build our market share in a more difficult trading environment. We have entered the New Year with substantial cash resources. We believe we are well placed to take advantage of opportunities as they occur.



Philip Gwyn
27th March 2008

October

Venners gains British Institute of Innkeeping accredited training status.

Christie + Co opens an additional office in the City of London.

Orridge opens a base in the Netherlands.

VCSTIMELESS implements its first Columbus Ret@il Pocket customer, Caroll, the French ladies' fashion retailer.

VCSTIMELESS appoints a new R&D Director, François Miton, with responsibility for new product development.

November

Venners establishes a Compliance Audit Division.

December

Sue Dougal is appointed the new MD of Christie Finance and Christie Insurance.

Mark Stevens is appointed the new MD of Christie Corporate Finance.

Chief Executive's statement

RIGOROUS APPLICATION OF A SIMPLE PHILOSOPHY

As an international professional services organisation, Christie Group is founded on knowledge. We continue to prosper through rigorous application of a simple business philosophy. We invest in, and continue to expand, those parts of the business that are successful.

It is a tried and tested strategy and it serves us well. We have built up unrivalled expertise in our chosen markets – the leisure, care and retail sectors.

We continue to grow profits organically. This was achieved on a stable turnover of £87.4m compared with £87.1m in 2006. Our £7.0m profit for 2007 represents 15% progress on 2006's excellent performance.

Professional Business Services

Revenue: £51.4m (2006: £49.7m)
Operating profit: £9.9m (2006: £8.4m)

Software Solutions

Revenue: £12.7m (2006: £15.1m)
Operating loss before impairment: £1.8m (2006: £2.4m)
Software impairment: £1.3 m (2006: nil)

Stock & Inventory Services

Revenue: £23.3m (2006: £22.3m)
Operating profit: £0.5m (2006: £0.6m)

We have adopted a measured approach over the past few years, focusing on building a logical portfolio of complementary business activities through steady, organic growth. One of our greatest strengths is that we understand our customers, their business operations and their markets in depth.

We are market leaders in our chosen sectors. Christie + Co is Europe's number one specialist business agency and valuation business; Pinders is the UK's largest business appraiser; Venners is the largest stocktaker in the UK hospitality sector; Orridge provides the largest retail stocktaking service in the UK and

VCSTIMELESS is the leading retail software provider in the European fashion industry. We seek to build on these strengths – by becoming more deeply embedded in our specialist sectors and by understanding our customers more closely.

We believe the underlying strength of our business stands us in good stead when markets are changing. Shifting market dynamics may also create opportunities. As a debt-free (net) enterprise we are not currently constrained by increased cost of capital. Historically, the business has achieved some of its biggest gains in market share during challenging trading conditions.

One of our major strengths is that we enjoy profit contributions from most of our businesses. So, although VCSTIMELESS experienced a decline in revenues in 2007 as it focused on bringing its .NEXT products to market, this was offset by strong results elsewhere.

We aim to build on the strengths of the separate businesses while leveraging our ability to act as a cohesive international group.

Our growth in Europe is proceeding and we are broadening our geographic reach in each of our three divisions. Christie + Co opened a Hamburg office – its fifth in Germany, we have established a stocktaking base in the Netherlands and our software solutions now operate from London to Milan and New York to Tokyo.

The rapid growth of the Christie + Co consultancy business is particularly pleasing. In just a few years we have capitalised on our industry knowledge to become one of the biggest hotel and care consultancies in Europe.

Our financial businesses are addressing their niche markets in a far more focused manner. We now have three distinct

financial services businesses – Christie Finance, Christie Insurance and Christie Corporate Finance. At the year-end we welcomed two new MDs to lead these businesses. Sue Dougal became MD of Christie Finance and Christie Insurance, and building closer synergies with Christie + Co will be a strategic priority for these two businesses. Christie Corporate Finance was set up in 2007 to serve customers with more substantial and complex requirements. Mark Stevens, who joined us in 2007, became its MD at the end of the year.

We are also extending our capabilities through an active programme of systems development. For example, we are investing in a replacement for the Christie + Co internal computer system and evolving the Venners' stocktaking system.

In 2008, we will maintain our focus on sustainability through a combination of geographic expansion, increased market penetration in our core sectors, development of our services and increased synergies between our constituent businesses.

I am confident that we are taking the right steps to enable the future growth of our business. We provide demand services to the growing leisure, care and retail sectors, the medium and long-term prospects for which are good.

Christie Group people have been crucial in our success so far. Attracting and retaining high-quality personnel will remain a key priority. I wish to thank all our people for their great collective effort in 2007. Their skill, dedication and drive applied to the markets we serve give me confidence for the future of our business.



David Rugg
27th March 2008

Our strategy for growth

European expansion

Each of our divisions is developing a portfolio of logically-related pan-European services that run through our clients' business activities. As a result, our business risks and opportunities are diversified across a number of economies, industry sectors and types of service provision.

Leveraging our synergies

Our logically-related services, skills and expertise are put to best use, especially when two or more of our companies combine their complementary skills for the benefit of our clients.

Increasing penetration of our core sectors

As the business environment within our specialist sectors changes, we see opportunities to serve a wider range of businesses without losing our sector focus.



DELIVERING ON OUR STRATEGY

EUROPEAN EXPANSION

Each of our divisions is developing a portfolio of logically-related pan-European services that run through our clients' business activities. As a result, our business risks and opportunities are diversified across a number of economies, industry sectors and types of service provision.

We are expanding in Europe while maintaining our sector focus. As market leaders in several niche markets, the potential for UK growth is sometimes limited for some of our services. As a result, we are growing our markets by steadily expanding our European footprint. We are adding depth of coverage through new offices and we are also engaging with new markets.

Christie + Co is very active in Europe, where the competitive environment is favourable. There are few direct competitors: unlike the UK, Europe's industry is relatively fragmented.

As a pan-European organisation, Christie + Co is building important relationships with operators, developers and investors seeking to internationalise their portfolios. For example, its consultancy business is seeing significant activity in Central and Eastern European economies. Christie + Co now has 11 offices in four Continental countries. The Hamburg office, which opened in 2007, was its fifth in Germany.

VCSTIMELESS, our software solutions provider, supports international retailers in multiple territories – from Toronto to Tokyo. In Europe it has offices in France, Spain, Italy and the UK.

Venners is taking its inventory services beyond the UK by using technology to overcome language barriers. It took its DVD-based inventory checking service to eight mainland European countries in 2007.

Already, a good level of Orridge's revenue is earned on mainland Europe. It restructured its Belgian operation in 2007, opened a new base in the Netherlands and is currently planning further European bases.

Group-wide, strong regional operations in different territories make the business more resilient and less vulnerable to a downturn in a particular market. Our pan-European status helps us attract and retain clients with international priorities. European expansion extends our knowledge base and helps us both attract and retain the best staff.

- Christie Group now operates through an office network in 34 locations in eight European countries – the UK, France, Germany, Spain, Finland, Italy, Belgium and the Netherlands.



Hamburg – Christie + Co's fifth location in Germany

- Christie + Co opened an office in Hamburg in 2007. So far in 2008, it has also opened in both Rennes and Helsinki.
- VCSTIMELESS's solutions are provided in over 20 countries across Europe; used by over 400 brands.
- Orridge has clients in 14 European countries and opened a base in the Netherlands in 2007.
- Christie + Co is fast developing its consultancy business in Central and Eastern Europe.
- Venners undertook projects in eight European countries in 2007.



“With Orridge’s revenue increasingly generated from Continental Europe, we opened in the Netherlands to serve our European clients better and drive our growth forward”



Orridge is firmly established as a leading pan-European stocktaking provider. It has recently been selected twice as one of the top 500 European companies for growth. Its strong position and dramatic expansion in Europe has been facilitated by its good working relationships with existing UK clients and new customer accounts. With clients in 14 Continental countries, Orridge is now expanding into Europe faster than ever before. It recently opened in the Netherlands and is planning further new offices on the Continent to develop its growth even further.

Eric de Graaf,
Country Manager, Orridge Holland BV



“Christie Group companies worked together on the Smollensky’s deal, providing the client with the benefits of a multi-faceted service”

Acting on behalf of The Shire Group, Christie + Co acquired Smollensky’s, the central London chain of nine restaurants – including its ‘flagship’ unit at Canary Wharf – for £6.5 million. Funding for The Shire Group’s acquisition was secured from Octopus Private Equity by Christie Corporate Finance, which also project managed the entire funding process from the start of the transaction through to completion. Shortly after the deal concluded, The Shire Group commissioned detailed appraisal reports from Pinders, requesting that specific advice be provided in respect of the Stamp Duty position.

Simon Hughes,
UK Managing Director, Christie + Co

Delivering on our strategy *continued***LEVERAGING OUR SYNERGIES**

Our logically-related services, skills and expertise are put to best use, especially when two or more of our companies combine their complementary skills for the benefit of our clients.

Christie Group has always prospered by focusing on its specialist areas. Specialisation is ingrained in our culture. It is an attribute that all our companies have in common - one of our strengths as a group and one of the qualities that make Christie Group unique.

Each of our three divisions contributes particular knowledge and skills, but they also have clients in common and relevant sector expertise. When that is the case, we can serve customers even more effectively if two or more of our businesses work together.

Our companies are collaborating in a number of areas. For instance, both Orridge and VCSTIMELESS are strong in the international retail sector. They work together on retail service promotions, they cross-refer prospects and they are developing a widening range of common customers.

Christie Finance and Christie Insurance extend the scope of Christie + Co's professional services, and their services are informed by the latter's deep sector knowledge. We are maximising the value of this relationship by placing business

mortgage specialists in Christie + Co offices. Christie Corporate Finance is also forging links to facilitate collaboration on larger deals.

There is a wealth of knowledge and skills right across the group: many are transferable. The challenge for Christie Group going forward is to harness and combine that expertise seamlessly to meet our customers' needs, without compromising the strengths of our individual brands.

- Christie Finance and Christie + Co work together to facilitate deals through a network of UK regional offices.



Smollensky's – involving three Christie Group companies

- Orridge and VCSTIMELESS work together on their retail service promotions and through common customers.
- Christie + Co uses Christie Corporate Finance to assemble complex, high profile finance and refinancing packages on larger deals.
- Venners and Christie + Co combine their expertise in the hospitality sector to provide purchasers with a seamless business transfer service.
- Christie Insurance is on hand to provide full and fast cover – often required at short notice – for businesses sold through Christie + Co.

Delivering on our strategy continued

INCREASING PENETRATION OF OUR CORE SECTORS

As the business environment within our specialist sectors changes, we see opportunities to serve a wider range of businesses without losing our sector focus.

- Venners established Compliance Audit and Food Safety Divisions in 2007.



Venners' compliance audit service

- Christie + Co has established an innovative reputation in the leasehold pub new lettings and re-sale market.
- Orridge has extended its services to supermarkets and the wholesale supply chain.
- Christie + Co is expanding its services to roadside businesses.
- Pinders is increasing its market share in both the 'white coat' and charitable sectors.

Each of our divisions is continuously developing its portfolio of logically-related services to align them with our clients' business activities.

Venners, for instance, identified a shift towards food offerings by pubs in the wake of the smoking ban and has set up a Food Safety Division to meet the emerging need. Customers in the hospitality sector are keen to maintain standards of all kinds in their premises. As a result, Venners has also established a Compliance Audit Division to provide independent verification that operational procedures are being followed correctly.

Christie Corporate Finance was established to satisfy the growing requirement for innovative financing of large-scale deals in our specialist sectors. Orridge is extending its services and skills to chemists and supermarkets. Christie + Co has established an enviable reputation in the leasehold pub new lettings and re-sale market, and is growing its corporate and consultancy business. In the process, it is developing high-level relationships with clients which give access to a wider range of opportunities. Pinders is expanding its services into the "white coat" and charitable sectors, whilst also building on its project management services.

We seek to provide exceptional standards of services and build long-term relationships with our customers. We frequently work in partnership with them to devise and adapt our services and solutions to match their evolving needs.

The more transactions we get involved in, the better our business intelligence becomes. The more we understand our customers, the more effective we become in anticipating and fulfilling their requirements.



“Our Food Safety Division is a proactive response to the increasing importance of food safety in the market”



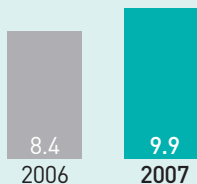
With around 80,000 reported cases of food poisoning in the UK each year and approximately 2.5 million unreported instances, the cost to the hospitality industry is an estimated £1.5 billion. As the oldest and largest stock audit company in the country, Venners is synonymous with quality and it was a natural progression to add food safety audit to its range of services. Venners now gives added-value advice on operating to the required standards – complying with regulations, preparing and handling food safely, maintaining and protecting reputations and improving profits.

Stuart Knill,
Head of Food Safety, Venners

Divisional review

Professional business services

Operating
profit
£m



Chris Day
MD Christie + Co and
Christie Group Director



Simon Hughes
UK MD Christie + Co

Christie + Co

Christie + Co is the largest business broker in Europe. We provide professional brokerage and advisory services throughout the UK and across Europe. We offer specialist expertise and business intelligence in our chosen markets – hotels, pubs, restaurants, leisure, care and retail. With over 350 specialists, we operate in 29 offices in the UK, Finland, France, Germany and Spain.

By the end of 2007, European property values appeared to have peaked. Investors had become more cautious and discerning. Individual deals were taking longer to finalise but there was still support for the right commercial transactions.

Our agency business did well throughout 2007. The hotel sector enjoyed strong trading fundamentals, with most major European markets still in a growth phase. High-quality hotel assets remained much sought-after and we continued to experience good volume. We acted for Four Pillars Hotel Group during its acquisition by RREEF Real Estate for a reported £120 million and also brokered the £32.5 million sale of the iconic St David's Hotel and Spa in Cardiff Bay, for Rocco Forte Hotels (see below).

Other highlights included:

- Acquisition of eight Thistle hotels for Menzies Hotels for £54 million.

- Acting for the investors in the acquisition of the 19-hotel Bonsai portfolio in France.
- Acting for an investor in the acquisition of ten Jardins de Paris hotels across the capital.

In the public house sector the continuing shortage of freehold stock has increased activity in the leasehold market. This is creating new business opportunities for Christie + Co. During 2007, for instance, we completed the letting of 637 former Spirit pubs from Punch Taverns' managed estate and secured premiums for the majority of these leases. Following this success we handled letting campaigns for other leading pub companies, including Greene King, Marston's Pub Company, Charles Wells, Hall & Woodhouse and Mitchells & Butlers.

The restaurant sector saw steady activity throughout the year and we took on several major appointments from, amongst others, Tragus, for its £14.15 million acquisition of the 16-strong Ma Potter's chain and The Shire Group in its acquisition of Smollensky's (see page 10).

The retail sector performed strongly during 2007 and we were involved in several major deals including advising on disposals for Anglian Convenience Stores, Rusts and Martin McColl. We saw considerable activity in the forecourt sector, with acquisitive operators – including

convenience, fast food and off-licence brands – targeting sites across the UK.

Our Valuation Services teams experienced increased volume in more challenging market conditions. With the credit crunch starting to bite, banks come to Christie + Co for independent valuations in order to help them identify which deals to back.

Our sector specialists are also helping to value bid targets. We completed a major advisory assignment for Terra Firma, which was assessing whether to bid for Boots. This involved our retail valuation specialists visiting close to 1,500 of Boots' UK and Irish stores in just four days.

Our consultancy business made excellent progress during the year. Examples of the wide range of major assignments across Europe included feasibility studies for hotel chains in Germany and Austria.

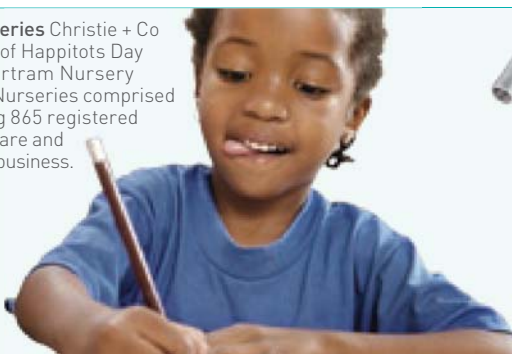
The rapidly developing care sector has been another major success for us in 2007. In the UK, continuing consolidation plays to our strengths. In Germany, several investor groups appointed us to help them build portfolios.

We continued our European expansion by opening a new office in Hamburg, our tenth international office and our fifth

**↑ The St David's Hotel & Spa**

Christie + Co acted on behalf of Rocco Forte Hotels to successfully identify a purchaser for the iconic 132-bedroom St David's Hotel & Spa in Cardiff Bay. Although the client originally planned to retain a management contract, Principal Hotels acquired the renowned property for £32.5 million, in a single asset transaction.

→ Happitots Day Nurseries Christie + Co facilitated the merger of Happitots Day Nurseries with the Bertram Nursery Group. Happitots Day Nurseries comprised 12 nurseries, providing 865 registered places, wrap-around care and an associated training business.

**↑ QMP**

Christie + Co sold the independent QMP group of forecourts to United Co-operatives. QMP was established with the acquisition of Quarry Motor Services in 1997 and grew, through further acquisitions, to operate seven sites in North Yorkshire and Cleveland, which all feature Spar stores.



Sue Dougal
MD Christie Finance and
Christie Insurance

German location; thereby extending our Continental presence and enhancing our status in international markets.

In 2008 we will focus on developing our core retail activities together with our European operations. We will also look to enhance the breadth and the quality of our activities in our corporate markets.

Christie Finance and Christie Insurance

The rebranding of our finance businesses into three separate entities (Christie Finance, Christie Insurance and Christie Corporate Finance) greatly assisted in the market perception of what we offer and contributed to a strong trading year. On a like-for-like basis, Christie Finance and Christie Insurance increased fee income by 5.5% compared to 2006.

Christie Finance is building a growing national reputation for knowledge and expertise when acting as a specialist commercial mortgage broker. We have integrated our mortgage brokers into Christie + Co's UK regional network and there are now 25 brokers located in offices around the country. They operate entirely independently but can draw on Christie + Co's specialist market knowledge to meet individual client needs.

Christie Insurance has aligned itself with Christie + Co and specialises in the hospitality, retail, leisure and care sectors.

It provides commercial and corporate insurance and life assurance to allow business owners and corporate clients to protect their assets, income and debts. It has a particular strength in the care sector and has adapted to the needs of individual clients as they have grown from operating one or two homes to over 100.

The successful rebranding is already reaping significant rewards. We will build on this while maximising the benefit we gain from our close association with our sister companies. Further developing our knowledge and expertise, increasing our efficiency and growing the number of mortgage brokers will be key in 2008. Central for both companies will be a client-led approach, delivering impartial and expert services.

Christie Corporate Finance

Christie Corporate Finance was established to work with clients looking for complex, high value finance and refinancing packages. Our experienced corporate financiers offer a full service, specialising in acquisitions, disposals, management buy-outs, raising development capital for growth, deal structuring and asset-specific funding. We take a strategic approach to bringing lenders and equity providers on board. In particular, we act as lead adviser for the project management of a transaction and the co-ordination of the other professional advisers involved.



Mark Stevens
MD Christie Corporate Finance

In current market conditions, we offer borrowers a value-added service giving them access to alternative sources of funding at a time when their previous banks may not be in a position to absorb any further exposure. Now, more than ever, our up-to-date knowledge about which institutions will invest and on what terms, is keenly sought by both purchasers and those wishing to refinance.

An example of where our sector expertise worked to the advantage of our clients is when the owners of Balbirnie House Hotel sought finance for an ambitious health spa (see below).

Our chief aim in 2008 is to drive up our volume of transactions in order to build a substantial business. To this end, we are already recruiting and putting our marketing plan into effect.



← Eastwell Manor

Christie Insurance has provided comprehensive insurance for the 62-bedroom Eastwell Manor since the family acquired it in 1995. The commercial combined policy for this Grade II-Listed manor house was moved to Ecclesiastical, which offers specialist cover on its Heritage product.



← Balbirnie House Hotel

Christie Corporate Finance introduced Clydesdale Bank to the private owners of the renowned Balbirnie House Hotel, in Fife. The initial funding will be used to expand the hotel, by developing a £5 million spa and additional bedrooms.

Divisional review



Justin Cain
MD Pinders

Pinders

Pinders combines business analysis and surveying skills to arrive at an accurate assessment of the trading potential and value of businesses. We specialise in the healthcare, retail and licensed/leisure sectors, acting for potential lenders, commercial brokers and buyers in M&A and refinancing situations whenever an accurate business appraisal or valuation is required. Much of our work goes on behind the scenes and remains confidential.

Our highly qualified surveyors and consultants have access to a UK database containing detailed analysis in respect of over 180,000 businesses inspected by us. This resource is invaluable in assisting them to reach a measured judgement on the earnings potential and value of all kinds of businesses.

The retail sector led an all-round improved performance from Pinders in 2007. We issued 31% more reports than the previous year, generating a 33% increase in retail-related income.

Overall, turnover was up by 16%, with notable performances in the care sector (where income increased by 36%) while leisure declined. There was also strong growth in our consultancy business, which was nearly twice as active than in the previous year.

In a significant move, we dispensed with our standard fee scale during the early part of the year in favour of a new bespoke fee structure. This more accurately reflects our clients' particular requirements as they become increasingly wide-ranging. Over the course of the year our average fee increased by 9%.

We are receiving more appraisal instructions in the 'white coat' sector, with vets, dentists, pharmacists and GPs now regularly enlisting our expertise. Rydon Group asked us to provide consultancy and valuation advice relating to the construction of a new doctors' surgery to form part of a landmark scheme in Clapham, when they were seeking preferred bidder status with the local authority.

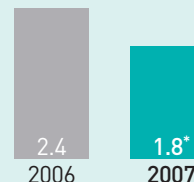
We continue to raise our profile in the charitable sector. When the Shaftesbury Society and the trustees of John Grooms were mooting a merger they asked us to produce Charities Act-compliant reports and valuation advice. This required the inspection of specialist care homes, respite care centres and specially adapted self-catering units.

We work closely with new lenders in our specialist sectors and we were appointed to several new lender panels during the year. This was against the background of a noticeable tightening in the number of available panel appointments as banks work to ensure supplier quality.

Looking ahead to 2008, we plan to increase the size of our appraisal business, recruit additional qualified staff, continue to develop our own graduate training programme and further refine our appraisal report.

Software solutions

Operating loss
£m



* Before £1.3m impairment of software development costs

VCSTIMELESS

VCSTIMELESS, now the key brand for our software solutions division, was originally set up to provide Electronic Point of Sale (EPoS) systems, which linked with order tracking and stock management systems. Originating in the hospitality sector, the company swiftly expanded into the leisure sector, particularly multiplex cinemas. Following a targeted acquisition in 2000 we moved into the rapidly growing non-food retail sector.

With numerous international customers, our solutions span the globe and encompass merchandise management, EPoS, CRM, supply chain optimisation and business intelligence applications.

We continued to invest in product development during 2007. We invested substantial funds to revamp our core applications and reposition them on modern technological platforms. Although revenue fell during the year to £12.7m (2006: £15.1m) we increased gross margins. This was achieved by controlling costs and concentrating on selling our own software rather than re-selling third party software.



↑ **Benchmarking for the Orders of St. John/Oxfordshire County Council** The clients selected Pinders for this benchmarking exercise because they considered its core database to contain more useful and substantial care market information than its competitors. In particular, the database allowed a detailed analysis of trading costs for similar sized corporate care homes in corresponding areas of the country, which was felt to be invaluable.



→ Billabong surfs on the wave of success

Thanks to the Columbus retail management solution, Billabong's European headquarters manage all aspects of its retail activity across its 29 stores. Billabong can visualise and control in-store stock levels, optimise replenishment and measure the impact of promotions. Columbus ensures accurate transfer of data between all its stores and head office, providing Billabong with fashion retail best practices which have been implemented across the whole organisation.



Michel Ramis
CEO VCSTIMELESS

A much improved performance in Spain was a highlight of 2007. We signed seven new customers including Coronel Tapiocca, with 150 stores in Spain, Italy and Portugal, and Salsa, an international fashion retailer with over 100 outlets across Europe. We exhibited at Expo retail in Spain in September where we received a client testimony from Sans Branded Apparel, the Spanish lingerie retailer.

Our UK operation – now restructured with strengthened sales and marketing – scored important wins. Luxury casualwear retailer Gant UK selected our flagship Enterprise suite for its eight UK stores. We were also selected by both John Richard, a fashion jewellery chain with over 100 concessions in UK department stores and Historic Royal Palaces. The UK ended 2007 with a healthy pipeline and is well placed for 2008 and beyond.

In the French market, Ripcurl Europe, the world's second largest surfing brand, and Lewinger, a ladies' fashion retailer with 65 stores nationwide, implemented the Columbus Enterprise suite to optimise merchandise management across their stores. Both customers identified the multi-channel features of Columbus and VCSTIMELESS's .NET-based architecture strategy as key factors behind their decisions. In addition, the French fashion retailer, Vetì, implemented our Columbus merchandise management solution at its central buying office.

The French domestic market was challenging during 2007. All of our domestic revenues came from existing customers. It was a different story elsewhere and we gained 22 new customers overall. 82% of the division's total business is now generated outside the UK.

Development delays in Columbus.NEXT, our new generation supply chain optimisation solution, meant that this product made no revenue contribution during 2007 although the high level of interest for the product bodes well. The first customer installation is planned for the first half of 2008.

We completed our first BeStore implementation during 2007. This advanced EPoS solution benefits from our worldwide partnership with Wincor Nixdorf and Microsoft. We successfully rolled out BeStore into the tier-two European retailer Comptoir des Cotonniers (part of the Japanese retail group Fast Retailing). The solution was implemented simultaneously across more than 300 stores in 10 European countries. The entire project was completed in just eight weeks. It confirms that our strategy of targeting large international retailers with the latest applications based on Microsoft.NET protocols and service-oriented architecture is the right one.

Our first Columbus Ret@il Pocket roll-out to French fashion retailer Rodier was also a highlight in 2007. The solution trialled successfully in the 300-store fashion

chain Caroll and was fully implemented by the end of January 2008. Six retailers implemented our new Columbus Business Intelligence module in 2007.

Going forward, management has identified three key success factors for the business:

Globalisation: we continue to invest in Asia and the US. With a Tokyo operation opening in 2008 we will be the only worldwide retail software vendor able to sell, implement and support a merchandise and store management solution in the US, Europe and Asia; a genuine differentiator for our international customers.

Innovation: our customers deserve and expect best-in-class, future-proofed solutions. We continue to invest in product development and showcase the latest technologies in our FutureStore concept. Two years ago we presented a prototype of our Ret@il Pocket mobile point of sale solution. This has now been rolled out by two major customers. We are currently showcasing RFID in-store applications. These will enter the mainstream in 2008.

Industrialisation: we need to reduce time-to-market still further in order to compete effectively. We invested heavily to industrialise our development process and raise productivity. The first fruits from this strategy will appear in 2008 when a number of new .NEXT modules will be launched at our June user conference.



→ **"Totally sexy" fashion retailer optimises supply chain** To support its rapid expansion, Tally Weijl's has started implementation of Columbus.NEXT – advanced inventory and replenishment modules managing historical data, sales and demand forecasting, key performance indicators and economic and geographical criteria associated with each of its 300 stores and 350 concessions. Benefits include: optimised allocation by area, size and colour – reducing markdowns on poor-performing lines – automated alerts and integrated buying and replenishment processes.

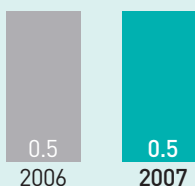


↑ **Coronel Tapiocca uses enterprise to modernise** With almost 150 stores in Europe, the Spanish-based outdoor fashion and accessories retailer selected Columbus Enterprise to modernise its retail management and support growth. Integrating with existing IT systems, the new system improved the availability of information leading to better decision-making, store management and improved head office activities. It also optimised stock management, replenishment and buying processes, as well as reduced in-store administrative tasks.

Divisional review

Stock and inventory services

Operating
profit
£m



Trevor Heburn
MD Venners

Venners

Venners is the longest established and the largest stock audit company servicing the hospitality sector.

Turnover was slightly down in 2007 (1.2%). However, this demonstrates our underlying strength following the loss of our second biggest customer, London & Edinburgh Inns (which accounted for 11% of turnover) when it went into administration in 2006. No non-contracted client now accounts for more than 5% of our turnover.

Experience counts in our business and we have plenty of it. Fourteen years is the average length of service for our stocktakers and we are committed to high quality training. In 2007, we became the only stocktaking business to gain BII (formerly British Institute of Innkeeping) accreditation for our basic stock auditor training programme.

Historically, stocktaking has formed the bulk of what we do. Over 90% of our employees, 170 people, are skilled stocktakers. They conducted over 25,000 individual audits during the year.

We also recognise that our customers' needs are changing and we are extending our services to help meet new business challenges. In the pub sector many operators now face increased regulation

having developed food offerings following the smoking ban. This has provided new challenges, not least with food safety where there can be no room for compromise. The risks to reputation and from litigation are just too severe. To meet this growing requirement, we integrated a specialist food safety consultancy into our portfolio during 2007. Early signs of demand for this service are encouraging.

Our operational compliance audit division, which assesses parts of a business against agreed procedures, is also growing fast. New clients include the international event caterer Elior, for which we conduct audits at locations ranging from a Tesco's cafe to Ibrox Stadium.

At the same time, we are extending our relationships with existing clients. For example, Marston's, a long-standing stocktaking customer, appointed us to conduct compliance audits in its estate of pubs.

Much of our success is due to our highly skilled and experienced staff but we also embrace technology. Our VenPowa product gives customers the ability to assess their own stock levels and is cementing our relationships with those who need interim as well as regular audits. Also, our inventory team uses digital imagery and voice recording to

produce a DVD product. This allows us to overcome language barriers and service the European markets where we undertook projects in eight countries during 2007.

We believe we are the best at what we do and, following a strategic review, we rebranded the business to emphasise 'excellence in audit'. In 2008, we will continue to focus on customer needs and work hard to communicate the quality and value of our service through a cohesive marketing programme.



← Pull the other one

Late at night with a catering event starting the next day, two Venners' auditors had to count four enormous cellars of beer and work out which keg served which bar. Accompanied by security, one auditor visited each bar and drew through a small amount of beer. The other checked which keg the beer was coming from. Staying in touch by mobile phone, they quickly apportioned the stock to the correct bar so that the event got off to an accurate start.



← Compliance audit: the unsafe safe

A Venners' auditor arriving at a client's premises to conduct a compliance audit was astounded to find a message written on the wall in the manager's office: "If the manager is late, the keys to the safe are in the second drawer of his desk." Proof that this client desperately needed Venners' compliance audit services.



Paul Harding
MD Orridge

Orridge

European retailers are increasingly outsourcing stocktaking. It makes sense. To manage its supply chain effectively, improve customer service and gain bottom line benefits, a company first needs an accurate picture of its stock levels.

As a leading stocktaking service provider, that's good news for Orridge. We have aligned our services to the needs of modern international retailers. We currently undertake assignments in 14 countries.

We track stock across the supply chain from on-shelf availability inspections to continuous inventory monitoring. We bring these services together in our supply chain optimisation programme. For example, a number of retailers are now using the service to coordinate their international sales and distribution.

We bring experience, independence and authority to every project we take on. Over 1,000 people across the business support a growing list of clients. We work with numerous blue chip retailers – internationally renowned names like Mexx, WE and Kruidvat.

Retailers are highly price conscious and the UK retail market in particular is extremely competitive. Given that context, we performed well in 2007. Turnover was up both in the UK and on the Continent. During the year, we maintained our focus

on strengthening our relationships with existing customers. We are well established in the UK where we work with some of the largest UK supermarket chains, including Morrisons, Somerfield and the Co-op. The supermarket sector remains a strategic priority. We continued to diversify our client base to reduce reliance on individual contracts. We won major new clients in 2007, such as Kookai, Savers, Gucci, Calvin Klein and TM Lewin.

We increased our use of long-term contracts in line with our strategic objectives. These are attractive for clients. They represent good value, are simpler to manage and allow us to work together as partners with our clients to improve stock handling and reduce stock holdings. They also help us to develop our business as cashflow becomes far more predictable, thus providing the company with a sound financial base. In 2007 the vast majority of our work was contract backed and we expect that proportion to increase further in 2008.

Orridge has always embraced technology. We continue to invest in the latest handheld technology as the retail market develops. Our counters are equipped with wireless LAN scanners and laptops with broadband connectivity communicate their results in real time.

Our technology-led approach helped us win a major contract for stocktaking

services in Belgium and the Netherlands for Kruidvat, Holland's leading health and beauty retailer. This contract extended our relationship with the AS Watson Group, building on existing relationships with its Superdrug and Savers subsidiaries.

We are growing our presence in the pharmacy sector, which is returning the company to its roots. Orridge has had a specialist pharmacy team ever since Benjamin Orridge opened for business as a chemists' valuer and transfer agent in 1846. We have some of the most highly trained specialist stocktakers in the industry, and we will continue to apply our specialist skills to increasing numbers of pharmacies, doctors' surgeries, hospitals and medical service providers. Our specialist staff add value in this mission-critical sector.

A good level of our revenue currently derives from mainland Europe. We are targeting further expansion on the Continent with a European team to drive the process. We restructured our Belgian operation in 2007, opened a base in the Netherlands during the year and have further expansion planned.



↓ Orridge helps Wilkinsons control costs and increase sales

Wilkinson provides 25,000 quality products and serves over 4 million customers every week through 300 stores. Orridge counts bring the company's stock files completely up-to-date and deliveries are adjusted to reflect the actual stock required. Both Orridge and the client are working together to deliver a bespoke stocktaking system, which is helping to control costs and increase sales.



↑ WH Smith benefits from Orridge stocktaking

High street retailer, WH Smith, manages a vast product range covering stationery, newspapers, magazines, books, confectionery, gifts and music. It uses Orridge for stocktaking across its network of over 540 stores. Using such an experienced company avoids disruption to store trading, ensures reliability and creates accurate reports, whilst the use of cutting-edge technology enables flexible counts, highlighting shrinkage percentages on particular products.



Financial review

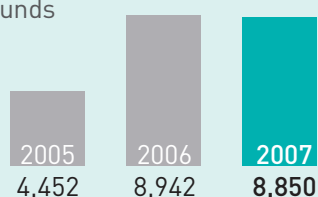
KPIs

	Group	PBS	SS	SIS
Revenue growth				
2007 on 2006	0.3%	3.4%	(16.0%)	4.4%
2006 on 2005	12.4%	14.9%	9.8%	8.8%
2005 on 2004	10.8%	16.1%	5.7%	4.1%
Productivity – staff costs per £1,000 of revenue				
2007	602	485	667	699
2006	585	494	531	710
2005	591	513	512	714
Operating profit/(loss) as % of revenue				
2007	8.0%	19.3%	(14.1%)	2.3%
2006	7.0%	16.9%	(15.9%)	2.5%
2005	5.7%	10.4%	(9.2%)	6.6%

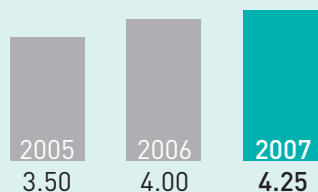
The areas I would like to focus on are virtually the same as last year, namely:

- Cash
- Exchange rates
- Tax charge
- Pension deficit repair
- Key performance indicators

Net funds
£'000



Dividends declared per share
pence



Cash

Our net cash (after deducting borrowings) was £8.9 million at the end of the year, virtually identical to the year before. The cash we generated was taken up by tax, dividends, funding of research and development in our Software Solutions business and the acquisition of shares in the Employee Share Ownership Trust to cover the exercise of future share options.

Exchange rates

Cash resources and cash management become more critical in times of uncertainty. To that end we have procedures in place that allow weekly updates to our short term cash forecasts in conjunction with longer term forecasts linked in to our annual budget and five-year plan. We continue to see a significant ongoing cash requirement to satisfy the research and development programme in 2008. It is worth noting that our funding requirement for R&D is in Euros, so there will be a significant increase in the Sterling cost since the Euro has moved from £=€1.45 in October 2007 to a year-end rate of £1=€1.36 and a rate at the date of writing of about £1=€1.28.

Tax charge

I have tabulated below the effective rate of taxation (taxation on the face of the Income Statement as a percentage of pre-tax profit) and the underlying rate (current year corporation, foreign and deferred tax as a percentage of pre-tax profit).

	2007	2006	2005
Effective rate	35.6%	32.8%	38.7%
Underlying rate	35.5%	37.2%	39.5%

With the UK rate of Corporation Tax moving from 30% to 28% in 2008, a further reduction should automatically flow through.

Pension deficit repair

The table below shows the net UK pension scheme deficits for the past three years after deducting the related deferred tax benefit.

£'000	2007	2006	2005
UK pension deficit	4,293	6,240	6,732
Deferred tax	(1,202)	(1,872)	(2,020)
Net UK pension deficit	3,091	4,368	4,712

The deficit reduced due to a mixture of 2007 being a good year for equities and a special contribution to the Christie Group Pension Scheme of £1.1 million. 2008 will see the triennial valuation for the Christie Group Pension Scheme which, as always, has the potential of affecting the level of our ongoing monthly contributions.

Key performance indicators (KPIs)

In accordance with the enhanced Directors' Report we have included our main KPIs for the group and the individual operating divisions in the table above. As a group we have a number of key areas that these indicators measure:

- Revenue growth – an important part of our strategy is growing our businesses and is best measured by revenue growth.
- Productivity – being in the service sector, employee costs are our largest single cost. It is important to remain competitive and continue to improve our productivity. This KPI looks at the total cost of employees (including benefits, company pension contributions and local employer taxes) required to produce £1,000 of revenue. For this KPI a reducing figure reflects an improvement.
- Operating profit % – this is measured as operating profit (before any charge for impairment) as a percentage of revenue.

Robert Zenker
Finance Director

Board of directors

1 Philip Gwyn**Chairman**

Philip is a barrister and merchant banker by training. He is responsible for group strategy and planning. Philip is a non-executive director of Alumasc plc and director of a number of private companies.

2 David Rugg**Chief Executive**

David is responsible for the day-to-day operation and development of the group. David either chairs or sits on the boards of Christie Group companies and has been with the group since 1972, having been managing director since 1985 and chief executive since 2000.

3 Robert Zenker**Finance Director**

Robert is a chartered accountant and a member of the Chartered Institute of Taxation. He has responsibility for all financial and company accounting matters together with corporate finance matters and financial public relations. After qualifying, he joined Deloitte (now part of PricewaterhouseCoopers) before moving on to Sainsbury's and then Virgin Group.

4 Chris Day**Executive Director**

Chris joined Christie + Co in 1985 and, having worked in the Manchester, Birmingham and London offices, was appointed managing director in 1993. He has overall responsibility for all Christie + Co's specialist transactional and advisory activities. Chris has overseen the successful expansion of Christie + Co into a truly pan-European firm, which currently has 17 UK offices and 12 international offices.

5 Peter Lane (Lord Lane of Horsell)**Senior Non-executive Director**

Peter is chairman of the Audit Committee and is also a member of both the Remuneration and Nomination Committees. He was senior partner of Binder Hamlyn chartered accountants and has been chairman of a number of listed companies.

6 Michael Likierman**Non-executive Director**

Michael was the founding chief executive of Habitat France. He later co-founded GrandVision SA, the French-based owner of Vision Express. He is chairman of Générale de Téléphone and other private companies. In 2002 Michael was made a Chevalier de la Légion d'Honneur. He chairs the Nomination Committee and is a member of the Remuneration Committee.

7 Tony Chambers**Non-executive Director**

Tony was previously head of banking and director of Robert Fleming, a director of Save and Prosper Group and chairman of Gartmore High Income. Tony chairs the Remuneration Committee and is also a member of both the Audit and Nomination Committees.

8 Pommy Sarwal**Non-executive Director**

Pommy was previously with Deloitte & Touche where he was a partner in corporate finance from 2002. In addition, he is a member of the Ports Advisory Group of the Department for Business Enterprise & Regulatory Reform – Trade & Investment Division, a non-executive director of Chatham Historic Dockyard and a member of the Boards of the Port of London Authority and British Waterways. Pommy is a member of the Audit, Nomination and Remuneration Committees.

Advisors

- **Secretary:**
Robert Zenker FCA CTA FBHA
- **Registered office:**
65 Carter Lane
London EC4V 5HF
- **Stockbrokers and nomad:**
Charles Stanley
- **Principal solicitors:**
Royds
Denton Wilde Sapte
- **Auditors:**
Nexia Smith & Williamson
- **Public relations:**
Weber Shandwick
- **Principal bankers:**
Barclays
NatWest/RBS
HSBC
- **Registrars:**
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Directors' Report for the year ended 31 December 2007

The Directors present their report and the audited financial statements for the year ended 31 December 2007.

Principal Activities and Business Review

Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into three divisions – Professional Business Services, Software Solutions and Stock and Inventory Services. Professional Business Services principally covers business valuation, consultancy and agency, mortgage and insurance services, and business appraisal. Software Solutions covers EPoS, head office systems and supply chain management. Stock and Inventory Services covers stock audit and counting, compliance and food safety audits and inventory preparation and valuation. A description of the Group's activities and a detailed business review of the year and future developments are given in the Chairman's Statement and the Review of Operations. In addition the Group's main Key Performance Indicators are explained in the Financial Review on page 21 and the risks and uncertainties in the Corporate Governance report on page 28.

Results and Dividends

The results for the year are set out in the consolidated income statement on page 32. The Directors recommend the payment of a final dividend of 2.75p (2006: 2.75p) per share which, together with the interim dividend of 1.50p (2006: 1.25p) per share, makes a total of 4.25p (2006: 4.0p) per share totalling £1,034,000 (2006: £974,000) for the year. The profit for the year before tax was £7,215,000 (2006: £6,152,000) and the profit attributable to equity holders of the Company for the financial year was £4,648,000 (2006: £4,131,000).

Directors

The Directors of the Company in office at the date of this report, together with their biographical details, are shown on pages 22 and 23. All these Directors served throughout the year. Robert Zenker, Peter Lane and Tony Chambers retire in accordance with the Company's Articles of Association. Robert Zenker, Peter Lane and Tony Chambers being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. Directors' interests are shown in the Remuneration Report. During the year under review and as at the date of the Directors' report appropriate directors' and officers' insurance was in place.

Employees

The Directors recognise the benefits which accrue from keeping employees informed on the progress of the business and involving them in the Group's performance. Each individual operating company adopts employee consultation as appropriate. The Company is committed to providing equality of opportunity to all employees regardless of nationality, ethnic origin, age, sex or sexual orientation and continues to be supportive of the employment and advancement of disabled persons.

Donations

The Group contributed £21,000 (2006: £27,000) to charities during the year. It made no political contributions. The Group also operates a Give As You Earn (GAYE) scheme for employees.

Research and Development

The Group continues to invest in software development, which will provide long term commercial benefits. In total £4,441,000 (2006: £3,032,000) of costs have been incurred on research and development in the year of which £2,404,000 (2006: £1,546,000) has been capitalised as software development costs. An impairment of £1,329,000 (2006: £nil) has been recognised against the software development asset reflecting a delay in the likely receipt of future economic benefits that the development can generate.

Policy on Payments to Suppliers

It is a policy of the Group in respect of all its suppliers, where reasonably practicable, to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment, and to abide by the terms of payment. The Company (Christie Group plc) had no trade payables at the year end, or the previous year end. The Group's average trade payable days during the year was 34 (2006: 30).

Acquisition of Own Shares

During the year the Company funded the purchase of 1,206,000 (2006: 381,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £2,994,000 (2006: £570,000), to enable it to meet awards under its SAYE and other share schemes. The total holding of the Employee Share Ownership Trust as at 31 December 2007 was 816,000 shares (2006: 616,000 shares), which represents 3.24% (2006: 2.44%) of the current issued share capital.

Health, Safety and the Environment

The Directors consider the health, safety and environmental protection aspects of the business to be of great importance, as the prevention of personal injury, the avoidance of damage to health and the protection of the environment are important business and social responsibilities. Management practices within the Group are designed to ensure so far as is reasonably practicable, the health, safety and welfare at work of employees, contractors and visitors and the implementation of environmentally aware and friendly policies.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements, which appear on pages 32 to 61.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Nexia Smith & Williamson be re-appointed as auditors of the Company will be put to the Annual General Meeting.

Disclosure of Information to Auditors

Directors of the Company have confirmed that in fulfilling their duties as a director:

- so far as they are each aware, there was no relevant audit information of which the auditors were unaware; and
- they have taken all reasonable steps that a director ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provision of s.234ZA of the Companies Act 1985.

This report was approved by the board on 27 March 2008.

R M Zenker

Company Secretary
65 Carter Lane
London EC4V 5HF

Corporate Governance

The Directors are committed to delivering high standards of corporate governance to the Company's shareholders and other stakeholders including employees, suppliers and the wider community. The Board of Directors operates within the framework described below.

The Board

The Board sets the Company's strategic aims and ensures that necessary resources are in place in order for the Company to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company.

Whilst the Board has delegated the normal operational management of the Company to the Executive Directors and other senior management there are detailed specific matters subject to decision by the Board of Directors. These include acquisitions and disposals, joint ventures and investments and projects of a capital nature. The Non-executive Directors have a particular responsibility to challenge constructively the strategy proposed by the Chairman and Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and that succession planning arrangements are in place in relation to Executive Directors and other senior members of the management team. The Chairman holds informal meetings with individual Non-executive Directors without the executives present. The senior Non-executive Director also discusses matters with other Non-executive Directors without the Chairman being present. The senior executives enjoy open access to the Non-executive Directors with or without the Chairman being present. In short the Directors talk to each other.

The Board is responsible for ensuring that a sound system of internal control exists to safeguard shareholders' interests and the Group's assets. It is responsible for the regular review of the effectiveness of the systems of internal control. Internal controls are designed to manage rather than eliminate risk and therefore even the most effective system cannot provide assurance that each and every risk, present and future, has been addressed. The key features of the system that operated during the year are described below.

Organisational structure and control environment

The Board of Directors meets at least five times a year to review the performance of the Group. It seeks to foster a strong ethical climate across the Group. There are clearly defined lines of responsibility and delegation of authority from the Board to the operating subsidiaries. The Directors of each trading subsidiary meet on a monthly basis with normally at least two members of the Group Board in attendance.

Internal control

The key procedures which the Directors have established with a view to providing effective internal control are as follows:

- Regular Board meetings to consider the schedule of matters reserved for Directors' consideration;
- A risk management process (see below);
- An established organisational structure with clearly defined lines of responsibility and delegation of authority;
- Appointment of staff of the necessary calibre to fulfil their allotted responsibilities;
- Comprehensive budgets, forecasts and business plans approved by the Board, reviewed on a regular basis, with performance monitored against them and explanations obtained for material variances (see below);
- An Audit Committee of the Board, comprising Non-executive Directors, which considers significant financial control matters as appropriate; and
- Documented whistle-blowing policies and procedures.

There is currently no internal audit function, although this is kept under annual review.

Risk management

The Board has the primary responsibility for identifying the major risks facing the Group. The Board has adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, organisational and compliance issues. The Board has identified a number of key areas which are subject to regular reporting to the Board. The policies include defined procedures for seeking and obtaining approval for major transactions and organisational changes.

Risk reviews carried out by each subsidiary are updated annually as part of an ongoing risk assessment process. The focus of the reviews is to identify the circumstances, both internally and externally, where risks might affect the Group's ability to achieve its business objectives. An overall risk assessment for the Group is prepared. The management of each subsidiary periodically reports to the Board any new risks. In addition to risk assessment, the Board believes that the management structure within the Group facilitates free and rapid communication across the subsidiaries and between the Group Board and those subsidiaries and consequently allows a consistent approach to managing risks. Certain key functions are centralised, enabling the Group to address risks to the business present in those functions quickly and efficiently.

Financial planning, budgeting and monitoring

The Group operates a planning and budgeting system with an annual Budget approved by the Board. There is a financial reporting system which compares results with the budget and the previous year on a monthly basis to identify any variances from approved plans. Rolling cash flow forecasts form part of the reporting system. The Group remains alert to react to other business opportunities as they arise.

Non-executive Directors

The Non-executive Directors do not have service agreements and have no automatic right of re-appointment. They are regarded by the Board as bringing experience to the Board from their fields of business, finance and politics, and ensure that all matters of strategy, performance, progress and standards are debated thoroughly. The senior Non-executive Director is Peter Lane (Lord Lane of Horsell).

The table below shows the extent to which each of the Non-executive Directors complies with objective tests on independence:

Question	Peter Lane	Tony Chambers	Michael Likierman	Pommy Sarwal
has been an employee of the Company or Group within the last five years?	No	No	No	No
has, or had within the last three years, a material business relationship with the Company either directly, or as a partner, shareholder, Director or senior employee of a body that has such a relationship with the Company?	No	No	No	No
has received or receives additional remuneration from the Company apart from a director's fee, participates in the Company's share option or performance-related pay scheme, or is a member of the Company's pension scheme?	No	No	No	No
has close family ties with any of the Company's Directors, senior employees or advisers?	No	No	No	No
holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies?	No	No	Yes	No
represents or is a significant shareholder?	No	No	No	No
has served on the Board for more than nine years from the date of their first election?	Yes	No	No	No

The Non-executive Directors are considered by the Board to be independent in character and judgement and have no relationships or any circumstances that are likely to affect their judgement as Directors of the Company.

Audit Committee

The Audit Committee meets no less than twice a year with the auditors in attendance. It also assists the Board in observing its responsibility for ensuring that the Group's accounting systems provide accurate and timely information and that the Group's published financial statements represent a true and fair reflection of the Group's financial position and its performance in the period under review. The committee also ensures that internal controls and appropriate accounting policies are in place, reviews the scope and results of the audits, the independence and objectivity of the auditors and establishes that an effective system of internal financial control is maintained.

The Committee has primary responsibility for making a recommendation on the appointment or re-appointment of the external auditors. In order to maintain the independence of the external auditors, the Board has determined guidelines as to what non-audit services can be provided by the Company's external auditors and the approval processes related to them. Under those policies work of a consultancy nature will not be offered to the external auditors unless there are clear efficiencies and value added benefits to the Company. Additionally the auditors confirm their independence in writing each year. The committee also monitors the level of non-audit fees paid to the external auditors. The Audit Committee consists of Tony Chambers and Pommy Sarwal, with Peter Lane as Chairman.

Remuneration Committee

The Remuneration Committee meets no less than twice a year and is responsible for determining main Board Directors and subsidiary Company managing directors remuneration together with the terms and conditions of their service contracts. It has access to relevant comparable information in respect of similar businesses. The committee is also responsible for the allocation of options under the Company's executive share option scheme. The committee also maintains a watching brief over the general employment terms and pay structures, existing or proposed, for the subsidiary trading companies. The Remuneration Committee consists of the Non-executive Directors with Tony Chambers as Chairman.

Nomination Committee

The Nomination Committee meets as required to select and propose suitable candidates for the approval of the Board to fill vacancies or new positions and to make recommendations to the Board on its composition. The Nomination Committee consists of the Non-executive Directors with Michael Likierman as Chairman.

Corporate Governance

Risks and Uncertainties

We operate in a world with a heightened awareness of risk. In growing and developing our businesses we have made a conscious decision to try and minimise unrewarded risk. We have done this in the following ways:

1. We are growing a European business in order that we are less dependent on the success or otherwise of one country's economy.
2. We service three sectors; leisure, care and retail, so that we are not dependent solely on the fortunes of one sector.
3. We offer a spread of services across our three divisions, for example, transactional, advisory and support.
4. We have a spread of work which deliberately covers both corporate and private clients.

That stated, whilst we have endeavoured to reduce risks we are not immune to movements in the global economy or changes in the economic or legislative environments in the countries in which we do business. In addition, such things as the psychological affect of terrorist attacks, banking crises and changes in behaviour pattern due to environmental based legislation can all impact our businesses in unexpected ways. All of our activities rely on the recruitment and retention of skilled individuals in an era of low unemployment. Some of our activities, such as software development, may need to compete for operatives on an international basis. Each of our divisions, though, face certain risks that are unique to the services they provide and they are categorised under the divisional headings below:

The following can adversely affect our markets and businesses:

Professional Business Services

- rises in interest rates or the expected rise thereof;
- lack of bank liquidity and more conservative lending criteria;
- increase in business insolvencies; and
- a slow down in the residential housing market.

Software Solutions

- late delivery of new software;
- downturn in consumer spending which would affect retailers' profitability. Apart from economic factors, such things as unusual weather patterns have been shown to have an effect on consumer spending;
- unforeseen technical issues;
- unexpected technical innovations;
- anti competitive practices by global retail software vendors; and
- a failure in bought-in-software components.

Stock and Inventory Services

- changes in employee legislation, in particular the Working Time Directive;
- increase in transport costs; and
- trends towards a cashless society.

The above list of risks is meant to highlight, in addition to any noted elsewhere in this report, those we consider relevant today and is not intended to be an exhaustive list of risks facing the businesses.

Dialogue with Institutional Shareholders

The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders. This is done through meetings following the publication of the year-end and interim results.

Shares and Shareholdings

The interests of Directors are set out on page 30. All major shareholders (those with more than 3% of the issued share capital) that are not currently Directors of the company are listed below.

Andrew Muir	3.4%
Employee Share Ownership Trust	3.2%

Remuneration Report

Part 1 of this report sets out the Company's remuneration policies for the Directors for the year ended 31 December 2007. These policies are likely to continue to apply in future years, unless there are specific reasons for change, in which case shareholders will be informed in future reports. Part 2 sets out audited details of the remuneration received by Directors during the year ended 31 December 2007.

Part 1. Remuneration Committee (not subject to audit)

The Remuneration Committee, which consists solely of Non-executive Directors, makes recommendations to the Board on the framework of executive remuneration and determines specific remuneration packages on their behalf. The Chairman and Chief Executive attend the Remuneration Committee meetings. The Chairman and Chief Executive are not present when their own remuneration is being considered by the Committee.

The Committee's policy is to provide a remuneration package which will attract and retain Directors with the ability and experience required to manage the Company and to provide superior long term performance. It is the aim of the Committee to reward Directors competitively and on the broad principle that their remuneration should be in line with the remuneration paid to senior management of comparable companies. There are four main elements of the remuneration package for Executive Directors: base salary, annual bonus, benefits and share options.

- Base salary is reviewed annually and in setting salary levels the Remuneration Committee considers the experience and responsibilities of the Executive Directors and their personal performance during the previous year. The committee also takes account of external market data, as well as the rates of increases for other employees within the Company. Base salary going forward is the only element of the package to determine future pensionable earnings.
- Share options are granted having regard to an individual's seniority within the business and, together with the Group's Save As You Earn scheme (SAYE), are designed to give Executive Directors an interest in the increase in the value of the Group.
- Benefits are primarily the provision of cars and health insurance.
- Annual bonuses are calculated as a percentage of pre-tax profits in excess of a threshold. Bonuses are designed to contribute approximately 25% of total earnings, but they are uncapped.

Service contracts and/or letters of appointment

Executive Directors

It is the Group's policy to appoint Executive Directors under service agreements terminable by either party giving 12 months' notice. David Rugg has a two year notice period that was agreed on flotation of the Company and this is still considered appropriate.

There are no predetermined provisions for compensation on termination within Executive Directors' service agreements. However the Group believes that severance arrangements should be restricted to base pay and consequential payments such as bonus and pension accrual. Nevertheless, the circumstances of the termination and the individual's duty and opportunity to mitigate loss would be taken into account.

Non-executive Directors

The Non-executive Directors have a letter of appointment, which specifies an initial appointment of three years. Their appointment is subject to Board approval and election by shareholders at the annual general meeting following appointment and, thereafter, re-election by rotation. There are no provisions for compensation payments on early termination in the Non-executives' letters of appointment.

The fees of the Non-executive Directors are determined by the Chairman and the Chief Executive and are designed to reflect the time and experience which these Directors bring to the Company.

Outside directorships

Other than the Chairman, none of the Executive Directors holds external Non-executive directorship positions. The Chairman has no commitments that impact adversely on his role as Chairman.

Remuneration Report

PART 2. Directors' Emoluments (audited information)

	2007 £'000	2006 £'000
Fees	98	86
Salaries and benefits	940	826
Performance-related bonuses	430	461
Contributions to self-administered pension fund	21	21
	1,489	1,394

Highest paid Director, amounts included above:

	2007 £'000	2006 £'000
Salaries and benefits	364	333
Performance-related bonus	180	160
	544	493
Defined benefit scheme:		
Accrued pension at end of year	142	137

Directors' pension entitlements

The Company contributed £21,000 (2006: £21,000) for Philip Gwyn to a self-administered pension fund. David Rugg, Robert Zenker and Chris Day are members of the Christie Group plc Pension & Assurance Scheme managed by Legal & General.

Directors' interests

Details of the Directors' interests in the ordinary shares of the Company are set below:

	31 Mar 2008	31 Dec 2007	31 Dec 2006
Philip Gwyn	10,967,582	10,967,582	10,967,582
David Rugg	2,487,510	2,487,510	2,478,777
Chris Day	581,068	532,189	469,469
Robert Zenker	196,348	196,348	188,615
Peter Lane	40,000	40,000	40,000
Michael Likierman	341,500	341,500	341,500
Tony Chambers	43,190	43,190	43,190
Pommy Sarwal	–	–	–

Share options

An Executive Director exercised options granted under the SAYE scheme, retaining the shares. The aggregate of the gain made on this exercise, calculated on the difference between the option and mid-market price on the date of option maturity, was £35,000 (2006: £9,000), of which £nil (2006: £4,500) related to the gain attributable to the highest paid Director.

During the year none of the Executive Directors received share options under long term incentive schemes.

The market price of the shares at 31 December 2007 was 145.0p (31 December 2006: 260.0p) and the range during the year was 144.0p to 260.0p (year to 31 December 2006: 115.5p to 265.0p).

Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. The Directors are required to prepare financial statements for the Group and the Company in accordance with IFRS and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Report on Financial Statements

Independent auditors' report to the shareholders of Christie Group plc

We have audited the Group and Company financial statements (the 'financial statements') of Christie Group plc for the year ended 31 December 2007 which comprise the Consolidated income statement, the Consolidated and Company Statements of changes in shareholders' equity, the Consolidated and Company Balance sheets, the Consolidated and Company Cash Flow Statements and the related notes 1 to 31. We have also audited the information in the Remuneration report that is described as being audited. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, applied in accordance with the provisions of the Companies Act 1985 are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and the part of the Directors' Remuneration Report described as audited are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements. The information given in the Directors' report includes that specific information presented in the Operating and Financial Reviews that is cross referred to from the Business Review section of the Directors' Report. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report, the unaudited part of the Remuneration Report, the Chairman's Statement, the Review of Operations, the Financial Review and the Corporate Governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with those IFRSs as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985, of the state of the Group's and Company's affairs as at 31 December 2007 and of the profit of the Group for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report described as audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

27 March 2008

The maintenance and integrity of the Christie Group plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Revenue	5	87,372	87,096
Employee benefit expenses	6	(52,592)	(50,949)
		34,780	36,147
Depreciation, amortisation and impairment*	5, 13	(2,573)	(1,298)
Other operating expenses		(25,206)	(28,770)
Operating Profit	5	7,001	6,079
Finance costs	7	(149)	(274)
Finance income	7	363	347
Total finance credit	7	214	73
Profit before tax	8	7,215	6,152
Taxation	9	(2,567)	(2,019)
Profit for the year after tax		4,648	4,133
Attributable to:			
Equity Shareholders of the parent		4,648	4,131
Minority interest		-	2
		4,648	4,133
Earnings per share			
– Basic	11	19.12p	16.90p
– Fully diluted	11	18.65p	16.41p

All the amounts derive from continuing activities.

*This includes a £1,329,000 impairment recognised against the software development asset.

Consolidated Statement of Changes in Shareholders' Equity as at 31 December 2007

	Attributable to the Equity Holders of the Company					Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 22) £'000	Cumulative translation reserve £'000	Retained earnings £'000	Minority interest £'000	
Balance at 1 January 2006	500	4,722	(229)	4,802	19	9,814
Currency translation adjustments	–	–	(153)	–	–	(153)
Net expenses recognised directly in equity	–	–	(153)	–	–	(153)
Profit for the year	–	–	–	4,131	2	4,133
Total recognised income/(expenses) for the year	–	–	(153)	4,131	2	3,980
Issue of share capital	4	105	–	–	–	109
Movement in respect of employee share scheme	–	(523)	–	–	–	(523)
Employee share option scheme:						
– value of services provided	–	106	–	–	–	106
Purchase of minority interest	–	–	–	(15)	(21)	(36)
Dividends paid	–	–	–	(917)	–	(917)
Balance at 1 January 2007	504	4,410	(382)	8,001	–	12,533
Exchange difference on repayment of foreign exchange loan	–	–	(27)	27	–	–
Currency translation adjustments	–	–	546	–	–	546
Net income recognised directly in equity	–	–	519	27	–	546
Profit for the year	–	–	–	4,648	–	4,648
Total recognised income for the year	–	–	519	4,675	–	5,194
Issue of share capital	1	33	–	–	–	34
Movement in respect of employee share scheme	–	(858)	–	(30)	–	(888)
Employee share option scheme:						
– value of services provided	–	121	–	–	–	121
Dividends paid	–	–	–	(1,030)	–	(1,030)
Balance at 31 December 2007	505	3,706	137	11,616	–	15,964

Consolidated Balance Sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
Assets			
Non-current assets			
Intangible assets – Goodwill	12	4,096	4,096
Intangible assets – Other	13	4,555	3,166
Property, plant and equipment	14	1,796	2,214
Deferred tax assets	15	2,664	2,176
Available-for-sale financial assets	16a	300	300
Other receivables	17	1,088	–
		14,499	11,952
Current assets			
Inventories	18	404	332
Trade and other receivables	20	13,248	14,279
Current tax assets		–	282
Cash and cash equivalents	19	10,593	11,414
		24,245	26,307
Total assets		38,744	38,259
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	21	505	504
Fair value and other reserves	22	3,706	4,410
Cumulative translation reserve		137	(382)
Retained earnings	22	11,616	8,001
Total equity		15,964	12,533
Liabilities			
Non-current liabilities			
Borrowings	25	1,275	1,735
Retirement benefit obligations	23	4,343	6,300
Provisions for other liabilities and charges	26	432	145
		6,050	8,180
Current liabilities			
Trade and other payables	24	15,545	16,800
Borrowings	25	468	737
Current tax liabilities		700	–
Provision for other liabilities and charges	26	17	9
		16,730	17,546
Total liabilities		22,780	25,726
Total equity and liabilities		38,744	38,259

These Consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2008.

D B Rugg

Chief Executive

R M Zenker

Finance Director

Consolidated Cash Flow Statement for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Cash flow from operating activities			
Cash generated from operations	27	7,952	10,631
Interest paid		(149)	(274)
Tax paid		(2,036)	(3,233)
Net cash generated from operating activities		5,767	7,124
Cash flow from investing activities			
Purchase of minority interest in subsidiary		–	(36)
Purchase of property, plant and equipment (PPE)		(786)	(1,407)
Proceeds from sale of PPE		41	156
Intangible asset expenditure		(2,485)	(1,503)
Proceeds from disposal of intangible assets		–	1,193
Investment in an available-for-sale asset		(9)	(53)
Interest received		363	347
Net cash used in investing activities		(2,876)	(1,303)
Cash flow from financing activities			
Proceeds from issue of share capital		34	109
Payments to ESOP		(1,976)	(523)
Repayment of borrowings		(477)	(82)
Payments of finance lease liabilities		(9)	(59)
Dividends paid		(1,030)	(917)
Net cash used in financing activities		(3,458)	(1,472)
Net (decrease)/increase in net cash (including bank overdrafts)		(567)	4,349
Cash and cash equivalents at beginning of year		11,160	6,811
Cash and cash equivalents at end of year		10,593	11,160

Company Statement of Changes in Shareholders' Equity as at 31 December 2007

	Attributable to the Equity Holders of the Company			
	Share capital £'000	Fair value and other reserves (Note 22) £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2006	500	4,708	9,508	14,716
Profit for the year	–	–	2,275	2,275
Total recognised income for the year	–	–	2,275	2,275
Issue of share capital	4	105	–	109
Movement in respect of employee share scheme	–	(523)	–	(523)
Employee share options scheme – value of services provided	–	1	–	1
Dividends paid	–	–	(917)	(917)
Balance at 1 January 2007	504	4,291	10,866	15,661
Profit for the year	–	–	1,164	1,164
Total recognised income for the year	–	–	1,164	1,164
Issue of share capital	1	33	–	34
Movement in respect of employee share scheme	–	(858)	(30)	(888)
Employee share options scheme – value of services provided	–	1	–	1
Dividends paid	–	–	(1,030)	(1,030)
Balance at 31 December 2007	505	3,467	10,970	14,942

Company Balance Sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
Assets			
Non-current assets			
Investments in subsidiaries	16	11,287	11,250
Deferred tax assets	15	131	174
Available-for-sale financial assets	16a	300	300
Other receivables	17	7,954	6,058
		19,672	17,782
Current assets			
Trade and other receivables	20	2,905	3,333
Current tax assets		988	1,528
Cash and cash equivalents	19	6,129	6,489
		10,022	11,350
Total assets		29,694	29,132
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	21	505	504
Fair value and other reserves	22	3,467	4,291
Retained earnings	22	10,970	10,866
Total equity		14,942	15,661
Liabilities			
Non-current liabilities			
Borrowings	25	1,200	1,600
Retirement benefit obligations	23	415	578
		1,615	2,178
Current liabilities			
Trade and other payables	24	12,737	10,893
Borrowings	25	400	400
		13,137	11,293
Total liabilities		14,752	13,471
Total equity and liabilities		29,694	29,132

These Company financial statements have been approved for issue by the Board of Directors on 27 March 2008.

D B Rugg

Chief Executive

R M Zenker

Finance Director

Company Cash Flow Statement for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Cash flow from operating activities			
Cash used in operations	27	(4,384)	(582)
Interest paid		(517)	(260)
Tax received/(paid)		1,437	(1,527)
Net cash used in operating activities		(3,464)	(2,369)
Cash flow from investing activities			
Investment in fixed asset investments		(37)	–
Investment income from fixed asset investments		5,625	5,350
Investment in available-for-sale financial asset		(62)	–
Interest received		950	518
Net cash generated from investing activities		6,476	5,868
Cash flow from financing activities			
Proceeds from issue of share capital		34	109
Payments to ESOP		(1,976)	(523)
Repayment of borrowings		(400)	–
Dividends paid		(1,030)	(917)
Net cash used in financing activities		(3,372)	(1,331)
Net (decrease) increase in net cash		(360)	2,168
Cash and cash equivalents at beginning of year		6,489	4,321
Cash and cash equivalents at end of year		6,129	6,489

Notes to the Consolidated 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 three divisions – Professional Business Services, Software Solutions and Stock and Inventory Services. Professional Business Services principally covers business valuation, consultancy and agency, mortgage and insurance services, and business appraisal. Software Solutions covers EPoS, head office systems and supply chain management. Stock and Inventory Services covers stock audit and counting, compliance and food safety audits and inventory preparation and valuation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies for the year ended 31 December 2007

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The consolidated and Company financial statements of Christie Group plc have been prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated and Company financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in accordance with IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (March 2008).

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and parent company statements are disclosed in Note 4.

Interpretations and amendments to published standards effective in 2007

The following amendments and interpretations to standards are mandatory for the Group's accounting periods beginning on or after 1 January 2007.

- IFRS 7, Financial instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures. IFRS 7 introduces new disclosures relating to financial instruments, which are reflected in the financial statements as appropriate. This standard does not have any impact on the classification and valuation of the Group's financial instruments.
- IFRIC 8, Scope of IFRS 2. This interpretation requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued to establish whether or not they fall within the scope of IFRS 2. The Company already applies an accounting policy (Note 2.18) which complies with the requirements of IFRIC 8.
- IFRIC 10, Interim Financial Reporting and Impairment. IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation does not have any impact on the Group's financial statements.

It is anticipated that mandatory new standards or interpretations, effective for accounting periods beginning on or after 1 January 2007, not covered specifically above will have no impact on the Group's financial statements.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but which the Group has not early adopted, are as follows:

- IFRIC 11, Group and Treasury Share Transactions (effective for accounting periods beginning on or after 1 March 2007). The interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities (for instance, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions. The Group will apply IFRIC 11 from 1 January 2008, but it is not expected to have any impact on the Group's financial statements.
- IFRS 8, Operating Segments (effective for accounting periods on or after 1 January 2009). IFRS 8 proposes that entities adopt 'the management approach' to reporting the financial performance of its operating segments. Management is currently assessing the impact of IFRS 8 on the format and extent of disclosures presented in the financial statements.
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply IFRIC 14 from 1 January 2008, but it is not expected to have any impact on the Group or Company's financial statements.

It is anticipated that new standards or interpretations, currently in issue at the time of preparing these financial statements (March 2008), not covered specifically above will have no impact on the Group's financial statements.

2.2 Consolidation

The Group financial statements include the results of Christie Group plc and all its subsidiary undertakings on the basis of their financial statements to 31 December 2007. The results of businesses acquired or disposed of are included from the date of acquisition or disposal.

A subsidiary is an entity controlled, directly or indirectly, by Christie Group plc. Control is regarded as the power to govern the financial and operating policies of the entity so as to obtain the benefits from its activities.

2.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in pounds sterling, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) income and expenses for each income statement are translated at average exchange rates; and
- c) all resulting exchange differences are recognised as a separate component of equity, the cumulative translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided in the ordinary course of the Group's activities. Revenue derived from the Group's principal activities (which is shown exclusive of applicable sales taxes or equivalents) is recognised as follows:

Agency, consultancy and valuations

Net agency fees are recognised as income on exchange of contracts. Consultancy income is recognised in the accounting period in which the service is rendered, assessed on the basis of actual service provided as a proportion of the total services provided. In respect of valuations, turnover is recognised once the property or business has been inspected. Appraisal income is recognised in the accounting period in which the service is rendered, assessed on the basis of actual service provided as a proportion of the total services to be provided.

Business mortgage broking

Fee income is taken either when a loan offer is secured or when the loan is drawn down.

Insurance broking

Insurance brokerage is accounted for on an accruals basis when the insurance policy commences.

Software solutions

Hardware revenues are recognised on installation or as otherwise specified in the terms of the contract. Software revenues are recognised on delivery or as otherwise specified in the terms of the contract. Revenues on maintenance contracts are recognised over the period of the contracts. Revenue in respect of services, such as implementation, training and consultancy, are recognised when the services are performed.

Stock and inventory services

Fees are recognised on completion of the visit to client's premises.

Other income is recognised as follows:

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

2.5 Segmental reporting

In accordance with the Group's risks and returns, the definition of segments for primary and secondary segment reporting reflects the internal management reporting structure. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment expenses consist of directly attributable costs and other costs, which are allocated based on relevant criteria.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments.

2.6 Intangible assets

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill arising on acquisitions is capitalised and subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable. Goodwill arising on acquisitions prior to the date of transition to IFRS has been retained at previous UK GAAP amounts as permitted by IFRS 1 'First time adoption of International Accounting Standards'. Prior to 1 January 2004, goodwill was amortised over its estimated useful lives. Such amortisation ceased on 31 December 2003, subject to an impairment review at the date of transition, in which no impairment was recognised. The Group's policy for the years up to 31 March 1998 was to eliminate goodwill arising on acquisitions against reserves. As permitted by IFRS 1 and IFRS 3, such goodwill remains eliminated against reserves.

Notes to the Consolidated Financial Statements

Research and development

Software development is capitalised at cost when the following criteria are demonstrated:

- The technical feasibility of completing the product so that it will be available for use or sale;
- The intention to complete the product and use or sell it;
- The ability to use the completed product or sell it;
- It is probable that the completed product will generate future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the completed product; and
- The ability to reliably measure the expenditure on the intangible asset during its development.

Development costs are amortised in equal annual instalments over the expected product or system life, commencing in the year when the product is completed. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. All other research and development costs are written off in the year in which they are incurred.

Other

Intangible fixed assets such as software, trademarks and patent rights are stated at cost, net of amortisation and any provision for impairment. Amortisation is calculated to write down the cost of all intangible fixed assets to their estimated residual value by equal annual instalments over their expected useful economic lives. The expected useful lives are between three and ten years.

2.7 Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write down the cost of all tangible fixed assets to estimated residual value by equal annual instalments over their expected useful lives as follows:

Leasehold property	Lease term
Fixtures, fittings and equipment	5 – 10 years
Computer equipment	2 – 3 years
Motor vehicle	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

2.8 Leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Rentals under operating leases (net of any incentives received) are charged to the income statement on a straight-line basis over the period of the lease.

Assets, held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, whilst the interest elements are charged to the income statement over the period of the leases at a constant rate.

2.9 Impairment of assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Any assessment of impairment based on value in use takes account of the time value of money and the uncertainty or risk inherent in the future cash flows. The discount rates applied are post-tax and reflect current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

2.10 Investments

The Group classifies its investments depending on the purpose for which the investments were acquired. Management determines the classification of its investments on purchase and re-evaluates this designation at every reporting date. Fixed asset investments in subsidiaries are shown at cost less any provision for impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. For investments in equity instruments and unlisted securities that do not have a quoted market price in an active market and whose fair value can not be reliably measured these are valued at cost.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired.

2.11 Inventories

Inventories held for resale is valued at the lower of cost and net realisable value.

2.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

2.14 Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.15 Taxation including deferred tax

Tax on company profits is provided for at the current rate applicable in each of the relevant territories.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This is reviewed annually.

2.16 Share capital and share premium

Ordinary shares are classified as equity.

Where any Group company or the Employee Share Ownership Plan (ESOP) trust purchases the Company's equity share capital (own shares), the consideration paid, including any directly attributable incremental costs (net of taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Company's equity holders.

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. In respect of interim dividends, which are paid prior to approval by the Company's shareholders they are recognised on payment.

2.18 Employee benefits

Pension obligations

The Group has both defined benefit and defined contribution schemes. A defined benefit scheme is a pension scheme that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. A defined contribution scheme is a pension scheme under which the Group pays fixed contributions into a separate entity. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

Pension obligations – Defined benefit schemes

The liability recognised in the balance sheet in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of scheme assets or 10% of the defined benefit obligation are charged or credited to the income statement over the employees' expected average remaining period till the scheme retirement date.

Notes to the Consolidated Financial Statements

Past-service costs are recognised immediately in the income statement, unless the changes to the pension scheme are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Pension obligations – Personal pension scheme

Group companies contribute towards a personal pension scheme for their participating employees. These employees are currently entitled to such contributions after a qualifying period has elapsed. Payments to the scheme are charged as an employee benefit expense as they fall due. The Group has no further payment obligations once the contributions have been paid.

Share based compensation

The fair value of employee share option schemes, including Save As You Earn (SAYE) schemes, is measured by a Black-Scholes pricing model. Further details are set out in Note 21a. In accordance with IFRS 2 'Share-based Payments' the resulting cost is charged to the income statement over the vesting period of the options. The value of the charge is adjusted to reflect expected and actual levels of options vesting.

No expense was recognised in respect of share options granted before 7 November 2002 and those which had vested before 1 January 2005. The expense is recognised when the options are exercised and proceeds received allocated between share capital and share premium.

For share options granted after 7 November 2002 and vested after 1 January 2005 the Group operates an equity-settled, long term incentive plan designed to align management interests with those of shareholders. The fair value of the employee's services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

Commissions and bonus plans

The Group recognises a liability and an expense for commissions and bonuses, based on formula driven calculations. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3. FINANCIAL RISK MANAGEMENT

The Group uses a limited number of financial instruments, comprising cash, short-term deposits, bank loans and overdrafts and various items such as trade receivables and payables, which arise directly from operations. The Group does not trade in financial instruments.

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the sterling pound and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is that is not the entity's functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

At 31 December 2007, if pounds sterling had weakened by 10% against the Euro, with all other variables held constant, post tax profit for the year would have been £75,000 (2006: £121,000) lower, mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables, cash and cash equivalents, and trade payables.

b) Credit risk

The Group has no significant concentrations of credit risk and has policies in place to ensure that sales are made to customers with an appropriate credit history. A number of subsidiaries utilise credit insurance to mitigate credit risk.

For the year ended 31 December 2007, total credit insurance costs incurred by the Group amounted to £80,000 (2006: £75,000). During this period, the Group successfully claimed £10,000 (2006: £123,000) in relation to disputed balances, resulting in a net cost to the Group for the period of £70,000 (2006: £48,000 saving) for credit insurance facilities.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Group ensures it has adequate cover through the availability of bank overdraft and loan facilities.

At 31 December 2007 total borrowings by the group amounted to £1,743,000 (2006: £2,472,000), with additional available unutilised borrowing facilities at 31 December 2007 of £2,500,000 (2006: £2,455,000).

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Total cash and cash equivalents held by the group at 31 December 2007 were £10,593,000 (2006: £11,414,000).

d) Cash flow and interest rate risk

The Group finances its operations through a mix of cash flow from current operations together with cash on deposit and bank and other borrowings. Borrowings are generally at floating rates of interest and no use of interest rate swaps has been made. Overall the Group's trading operations are normally cash generative.

The Group's interest rate risk arises from cash balances and borrowings subject to variable interest rates. For the year ended 31 December 2007, assuming all other variables remained equal but interest rates were 0.25% higher or lower throughout the year, the impact on post tax profits would be a maximum increase or decrease of £16,000 (2006: £12,000).

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or alter debt levels.

During 2007, the Group's strategy, which was unchanged from 2006, was to increase the return to shareholders through increased dividend payments and fund organic growth through its cash deposits.

3.3 Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of retirement benefit obligations and provisions for other liabilities and charges for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. 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.

4.1 Critical accounting estimates and assumptions

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 discussed below.

a) Estimated impairment of goodwill

Goodwill is subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable, in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 12).

b) Retirement benefit obligations

The assumptions used to measure the expense and liabilities related to the Group's two defined benefit pension plans are reviewed annually by professionally qualified, independent actuaries, trustees and management as appropriate. The measurement of the expense for a period requires judgement with respect to the following matters, among others:

- the probable long-term rate of increase in pensionable pay;
- the discount rate;
- the expected return on plan assets; and
- the estimated life expectancy of participating members.

The assumptions used by the Group, as stated in Note 23, may differ materially from actual results, and these differences may result in a significant impact on the amount of pension expense recorded in future periods. In accordance with IAS 19, the Group amortises actuarial gains and losses outside the 10% corridor, over the average future service lives of employees. Under this method, major changes in assumptions, and variances between assumptions and actual results, may affect retained earnings over several future periods rather than one period, while more minor variances and assumption changes may be offset by other changes and have no direct effect on retained earnings.

c) Software development

In accordance with IAS 38 'Intangible assets' software development expenditure is recognised as an asset to the extent that a market exists for the products and that the products will generate future economic benefits.

Future cash flows expected to be generated by the completed products are projected taking into account market conditions over a 5 year period. The present value of these cash flows determined using an appropriate discount rate, is compared to the current carrying value and, if lower the assets are impaired to the present value. These calculations require the use of estimates.

Notes to the Consolidated Financial Statements

5. SEGMENT INFORMATION

a. Primary reporting format – business segments

The Group is organised into three main business segments: Professional Business Services, Software Solutions and Stock and Inventory Services.

The segment results for the year ended 31 December 2007 are as follows:

	Professional Business Services £'000	Software Solutions £'000	Stock and Inventory Services £'000	Other £'000	Group £'000
Continuing Operations					
Total gross segment sales	51,512	12,640	23,320	2,913	90,385
Inter-segment sales	(100)	–	–	(2,913)	(3,013)
Revenue	51,412	12,640	23,320	–	87,372
Operating profit/(loss)	9,921	(3,107)	544	(357)	7,001
Net finance credit					214
Profit before tax					7,215
Taxation					(2,567)
Profit for the year after tax					4,648

* This includes a £1,329,000 impairment recognised against the software development asset.

The segment results for the year ended 31 December 2006 are as follows:

	Professional Business Services £'000	Software Solutions £'000	Stock and Inventory Services £'000	Other £'000	Group £'000
Continuing Operations					
Total gross segment sales	49,739	15,053	22,337	2,777	89,906
Inter-segment sales	(33)	–	–	(2,777)	(2,810)
Revenue	49,706	15,053	22,337	–	87,096
Operating profit/(loss)	8,386	(2,400)	555	(462)	6,079
Net finance credit					73
Profit before tax					6,152
Taxation					(2,019)
Profit for the year after tax					4,133

Other segment items included in the income statements for the years ended 31 December 2007 and 2006 are as follows:

	Professional Business Services £'000	Software Solutions £'000	Stock and Inventory Services £'000	Other £'000	Group £'000
31 December 2007					
Depreciation, amortisation and impairment	402	2,038	100	33	2,573
Impairment of trade receivables	469	(121)	14	–	362
31 December 2006					
Depreciation and amortisation	557	333	379	29	1,298
Impairment of trade receivables	701	382	55	–	1,138

The segment assets and liabilities at 31 December 2007 and capital expenditure for the year then ended are as follows:

	Professional Business Services £'000	Software Solutions £'000	Stock and Inventory Services £'000	Other £'000	Group £'000
Assets	10,614	11,618	6,040	7,808	36,080
Deferred tax assets					2,664
					38,744
Liabilities	9,669	4,401	3,526	2,749	20,345
Current tax liabilities					700
Borrowings (excluding finance leases)					1,735
					22,780
Capital expenditure	277	2,676	343	2	3,298

5. SEGMENT INFORMATION continued

The segment assets and liabilities at 31 December 2006 and capital expenditure for the year are as follows;

	Professional Business Services £'000	Software Solutions £'000	Stock and Inventory Services £'000	Other £'000	Group £'000
Assets	10,433	11,953	5,329	8,086	35,801
Deferred tax assets					2,176
Current tax assets					282
					38,259
Liabilities	12,959	4,268	4,056	1,977	23,260
Borrowings (excluding finance leases)					2,466
					25,726
Capital expenditure	191	1,776	997	94	3,058

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude taxation.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

b. Secondary reporting format – geographical segments

The Group manages its business segments on a global basis. The UK is the home country of the parent. The operations are based in two main geographical areas. The main operations in the principal territories are as follows:

- Europe
- Rest of the World (primarily North America)

The Group's revenue is mainly in Europe. Revenue is allocated based on the country in which the customer is located.

	2007 £'000	2006 £'000
Revenue		
Europe	87,098	86,435
Rest of the World	274	661
	87,372	87,096

	2007 £'000	2006 £'000
Total segment assets		
Europe	35,989	35,666
Rest of the World	91	135
	36,080	35,801

Capital expenditure is allocated based on where the assets are located.

	2007 £'000	2006 £'000
Capital expenditure		
Europe	3,297	3,058
Rest of the World	1	—
	3,298	3,058

	2007 £'000	2006 £'000
Analysis of revenue by category		
Sales of goods	4,431	6,709
Revenue from services	82,941	80,387
	87,372	87,096

Notes to the Consolidated Financial Statements

6. EMPLOYEE BENEFIT EXPENSES

Staff costs for the Group during the year	2007 £'000	2006 £'000
Wages and salaries	42,089	40,657
Social security costs	5,777	6,255
Other benefits	2,796	2,485
Pension costs – defined benefit schemes (Note 23)	711	1,058
Pension costs – defined contribution scheme	845	388
Other long-term benefits	253	–
Cost of employee share scheme	121	106
	52,592	50,949

Average number of people (including executive directors) employed by the Group during the year was	2007 Number	2006 Number
Operational	1,103	1,039
Administration and support staff	308	303
	1,411	1,342

7. FINANCE (CREDIT)/COSTS

	2007 £'000	2006 £'000
Interest payable on bank loans and overdrafts	146	267
Other interest payable	2	5
Interest payable on finance leases	1	2
Total finance costs	149	274
Bank interest receivable	(352)	(335)
Other interest receivable	(11)	(12)
Total finance income	(363)	(347)
Net finance credit	(214)	(73)

8. PROFIT BEFORE TAX

	2007 £'000	Group 2006 £'000
Profit before tax is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
– owned assets	1,203	1,196
– under finance leases	14	53
Amortisation of intangible fixed assets	27	49
Impairment of software development	1,329	–
Loss/(profit) on sale of property, plant and equipment	10	(47)
Loss on sale of intangible fixed asset	–	19
Operating lease charges		
– buildings	1,820	1,741
– other	971	1,162
Repairs and maintenance expenditure on property, plant and equipment	300	337
Research and non-capitalised development costs	2,037	1,486
(Profit)/loss on foreign exchange (including Company £247,000 (2006: £45,000 loss))	(67)	11
Inventories		
– changes in inventories of finished goods and goods for resale (included in other operating expenses)	(33)	(27)
– write down of inventories	–	8

8. PROFIT BEFORE TAX continued**Services provided by the Group's auditor and network firms**

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor or a network firm of the Group's auditor as detailed below:

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Audit services				
– audit of the parent company and consolidated financial statements	22	21	22	21
– audit of the subsidiary company financial statements	117	113	–	–
Other services pursuant to legislation	14	13	5	5
Tax services	103	145	27	87
Other services not covered above	21	19	–	–

In addition to the above services, the Group's auditor acted as auditor to the Christie Group plc Pension & Assurance Scheme and the Venners Retirement Benefit Scheme. The appointment of auditors to the Group's pension schemes and the fees paid in respect of those audits are agreed by the trustees of each scheme, who act independently from the management of the Group. The aggregate fees paid to the Group's auditor for audit services to the pension schemes during the year were £10,000 (2006: £9,500).

9. TAXATION

	2007 £'000	2006 £'000
Current tax		
UK Corporation tax at 30% (2006: 30%)	3,058	2,406
Foreign tax	29	73
Adjustment in respect of prior periods	(15)	(267)
Total current tax	3,072	2,212
Deferred tax		
Origination and reversal of timing differences	(528)	(193)
Impact of change in UK tax rate	145	–
Adjustment in respect of prior periods	(122)	–
Total deferred tax	(505)	(193)
Tax on profit on ordinary activities	2,567	2,019

The tax for the year is higher (2006: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

Tax on profit on ordinary activities

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	7,215	6,152
Profit on ordinary activities at standard rate of UK corporation tax of 30% (2006: 30%)	2,165	1,846
Effects of:		
– tax losses not yet utilised	672	716
– expenses not deductible for tax purposes	228	478
– taxable deductions	(379)	(638)
– utilisation of tax losses and other deductions	(18)	(5)
– adjustment to tax charge in respect of previous periods	(15)	(267)
– fixed asset timing differences	(14)	62
– other timing differences	433	26
– rate differential on certain tax losses	–	(6)
Total current tax	3,072	2,212

10. DIVIDENDS

Group and Company	2007 £'000	2006 £'000
Interim		
2006 interim, paid October 2006 (1.25p)	–	306
2007 interim, paid October 2007 (1.50p)	362	–
Final		
2005 final, paid June 2006 (2.50p)	–	611
2006 final, paid June 2007 (2.75p)	668	–
	1,030	917

A dividend in respect of the year ended 31 December 2007 of 2.75p per share, amounting to a total dividend of £672,000, is to be proposed at the Annual General Meeting on 23 June 2008. These financial statements do not reflect this proposed dividend.

Notes to the Consolidated Financial Statements

11. 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 year.

	2007	2006
Profit attributable to equity holders of the Company (£'000)	4,648	4,131
Weighted average number of ordinary shares in issue (thousands)	24,310	24,448
Basic earnings per share (pence)	19.12	16.90

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 dilutive potential 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.

	2007	2006
Profit attributable to equity holders of the Company (£'000)	4,648	4,131
Weighted average number of ordinary shares in issue (thousands)	24,310	24,448
Adjustment for share options (thousands)	610	728
Weighted average number of ordinary shares for diluted earnings per share (thousands)	24,920	25,176
Diluted earnings per share (pence)	18.65	16.41

12. INTANGIBLE ASSETS – GOODWILL

Group	Total £'000
Cost	
At 1 January 2007 and 31 December 2007	4,096
Group	Total £'000
Cost	
At 1 January 2006	3,939
Acquisitions	157
At 31 December 2006	4,096

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation and business segment. The carrying amounts of goodwill by segment as at 31 December 2007 are as follows:

Goodwill	Professional Business Services £'000	Software Solutions £'000	Stock and Inventory Services £'000
UK	178	–	833
Continental Europe	–	3,085	–

During the year, the acquired goodwill was tested for impairment in accordance with IAS 36 on the basis of the relevant CGUs. Following the impairment tests there has been no change to the carrying values. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on current business plans. The key assumptions for the value-in-use calculations are those regarding revenue growth rates, discount rates and long-term growth rates. Management determined budgeted revenue growth based on past performance and its expectations for the market development. Discount rates were determined using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Cash flows beyond the five-year period are extrapolated using estimated long term growth rates obtained from HM Treasury for both the UK and Continental Europe.

The growth rate does not exceed the long-term average growth rate for the businesses in which the CGUs operate.

	Professional Business Services £'000	Software Solutions £'000	Stock and Inventory Services £'000
Discount rates	10.0%	15.0%	10.0%
Long-term growth rates	2.5%	2.0%	2.5%

13. INTANGIBLE ASSETS – OTHER

Group	Software £'000	Software development £'000	Total £'000
Cost			
At 1 January 2007	267	3,038	3,305
Exchange adjustments	19	268	287
Additions	97	2,404	2,501
Disposals	(49)	–	(49)
At 31 December 2007	334	5,710	6,044
Accumulated amortisation and impairment			
At 1 January 2007	139	–	139
Exchange adjustments	43	–	43
Charge for the year	27	–	27
Impairment loss recognised	–	1,329	1,329
Disposals	(49)	–	(49)
At 31 December 2007	160	1,329	1,489
Net book amount at 31 December 2007	174	4,381	4,555

The expected useful lives are as follows:

Software	3 – 10 years
Software development	5 – 10 years

The investment in software development relates to development of products for resale in the Software Solutions division.

The £1,329,000 impairment loss recognised against the software development asset reflects a delay in the likely receipt of future economic benefits that the development can generate identified through a regular review of the software development.

The recoverable amount of the software development asset was determined based on value-in-use calculations. These calculations use cash flow projections based on current business plans over the next 5 years. The key assumptions for the value-in-use calculations are those regarding revenue growth rates and discount rates. Management determined budgeted revenue growth based on past performance and its expectations for the market development. The discount rate of 15% was determined using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the Software Solutions division.

Group	Software £'000	Software development £'000	Total £'000
Cost			
At 1 January 2006	202	2,719	2,921
Exchange adjustments	(4)	(34)	(38)
Additions	105	1,546	1,651
Disposals	(36)	(1,193)	(1,229)
At 31 December 2006	267	3,038	3,305
Accumulated amortisation			
At 1 January 2006	111	–	111
Exchange adjustments	(4)	–	(4)
Charge for the year	49	–	49
Disposals	(17)	–	(17)
At 31 December 2006	139	–	139
Net book amount at 31 December 2006	128	3,038	3,166

The Software development disposal reflects amounts relating to the Christie + Co operational support system, the costs of which were recovered from the third party software house contracted to provide the system.

Notes to the Consolidated Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT

Group	Short leasehold property £'000	Fixtures, fittings, computer equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2007	372	8,289	8,661
Exchange adjustments	2	158	160
Additions	–	797	797
Disposals	–	(3,500)	(3,500)
At 31 December 2007	374	5,744	6,118
Accumulated depreciation			
At 1 January 2007	256	6,191	6,447
Exchange adjustments	2	105	107
Charge for the year	48	1,169	1,217
Disposals	–	(3,449)	(3,449)
At 31 December 2007	306	4,016	4,322
Net book amount at 31 December 2007	68	1,728	1,796

Group	Short leasehold property £'000	Fixtures, fittings, computer equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2006	531	7,179	7,710
Exchange adjustments	(1)	(41)	(42)
Additions	–	1,407	1,407
Disposals	(158)	(256)	(414)
At 31 December 2006	372	8,289	8,661
Accumulated depreciation			
At 1 January 2006	348	5,183	5,531
Exchange adjustments	(1)	(27)	(28)
Charge for the year	64	1,185	1,249
Disposals	(155)	(150)	(305)
At 31 December 2006	256	6,191	6,447
Net book amount at 31 December 2006	116	2,098	2,214

Depreciation in the year on fixtures, fittings, computer equipment and motor vehicles includes £13,000 (2006: £53,000) on assets held under finance lease or hire purchase agreements which have a net book value at 31 December 2007 of £6,000 (2006: £8,000).

At 31 December 2007 and 2006 the Company held fixtures, fittings, computer equipment and motor vehicles with a cost of £9,000 and accumulated depreciation of £9,000.

15. DEFERRED TAX

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 movements in deferred tax assets (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Deferred tax assets comprises:				
Accelerated capital allowances	175	201	1	2
Short-term timing differences	1,287	103	14	(1)
Deferred tax asset	1,462	304	15	1
Deferred tax asset on pension	1,202	1,872	116	173
At 31 December	2,664	2,176	131	174

15. DEFERRED TAX continued

Movements in the deferred tax asset:

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
At 1 January	2,176	1,977	174	172
Credited to/(transfer from) the income statement	505	193	(43)	2
Exchange adjustments	(17)	6	–	–
At 31 December	2,664	2,176	131	174

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of £591,000 (2006: £587,000) in respect of losses amounting to £2,112,000 (2006: £1,957,000) that can be carried forward against future taxable income.

UK deferred tax assets have been recognised at the UK corporation tax rate of 28% effective from 1 April 2008.

16. INVESTMENTS IN SUBSIDIARIES

Company	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2007	5,559	6,301	11,860
Additions	37	–	37
At 31 December 2007	5,596	6,301	11,897
Provision for impairment			
At 1 January 2007 and at 31 December 2007	610	–	610
Net book amount at 31 December 2007	4,986	6,301	11,287
Net book amount at 31 December 2006	4,949	6,301	11,250

Subsidiary undertakings

At 31 December 2007 the principal subsidiaries were as follows:

Company	Country of incorporation	Nature of business
Christie, Owen & Davies plc (trading as Christie + Co)*	UK	Business valuers, surveyors and agents
Christie + Co SARL*	France	Business valuers, surveyors and agents
Christie + Co GmbH*	Germany	Business valuers, surveyors and agents
Christie, Owen & Davies SL*	Spain	Business valuers, surveyors and agents
Pinders Professional & Consultancy Services Ltd	UK	Business appraisers
RCC Business Mortgage Brokers plc (trading as Christie Finance)	UK	Business mortgage brokers
Christie Corporate Finance Ltd	UK	Business mortgage brokers
RCC Insurance Brokers plc* (trading as Christie Insurance)	UK	Insurance brokers
Orridge & Co Ltd	UK	Stocktaking and inventory management services
Orridge SA*	Belgium	Stocktaking and inventory management services
Orridge BV	Holland	Stocktaking and inventory management services
Venners plc	UK	Licensed stock and inventory auditors and valuers
VcsTimeless Ltd*	UK	EPoS, head office systems and merchandise control
Venners Computer Systems Corporation*	Canada	EPoS, head office systems and merchandise control
Timeless SA*	France	EPoS, head office systems and merchandise control
Timeless Premier SL*	Spain	EPoS, head office systems and merchandise control
Timeless Italia Srl*	Italy	EPoS, head office systems and merchandise control

The Company directly or indirectly* owns 100% of the ordinary share capital of each of the above companies.

Notes to the Consolidated Financial Statements

16a. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Non-current assets				
Cost				
At 1 January	353	300	300	300
Additions	9	53	62	–
At 31 December	362	353	362	300
Provisions for impairment				
At 1 January	53	53	–	–
Charge for the year	9	–	62	–
At 31 December	62	53	62	–
Net book amount at 31 December	300	300	300	300

The available-for-sale financial assets are all denominated in pounds sterling.

During the year the Group purchased 312,500 (2006: 1,522,500) 1p ordinary shares in Capcon Holdings plc, an AIM listed business. At 31 December 2007 the market value of the total shares held was £78,000 (2006: £42,000). The investment has been provided against given the relative illiquidity of the shares.

The other available-for-sale financial assets represent an unquoted investment held at cost.

17. NON-CURRENT OTHER RECEIVABLES

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Amounts owed by group undertakings	–	–	13,359	8,458
Less: Provision for impairment of amounts owed by group undertakings	–	–	(6,493)	(2,400)
Other receivables	1,088	–	1,088	–
	1,088	–	7,954	6,058

The Company's non-current other receivables are denominated in pounds sterling.

The provision for impairment of amounts owed by group undertakings relates to an assessment of the recoverability of the amount loaned to the Group's software business.

Other receivables represents loans in respect of the Group's share schemes repayable after more than one year, none of which are impaired.

18. INVENTORIES

	2007 £'000	Group 2006 £'000
Finished goods and goods for resale	404	332

A provision of £17,000 (2006: £17,000) is held against goods for resale to reduce the carrying value to reflect the net realisable value of the inventory.

19. CASH AND CASH EQUIVALENTS

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Cash at bank and in hand	5,576	2,929	1,363	16
Short-term bank deposits	5,017	8,485	4,766	6,473
	10,593	11,414	6,129	6,489

20. TRADE AND OTHER RECEIVABLES

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Trade receivables	12,060	11,317	–	–
Less: Provision for impairment of receivables	(2,290)	(2,387)	–	–
Amounts owed by group undertakings	–	–	2,623	1,868
Other debtors	709	2,435	227	1,336
Prepayments and accrued income	2,769	2,914	55	129
	13,248	14,279	2,905	3,333

The fair values of trade and other receivables approximates to the cost as detailed above.

Movements on the Group's provision for impairment of trade receivables are as follows:

	2007 £'000	Group 2006 £'000
Provision at 1 January	2,387	1,778
Impairment of trade receivables during the year	362	1,138
Amounts written off in the year	(528)	(518)
Foreign currency translation effects	69	(11)
Provision at 31 December	2,290	2,387

The creation and release of the provision for impaired trade receivables have been included in 'Other operating expenses' in the income statement. Amounts are written off when there is no expectation of recovering additional cash.

The following summary details trade receivables that are not overdue (where payment terms have not been exceeded) as well as an analysis of overdue amounts and related provisions.

	2007 £'000	Group 2006 £'000
Not overdue	5,556	5,731
Amounts past due:		
< 1 month	2,099	2,439
2 – 3 months	1,209	751
3 – 6 months	1,184	415
6 – 12 months	1,069	923
> 1 year	943	1,058
Provision for impairment of trade receivables	(2,290)	(2,387)
	9,770	8,930

A number of Group companies insure their trade receivables. The carrying value of trade receivables not covered by credit insurance is £5,019,000 (2006: £4,823,000).

The carrying value of trade receivables is reviewed and amounts not provided for are considered recoverable. Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and diverse. Due to this, management believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables. The carrying amounts of trade and other receivables are denominated in the following currencies:

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Pounds sterling	9,337	11,385	2,905	3,333
Euros	3,839	2,777	–	–
Canadian Dollars	72	117	–	–
	13,248	14,279	2,905	3,333

Notes to the Consolidated Financial Statements

21. SHARE CAPITAL

Ordinary shares of 2p each	Number	2007 £'000	Number	2006 £'000
Authorised:				
At 1 January and 31 December	30,000,000	600	30,000,000	600
Allotted and fully paid:				
At 1 January	25,216,384	504	25,003,552	500
Issued during the year	47,167	1	212,832	4
At 31 December	25,263,551	505	25,216,384	504

The consideration received for the shares issued in the year was £34,000 (2006: £109,000).

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 31 December 2007 the total payments by the Company to the ESOP to finance the purchase of ordinary shares was £1,973,000 (2006: £916,000). The market value at 31 December 2007 of the ordinary shares held in the ESOP was £1,183,000 (2006: £1,601,000). The investment in own shares represents 816,000 shares (2006: 616,000) with a nominal value of 2p each.

21a. SHARE BASED PAYMENTS

Certain employees hold options to subscribe for shares in the Company at prices ranging from 40.0p to 251.50p under share option schemes for the period from August 1998 to March 2007.

The remaining options outstanding under approved schemes at 31 December are shown below:

Number of Shares 2007	2006	Option exercise price	Date granted	Option exercise period
6,000	6,000	47.50p	Aug 1998	Aug 2001 – Aug 2008
7,667	7,667	41.50p	Dec 1998	Dec 2001 – Dec 2008
15,000	15,000	81.00p	Sep 1999	Sep 2002 – Sep 2009
13,500	22,000	145.00p	May 2000	May 2003 – May 2010
6,000	6,000	81.50p	Oct 2000	Oct 2003 – Oct 2010
20,333	37,000	53.50p	Apr 2001	Apr 2004 – Apr 2011
3,000	6,000	40.00p	Oct 2001	Oct 2004 – Oct 2011
–	9,000	36.00p	Apr 2002	Apr 2005 – Apr 2012
25,000	25,000	45.50p	Sep 2002	Sep 2005 – Sep 2012
40,000	43,000	47.50p	Apr 2003	Apr 2006 – Apr 2013
28,000	31,000	46.50p	Jun 2003	Jun 2006 – Jun 2013
70,000	93,000	94.00p	May 2004	May 2007 – May 2014
25,000	38,000	111.50p	Jun 2004	Jun 2007 – Jun 2014
37,000	37,000	98.50p	Oct 2004	Oct 2007 – Oct 2014
159,000	168,000	100.00p	Apr 2005	Apr 2008 – Apr 2015
25,000	35,000	101.50p	Oct 2005	Oct 2008 – Oct 2015
182,000	188,000	130.50p	Apr 2006	Apr 2009 – Apr 2016
177,952	–	251.50p	Mar 2007	Mar 2010 – Mar 2017
840,452	766,667			

Under the Share Option Scheme the Remuneration Committee can grant options over shares to employees of the Company. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. Awards under the Share Option Scheme are generally reserved for employees at senior management level and 121 employees are currently participating in this Group. The Company has made grants at least annually. Options granted under the Share Option Scheme will become exercisable on the third anniversary of the date of grant. Exercise of an option is subject to continued employment and achievement of a performance target.

The Group also operates a Save As You Earn (SAYE) scheme which was introduced in 2002. Under the SAYE scheme eligible employees can save up to £250 per month over a three or five year period and use the savings to exercise options granted between 67.5p to 228.5p. There were 623,000 (2006: 783,000) remaining options outstanding under the SAYE scheme at 31 December 2007.

Share options (including SAYE schemes) were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The key assumptions used in the calculations are as follows:

21a. SHARE BASED PAYMENTS continued

	2007	2006
Share price at grant date	67.50p – 251.50p	46.50p – 222.00p
Exercise price	67.50p – 251.50p	46.50p – 228.50p
Expected volatility	28.5% – 52.7%	36.3% – 52.7%
Expected life (years)	3 – 5 years	3 – 5 years
Risk free rate	4.4% – 5.1%	4.4% – 5.1%
Dividend yield	1.6% – 2.7%	1.6% – 2.7%
Fair value per option	23.89p – 84.80p	19.04p – 78.91p

The expected volatility is based on historical volatility over the last 9 years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

A reconciliation of share option movements (excluding SAYE schemes) over the year to 31 December is shown below:

	Number	2007 Weighted average exercise price	Number	2006 Weighted average exercise price
Outstanding at 1 January	766,667	96.75p	866,499	76.87p
Granted	180,952	251.50p	191,000	130.50p
Forfeited or lapsed	(50,000)	114.54p	(78,000)	83.00p
Exercised	(57,167)	73.24p	(212,832)	51.14p
Outstanding at 31 December	840,452	130.61p	766,667	96.75p
Exercisable at 31 December	296,500	76.98p	207,667	60.97p

The weighted average share price for options exercised over the year was 237.36p (2006: 170.70p). The total charge for the year relating to employee share based payment plans was £121,000 (2006: £106,000), all of which related to equity-settled share based payment transactions. The weighted average remaining contractual life of share options outstanding at 31 December 2007 was 7.1 years (2006: 7.4 years).

22. RESERVES

Group	Share premium £'000	Merger reserve £'000	Share based payments £'000	Own shares £'000	Capital redemption £'000	Fair value and other reserves £'000	Retained earnings £'000
At 1 January 2007	4,040	945	209	(794)	10	4,410	8,001
Share issues	33	–	–	–	–	33	–
Movement in respect of employee share scheme	–	–	269	(1,006)	–	(737)	(30)
Exchange difference on repayment of foreign exchange loan	–	–	–	–	–	–	27
Profit after tax	–	–	–	–	–	–	4,648
Dividends paid	–	–	–	–	–	–	(1,030)
At 31 December 2007	4,073	945	478	(1,800)	10	3,706	11,616

Group	Share premium £'000	Merger reserve £'000	Share based payments £'000	Own shares £'000	Capital redemption £'000	Fair value and other reserves £'000	Retained earnings £'000
At 1 January 2006	3,935	945	103	(271)	10	4,722	4,802
Share issues	105	–	–	–	–	105	–
Movement in respect of employee share scheme	–	–	106	(523)	–	(417)	–
Purchase of minority interest	–	–	–	–	–	–	(15)
Profit after tax	–	–	–	–	–	–	4,131
Dividends paid	–	–	–	–	–	–	(917)
At 31 December 2006	4,040	945	209	(794)	10	4,410	8,001

Notes to the Consolidated Financial Statements

22. RESERVES continued

Company	Share premium £'000	Merger reserve £'000	Share based payments £'000	Own shares £'000	Capital redemption £'000	Other reserves £'000	Fair value and other reserves £'000	Retained earnings £'000
At 1 January 2007	4,040	945	1	(794)	10	89	4,291	10,866
Share issues	33	–	–	–	–	–	33	–
Movement in respect of employee share scheme	–	–	149	(1,006)	–	–	(857)	(30)
Profit after tax	–	–	–	–	–	–	–	1,164
Dividends paid	–	–	–	–	–	–	–	(1,030)
At 31 December 2007	4,073	945	150	(1,800)	10	89	3,467	10,970

Company	Share premium £'000	Merger reserve £'000	Share based payments £'000	Own shares £'000	Capital redemption £'000	Other reserves £'000	Fair value and other reserves £'000	Retained earnings £'000
At 1 January 2006	3,935	945	–	(271)	10	89	4,708	9,508
Share issues	105	–	–	–	–	–	105	–
Movement in respect of employee share scheme	–	–	1	(523)	–	–	(522)	–
Profit after tax	–	–	–	–	–	–	–	2,275
Dividends paid	–	–	–	–	–	–	–	(917)
At 31 December 2006	4,040	945	1	(794)	10	89	4,291	10,866

Share premium – The balance on the share premium reserve represents the amounts received in excess of the nominal value of the ordinary shares.

Merger reserve – The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition made by the issue of shares.

Share based payments – The balance on the share based payments reserve represents the value of services provided in relation to employee share ownership schemes.

Own shares – Own shares represents Company shares held in the Employee Share Ownership Plan (ESOP) to meet the future requirements of employee share-based payment arrangements.

Capital redemption reserve – The balance on the capital redemption reserve represents the aggregate nominal value of all the ordinary shares repurchased and cancelled.

23. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the balance sheet are determined as follows:

	2007 £'000	2006 £'000
United Kingdom	4,293	6,240
Overseas	50	60
	4,343	6,300

United Kingdom

The Group operates two defined benefit schemes (closed to new members) providing pensions based 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 balance sheet are determined as follows:

	2007 £'000	2006 £'000
Present value of funded obligations	29,767	28,663
Fair value of plan assets	(29,566)	(25,679)
	201	2,984
Present value of unfunded obligations	1,231	3,640
Unrecognised actuarial gains/(losses)	2,861	(384)
Liability in the balance sheet	4,293	6,240

23. RETIREMENT BENEFIT OBLIGATIONS continued

The principal actuarial assumptions used were as follows:

	2007 %	2006 %
Discount rate	5.80	4.80 – 5.00
Inflation rate	3.50	3.00
Expected return on plan assets	6.20 – 7.60	6.20 – 6.90
Future salary increases	3.50 – 3.60	3.00 – 3.25
Future pension increases	3.00 – 3.30	3.00

Assumptions regarding future mortality experience are set based on advice from published statistics and experience. The average life expectancy in years of a pensioner retiring at age 65 is as follows:

	2007 Years	2006 Years
Male	19.9	19.9
Female	22.8	22.8

The movement in the defined benefit obligation is as follows:

	2007 £'000	2006 £'000
At 1 January	32,303	30,527
Interest cost	1,622	1,477
Current service cost	940	945
Benefits paid	(276)	(204)
Actuarial gains	(3,591)	(442)
At 31 December	30,998	32,303
Attributable to:		
Present value of funded obligations	29,767	28,663
Present value of unfunded obligations	1,231	3,640
	30,998	32,303

The movement in the fair value of plan assets is as follows:

	2007 £'000	2006 £'000
At 1 January	25,679	22,054
Expected return on plan assets	1,851	1,364
Contributions	2,658	1,550
Benefits paid	(276)	(204)
Actuarial (losses)/gains	(346)	915
At 31 December	29,566	25,679

The amounts recognised in the income statement are as follows:

	2007 £'000	2006 £'000
Current service cost	(940)	(945)
Interest cost	(1,622)	(1,477)
Expected return on plan assets	1,851	1,364
Total included in employee benefit expenses (Note 6)	(711)	(1,058)

The actual return on plan assets was £1,505,000 (2006: £2,279,000).

Plan assets are comprised as follows:

	£'000	2007 Expected return %	£'000	2006 Expected return %
Equity	19,989	6.40 – 7.60	17,288	6.70 – 7.60
Debt	4,540	5.10 – 8.50	3,618	4.80 – 5.10
Other	5,037	5.00 – 5.40	4,773	5.30 – 5.70
	29,566	6.20 – 7.60	25,679	6.20 – 6.90

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Notes to the Consolidated Financial Statements

23. RETIREMENT BENEFIT OBLIGATIONS continued

Expected contributions to UK post retirement benefit schemes for the year ending 31 December 2008 are £1,574,000.

History of experience adjustments:

As at 31 December	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Present value of defined obligations	30,998	32,303	30,527	28,556
Fair value of plan assets	(29,566)	(25,679)	(22,054)	(18,325)
Deficit	1,432	6,624	8,473	10,231
Experience adjustments on plan liabilities	218	364	183	(1,232)
Experience adjustments on plan assets	(346)	915	1,449	52

The income statement charge of £39,000 (2006: £82,000) and balance sheet liability £415,000 (2006: £578,000) recognised by the Company in relation to the Christie Group defined benefit scheme has been allocated on the basis of contributions to the scheme. For the year ended 31 December 2007 contributions paid by the Company amounted to £107,000 (2006: £135,000).

Overseas

In accordance with French law a retirement indemnity provision is held. Rights to these benefits accrue on the condition that the employee will be with the employer at retirement date.

The movement in the liability recognised in the balance sheet is as follows:

	2007 £'000	2006 £'000
Beginning of the year	60	58
Expenses included in employee benefit expenses	(15)	2
Exchange adjustments	5	–
End of the year	50	60

The principal assumptions used were as follows:

	2007 %	2006 %
Discount rate	2.50	2.50
Future salary increases	3.00	3.00
Employee turnover	15.00	12.00

Assumptions regarding future mortality experience are set based on advice from published statistics and experience with mortality table INSEE statistic ref: TD-TV 00-02 being used.

Expected contributions to the Overseas post retirement benefit scheme for the year ending 31 December 2008 are £49,000.

24. TRADE AND OTHER PAYABLES

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Trade payables	2,641	2,159	–	–
Amounts owed to group undertakings	–	–	11,065	9,085
Other taxes and social security	3,032	4,248	671	897
Other creditors	824	917	87	229
Accruals	7,851	8,267	914	682
Deferred income	1,197	1,209	–	–
	15,545	16,800	12,737	10,893

The carrying amounts of trade and other payables are dominated in the following currencies:

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Pounds sterling	9,996	12,568	12,737	10,893
Euros	5,461	4,123	–	–
Canadian Dollars	88	109	–	–
	15,545	16,800	12,737	10,893

25. BORROWINGS

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Non-current				
Bank and other borrowings (unsecured)	1,275	1,735	1,200	1,600
Current				
Bank and other borrowings (unsecured)	460	731	400	400
Finance lease obligations	8	6	–	–
	468	737	400	400
Total borrowings	1,743	2,472	1,600	2,000

The Group is not subject to any contractual repricing.

The financial liabilities comprise:

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Floating interest rate loans	1,735	2,212	1,600	2,000
Overdraft	–	45	–	–
Invoice discounting	–	209	–	–
Finance lease liabilities	8	6	–	–
	1,743	2,472	1,600	2,000

The maturity of non-current borrowings is as follows:

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Bank loans repayable between one and two years	460	460	400	400
Bank loans repayable between two and five years	815	1,275	800	1,200
	1,275	1,735	1,200	1,600

Interest on the Group's borrowings is as follows:

- Floating interest rate loans – 1.25% to 1.37% above LIBOR;
- Invoice discounting – 1.75% above base rate; and
- Finance lease liabilities – variable.

The carrying amounts of short-term and non-current borrowings approximate to their fair value.

26. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Long-term benefits due to employees £'000	Dilapidations £'000	Total £'000
At 1 January 2007	–	154	154
Charged to the income statement			
– Additional provision	253	51	304
Utilised during the year	–	(9)	(9)
At 31 December 2007	253	196	449
		Dilapidations £'000	Total £'000
At 1 January 2006		–	–
Charged to the income statement			
– Additional provision		161	161
Utilised during the year		(7)	(7)
At 31 December 2006		154	154
		2007 £'000	2006 £'000
Analysis of total provisions			
Non-current		432	145
Current		17	9
		449	154

Notes to the Consolidated Financial Statements

26. PROVISIONS FOR OTHER LIABILITIES AND CHARGES continued**(a) Long-term benefits due to employees**

Provisions for long-term benefits to employees comprise £253,000 for incentives in excess of one year's duration. These are determined in line with the projected unit credit method.

(b) Dilapidations

Provision is held in respect of potential dilapidations arising on leasehold premises over the length of the lease in accordance with the lease terms. The non-current liabilities are estimated to be payable over periods from one to eight years.

The amounts included in provisions for other liabilities and charges in 2006 have been amended to include certain provisions included in accruals. The reclassification has no effect on operating profit.

27. NOTES TO THE CASH FLOW STATEMENT**Cash generated from/(used in) operations**

	2007 £'000	Group 2006 £'000	2007 £'000	Company 2006 £'000
Profit for the year	4,648	4,133	1,164	2,275
Adjustments for:				
– Taxation	2,567	2,019	(554)	(535)
– Finance credit	(214)	(73)	(6,058)	(5,608)
– Depreciation	1,217	1,249	–	–
– Amortisation and impairment of intangible assets	1,356	49	–	–
– Loss/(profit) on sale of property, plant and equipment	10	(47)	–	–
– Loss on sale of intangible assets	–	19	–	–
– Foreign currency translation	212	(105)	–	–
– Increase in provision for other liabilities and charges	295	154	–	–
– Movement in available-for-sale financial asset	9	53	62	–
– Movement in share option charge	121	106	1	1
– Movement in retirement benefit obligation	(1,957)	(490)	(163)	(35)
– Increase in non-current other receivables	–	–	(808)	(6,058)
Changes in working capital (excluding the effects of exchange differences on consolidation):				
– Increase in inventories	(72)	(22)	–	–
– Decrease/(increase) in trade and other receivables	1,031	(318)	428	4,170
– (Decrease)/increase in trade and other payables	(1,271)	3,904	1,544	5,208
Cash generated from/(used in) operations	7,952	10,631	(4,384)	(582)

28. RECONCILIATION OF MOVEMENT IN NET FUNDS

	As at 1 January 2006 £'000	Cash flow £'000	Non-cash movements £'000	As at 31 December 2007 £'000
Cash in hand and at bank	11,414	(821)	–	10,593
Overdraft	(45)	(45)	–	–
Invoice discounting	(209)	209	–	–
Debt due after one year	(1,735)	–	460	(1,275)
Debt due within one year	(477)	477	(460)	(460)
Finance leases due within one year	(6)	9	(11)	(8)
	8,942	(81)	(11)	8,850

29. COMMITMENTS

a. Operating lease commitments

At 31 December 2007 the Group has lease agreements in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years.

	Property £'000	2007 Vehicles and equipment £'000	Property £'000	2006 Vehicles and equipment £'000
Commitments under non-cancellable operating leases due:				
Within one year	1,848	1,070	1,567	805
Within two to five years	4,613	1,364	4,655	932
After five years	2,130	–	2,225	–
	8,591	2,434	8,447	1,737

Operating lease payments represent:

- rentals payable by the Group for certain of its office properties. The leases have varying terms, break clauses and renewal rights.
- rentals for vehicles and equipment under non-cancellable operating lease agreements.

The Group also sub-lets an element of office space in respect of certain property lease agreements.

b. Capital commitments

The Group has contracted but not provided for capital commitments for £63,000 (2006: £255,000) of capital expenditure.

30. CONTINGENT LIABILITIES

In the ordinary course of business, claims arise in Group companies. In the opinion of the Directors, appropriate amounts have been set aside in the individual companies within the Group in respect of liabilities which they may suffer as a result of the resolution of these claims.

31. RELATED-PARTY TRANSACTIONS

Group

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

The Group Executive Directors are considered to be the persons who have the authority and responsibility for planning, directing and controlling the Group. This information is included in the Director's remuneration report for the Directors employed by the Company.

	2007 £'000	2006 £'000
Loans to Directors:		
At 1 January	–	–
Loans advanced during the year	136	–
At 31 December	136	–

The loan represents an amount advanced in respect of the Group's share schemes repayable in April 2010.

Company

Transactions with Group undertakings:

	2007 £'000	2006 £'000
Dividends received from subsidiaries	5,625	5,350
Provision of services	2,718	2,223
Purchase of services	567	456

Sales and purchases to group undertakings were carried out on commercial terms and conditions.

Year end balances arising from sales and provision of services to group undertakings are disclosed in Notes 20 and 24.

Five-Year Record

The Group adopted IFRS for the first time in 2005 and in accordance with the requirements of IFRS, 2004 figures were restated. Restatement of earlier years is not required under IFRS and accordingly the information presented below for 2003 in respect of the income statement is prepared under UK GAAP. The main adjustments that would be required to comply with IFRS are the recognition of the defined benefit pension funds liabilities on the balance sheet in accordance with IAS 19 and the reversal of goodwill amortisation (IFRS 3).

	IFRS 2007 £'000	IFRS 2006 £'000	IFRS 2005 £'000	IFRS 2004 £'000	UK GAAP 2003 £'000
Consolidated income statements					
Revenue	87,372	87,096	77,506	69,968	62,457
Operating profit before goodwill amortisation	7,001	6,079	4,409	3,844	3,245
Goodwill amortisation	–	–	–	–	(551)
Exceptional item	–	–	–	2,455	–
Finance credit/(costs)	214	73	(28)	(176)	(206)
Profit on ordinary activities before tax	7,215	6,152	4,381	6,123	2,488
Taxation	(2,567)	(2,019)	(1,694)	(360)	(1,469)
Profit on ordinary activities after tax	4,648	4,133	2,687	5,763	1,019
Minority interest	–	(2)	(3)	(10)	–
Profit attributable to equity holders of the parent	4,648	4,131	2,684	5,753	1,019
Dividends paid	(1,030)	(917)	(726)	(722)	(722)
Retained profit for the year	3,618	3,214	1,958	5,031	297
Earnings per share					
– basic	19.12p	16.90p	10.79p	23.28p	4.15p
– basic before exceptional finance credit (net of tax)*	19.12p	16.90p	10.79p	9.23p	4.15p
– basic before goodwill amortisation and exceptional finance credit (net of tax)*	19.12p	16.90p	10.79p	9.23p	6.39p
Dividends per ordinary share (payable in respect of the year)	4.25p	4.00p	3.50p	3.00p	3.00p

*The EPS calculation for 2004 excludes the exceptional finance credit of £2,455,000 and the credit for the prior year dual residence tax losses also received that year.

	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Consolidated balance sheets				
Non-current assets	14,499	11,952	11,205	10,157
Current assets	24,245	26,307	21,238	18,142
Non current liabilities	(432)	(145)	–	–
Current liabilities	(16,730)	(17,546)	(13,618)	(11,424)
	21,582	20,568	18,825	16,875
Non-current borrowings	(1,275)	(1,735)	(2,221)	(2,108)
Retirement benefit obligations	(4,343)	(6,300)	(6,790)	(7,117)
Net assets	15,964	12,533	9,814	7,650
Shareholders' funds – equity interests	15,964	12,533	9,795	7,634
Minority interest	–	–	19	16
	15,964	12,533	9,814	7,650

Financial Calendar

Annual General Meeting

39 Victoria Street
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Monday 23 June 2008 at 10am

Announcements

Half-year results for 2008
Preliminary full-year results for 2008
Final dividend 2008

September 2008
April 2009
June 2009

Final dividend 2007

Ex-dividend
Record date
Paid

28 May 2008
30 May 2008
27 June 2008

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