

COMPLEMENTARY BUSINESS SERVICES



SUPPORTING BUSINESSES IN THE LEISURE, RETAIL & CARE SECTORS

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.

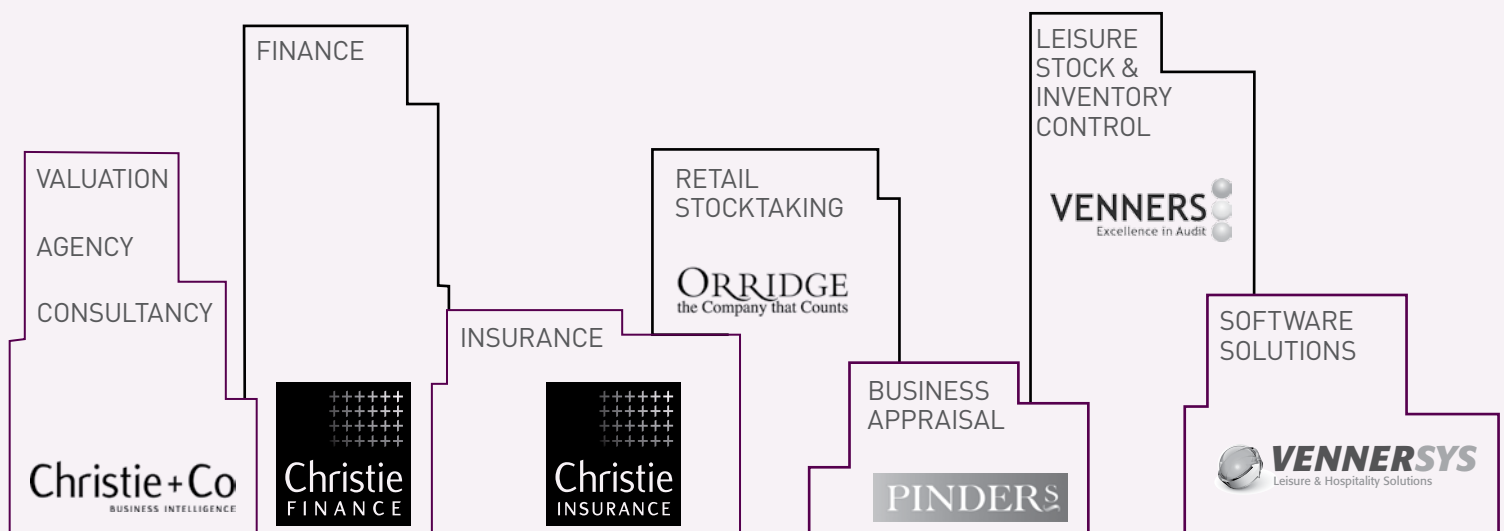
Our focus on a limited number of sectors gives us an unrivalled market awareness in each of these areas. The results: a greater understanding of our clients' operations and a heightened ability to help them improve efficiency, enhance trading profits and increase the value of their businesses.

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.



OUR SERVICES

Our inter-related services are used by clients on both a regular contractual basis and at various times throughout the business cycle.



OUR DIVISIONS

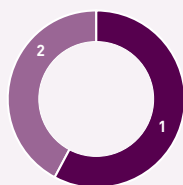
PROFESSIONAL BUSINESS SERVICES

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

STOCK & INVENTORY SYSTEMS & SERVICES

Orridge and Venners are the leading specialists in stock control and inventory management services. Orridge specialises in all fields of retail, Venners focuses on the hospitality sector and Vennersys provides software and systems to the leisure and hospitality sectors. Employing up-to-date technologies, the division operates in Europe and North America.

Revenue



	2008	2007
1. Professional business services	£36.9m 58%	£51.2m 67%
2. Stock & inventory systems & services	£26.5m 42%	£24.9m 33%

OUR MARKET SECTORS

LEISURE

Our leisure 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.

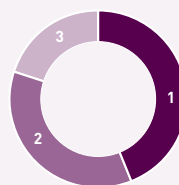
RETAIL

Our retail clients span the sector and sell everything from food to petrol. They are on the high street, in out-of-town warehouses and in shopping malls. Our clients include supermarkets, specialist shops, garage forecourts and national chains.

CARE

At the institutional end, our care clients include schools and colleges, hospitals, GP surgeries, pharmacies and dental practices. Others are running nursing homes, residential care homes, domiciliary care businesses, children's day nurseries and care centres.

Revenue



	2008	2007
1. Leisure	£27.8m 44%	£36.9m 49%
2. Retail	£22.8m 36%	£23.8m 31%
3. Care	£12.8m 20%	£15.4m 20%

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Chairman's statement

TRANSACTION VOLUMES PASS THE NADIR



The challenging and widely reported trading conditions, which affected most sectors of the economy during 2008, continue in 2009. Christie Group has not been immune from these conditions and has experienced an exceptionally difficult year, as detailed in the update released on 5 December 2008. The Board has acted swiftly to address the challenges faced by the Group, reducing costs and refocusing the activities of the complementary operating divisions.

Notwithstanding these actions, and a reported profit after tax at the half year of £0.9 million, I have to report a trading loss on continuing activities, before exceptional items and after attributable tax, of £1.99 million (2007: profit of £7.7 million). In addition, we had £2.0 million of exceptional reorganisation costs, to tailor the business for current market conditions. The results reflect the severity of the second half downturn and I would, in particular, cite the period of the Lehman Brothers' collapse in September as the point at which confidence in the business sales market showed a dramatic downturn. The losses should allow us to receive a tax repayment of approximately £1.0 million. At 31 December 2008, after having repaid all loans, we held net cash balances of £1.6 million. The Group remains ungeared.

Recognising the signs of a downturn in our property business markets, the Board decided to dispose of the loss-making IT business to negate the need for further investment. Despite the very difficult conditions in which to conduct a business sale, we disposed of it in September 2008 for a consideration of €4 million, which resulted in a net one-off loss on disposal of £6.2 million.

In order to conserve cash, the Board does not propose to recommend a final dividend for 2008 (2007: 2.75 pence) per share in addition to the interim dividend already paid of 0.5 pence (2007: 1.5 pence per share).

Our capital expenditure requirements for 2009 are limited and comfortably covered by our depreciation charge. We have no outstanding capital commitments.

Professional Business Services

Operating in the leisure, retail and care sectors, our current sources of revenue are well diversified. We derive income from a variety of different services including: property acquisition and disposal; portfolio and individual asset valuation; feasibility studies; operator reviews; operator search and selection; investment advice; alternative use value options; project management; building surveying; finance and insurance.

No one client accounts for more than 2% of our revenue. We carry out over 10,000 billable assignments each year on behalf of more than 5,000 clients. In 2008, we lived through a rapid deceleration and decline in transactional volumes in the business property market that became even more pronounced in the final quarter of the year. Values fell as trading prospects declined and activity levels now mirror those reached in the first quarter of 1991, the low point from which we recovered in the early 1990s. We believe we have gained market share as competitors have ceased trading and general practice firms have substantially reduced their activity in our niche areas of operation.

The year in brief

- Business reorganised to reduce costs
- Refocused to reflect current market conditions
- Timely disposal of loss-making IT business for €4 million
- Group overall debt-free, after repaying all bank loans
- Tax credit expected of approximately £1.0 million
- No final dividend

Christie + Co's newly re-established Bank Support and Business Recovery Unit is performing well, servicing an active sector in a market where businesses are under pressure and banks require specialist advice to reduce risk and maximise value. Christie Finance is busy as loans are now less freely available and an intermediary, with the relevant business sector experience, is frequently required to assist in the process.

Stock & Inventory Systems & Services

The Group has been aided by its stocktaking businesses which remain profitable and stable, with a large percentage of revenues being of a recurring nature.

As many companies choose to focus on making further improvements to operating efficiencies in the current climate, the division continues to add new clients. Some recent additions to the client list include 3D Entertainment, Enterprise Inns, Johnson & Johnson and Black Leisure Group. Our stock auditors help clients to discover and eliminate stock losses as well as providing stock control systems, which can help businesses to improve their margins and increase profitability. Retail clients are keen to minimise stock holdings, whilst ensuring continued availability at store level.

The Board

It was with sadness that we announced the death of Lord Lane of Horsell, our Senior Non-executive Director, on 9 January 2009. He was highly respected by his colleagues and will be sadly missed. We are grateful for his valued counsel during his 15 years on the Christie Group Board.

2009 Outlook

In the current challenging market conditions, our Group-wide portfolio of logically related services is appreciated more highly. We coordinate our services, often at very short notice, to provide one-stop support to our clients.

We are already receiving significant work from the banks and insolvency practitioners, acting to support their collateral reviews and refinancing activities. We expect insolvency and associated reconstruction and advisory work to keep us busy throughout 2009 and beyond.

The Treasury recently announced the Asset Protection Scheme, which aims to provide banks with greater confidence to rebuild and restructure their operations and increase lending in the economy. The Royal Bank of Scotland has agreed to participate in the scheme, making 2009 lending commitments totalling £25 billion — £9 billion of which will be mortgage lending and £16 billion of business lending. Lloyds Banking Group has also agreed to participate in the scheme, making lending commitments totalling £3 billion of mortgage lending and £11 billion of business lending over a 12-month period. We believe that this substantial increase in lending to both homeowners and businesses will have a positive impact on activity levels in the market for UK business property.

The Government has also offered further support to small businesses. The Small Firm Loans Guarantee scheme has been replaced by the Enterprise Finance Guarantee Scheme, securing up to £1.3 billion of additional bank loans to small firms with a turnover of up to £25 million. Christie Finance is confident that small businesses will take advantage of

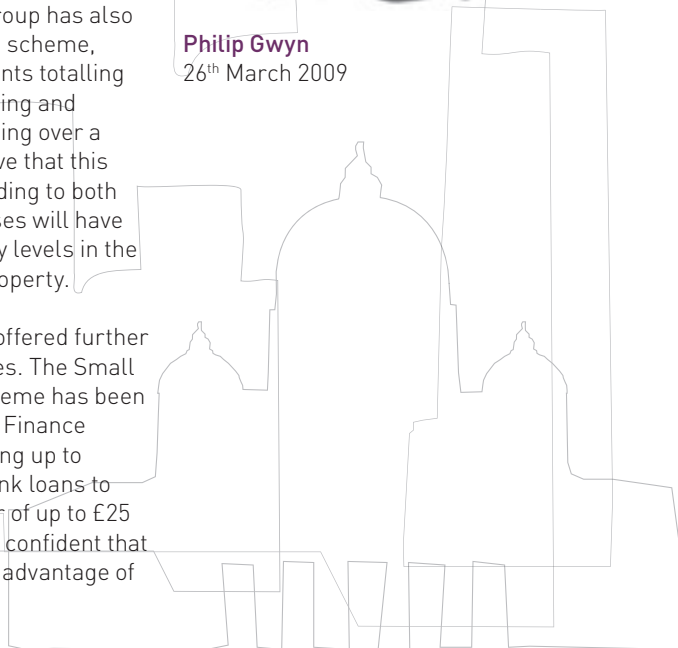
this improved government guarantee scheme to secure the funding they need to respond to the many current acquisition opportunities.

Trading conditions have put tremendous pressure on all our staff. They have responded with the professionalism and enthusiasm which both I and our clients would expect of them, and for which I am very grateful.

The business markets we serve support both a corporate community and also a vast number of the country's privately owned, property-based businesses. We are witness to a new generation of entrepreneurs seeking to control both their future careers and their families' well-being. As we continue to serve both well, I believe the future for our business is secure.



Philip Gwyn
26th March 2009



Chief Executive's statement

CREDITABLE PERFORMANCE



Our strategy for resilience and growth

Focusing rigorously on our core sectors

We maintain a rigorous focus on strengthening our capabilities within our core sectors. This disciplined approach aligns our activities with clients' interests and creates more opportunities to extend our services and broaden our client base.

Developing in Europe

Our divisions provide portfolios of interconnected services to facilitate our clients' business activities in the UK and Continental Europe. Our risks and opportunities are increasingly diversified across economies, industry sectors and the services we offer.

Maximising our synergies

Individually, our companies acquire in-depth understanding in their chosen markets. Together, they have the resources to deliver services and skills which are highly complementary. They add more value when they combine their strengths on behalf of our clients.

Flexible approach

We aim for flexibility in the way we meet our clients' needs. In these changing and challenging times, we consider one of our "core competencies" to be the ability to flex our resources to meet the varying levels of demand in the marketplace.

In a testing year, Christie Group has demonstrated its resilience and flexibility. We saw a reduction in turnover by 16.3% compared with 2007's excellent performance. This was partly because of the disposal of our retail software business, but it was also the inevitable consequence of some of the most turbulent market conditions seen for at least a generation. In that context the £1.99 million trading loss before exceptional items and after attributable tax for 2008 can be seen as a creditable performance and one which would have been worse without our management team's prompt action.

The speed and severity of the downturn took most people by surprise, but for those of us with longer memories it followed a familiar pattern. Christie Group is fortunate that several of its directors have had the experience of navigating this business through challenging economic landscapes on previous occasions. We are not taking anything for granted but carefully analysing everything we do and adapting wherever necessary or desirable. Each time we have been through this kind of experience, the business has emerged not just unscathed, but strengthened by it.

Unsurprisingly, given the adverse economic conditions, our Professional Business Services Division fell short of its revenue target. Divisional revenue fell to £36.9 million (2007: £51.2 million). This was partially offset by a strong performance in the Stock & Inventory Systems & Services Division with revenue increasing to £26.5 million (2007: £24.9 million).

Swift, decisive action

It is never easy to manage a business in a hostile economic climate, but one thing we have learnt is that by acting swiftly we avert the need to take more difficult decisions at a later stage.

We have moved rapidly to bring down our cost base. We were quick off the blocks in eliminating duplication and minimising excess capacity. We have scaled back non-core operations and initiated an appropriate redundancy programme. We have restructured our finance and insurance businesses and closed down our corporate finance operation. Running costs are now reduced in line with lower levels of activity.

As previously announced, we also disposed of VCSTIMELESS, our retail software business during the year. This aside, we have been careful to maintain our strong presence through our network of UK and international offices. We know from experience that regional representation is a key competitive advantage for us.

Understanding customers & markets

One of our greatest assets is our ability to understand our customers, their businesses and their markets in great depth. This allows us to act quickly to identify opportunities and respond to market trends. This year, for instance, it was clear that banks would have more distressed assets on their balance sheets and would require specialist advice to re-invigorate or replace existing management or maximise the value of these assets on disposal. We re-established our Bank Support and Business Recovery Unit to service the banks' needs using the transferable skills of our corporate, advisory and consultancy teams.

Our expertise and understanding have been hard-won over many years and are unmatched by any of our competitors. Our strategy seeks to reinforce our strengths as specialists. We continue to deepen our knowledge and focus our business on our three core sectors – hospitality, retail and care. We are already firmly established in several European territories. We aim to grow our services methodically rather than expanding too swiftly geographically.

Christie Group today is a focused and balanced organisation. Our two divisions, Professional Business Services and Stock & Inventory Systems & Services, provide complementary services to businesses in each of our three core sectors.

Our sector focus reduces the Group's cyclical exposure. Earnings in the hospitality sector are closely correlated to economic performance and these can be volatile. However, the care sector is needs based; revenues here are more stable and current demographic trends indicate a growing market need. The retail sector falls between these two extremes.

In difficult markets the value of our high-quality advice is better appreciated. We expect to increase the range of our consultancy activities and grow our market share – especially with banks when dealing with distressed businesses. They recognise that expert advisers who understand the dynamics of these markets can best facilitate the process of marketing, managing and disposing of their assets.

These are challenging times, but we are well placed competitively and are one of the very few specialist practices with no debt.

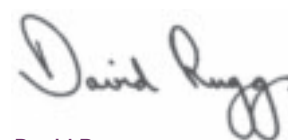
We are market leaders in our chosen sectors. Christie + Co is the UK's largest specialist business valuation and agency business, Pinders is the UK's largest business appraiser, Orridge provides the UK's largest retail stocktaking service and Venners is the UK's largest hospitality stock auditor.

Well diversified

Our income is generated from professional, financial and business services in niche areas where our leading brands enjoy strong recognition. We have a broad and loyal client base and a pan-European footprint.

Difficult trading conditions can also bring unexpected benefits, such as the opportunity to attract additional expertise. During challenging times in the past, we have strengthened the Group with the addition of companies and teams that had previously been our competitors. We will remain alert to such opportunities.

There will be tricky economic terrain to navigate in the coming months. However, I am confident that, as with previous downturns, our business will negotiate these challenges and emerge stronger when normal economic conditions begin to reassert themselves.



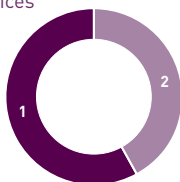
David Rugg
26th March 2009

Divisional review

1. Professional business services

Revenue
£36.9m

2. Stock & inventory systems & services



Chris Day
MD Christie + Co and Christie Group Director



Simon Hughes
MD Christie + Co UK

CHRISTIE + CO

Christie + Co is Europe's largest business broker, specialising in the hospitality, retail and care sectors. Our 270 specialists provide professional agency and advisory services from 29 offices across Europe.

Since 1935, we have experienced every kind of economic climate and we recognise that we operate in a cyclical market. We therefore structure the company to be quickly scalable. In difficult markets, this allows us to act swiftly to reduce overheads and avert any long-term damage to the business. Our new agency and valuation management system, IBIS, will also help in this regard, allowing us to be more efficient and providing complete transparency of our activity on a real time basis across the company. By the end of 2008 IBIS had been introduced into half of our offices.

There have been few precedents for the markets seen in 2008. Although deal volumes held up reasonably well in the first quarter, this was largely driven by vendors' desire to complete before the capital gains tax rules changed in April. From then on we saw a rapid downward

spiral, fuelled by declining residential property prices and the lack of credit, particularly for large corporate deals. This gathered momentum as the year progressed, with a big downturn following Lehman Brothers' insolvency. The resulting uncertainty choked off transactional activity.

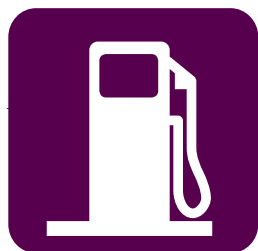
However, our advisory activities were still in demand. We worked with the Hilton Group on its new international brands, we advised the management of Kidsunlimited on their buyout of the national children's day-care operator and we acted for Virgin Clubs on a rent review of the world-famous Kensington Roof Gardens and Restaurant. We saw more pub disposals in the corporate sector, and acted for several administrators.

We re-established a dedicated Bank Support and Business Recovery Unit. This is helping us to achieve positive outcomes on behalf of our banking clients for distressed businesses and insolvency situations.

Our website traffic is encouraging. Both the number of businesses for sale on the site and the rate of registrations have held up well.

The environment was unusually hostile during 2008, but we also know that business values ultimately adjust to the medium-term cost of money. Availability of credit, not cost, is the key issue. By the end of the year there were tentative signs that markets could be starting to stabilise.

Over time, we anticipate a return to sound commercial principles. As always, we will be there to advise and assist.



→ Craegmoor Healthcare

Christie + Co advised Craegmoor Healthcare, which operates around 220 residential care homes in the UK, during its £290 million acquisition by Advent International.

↑ GNE Group / Petrol Express

Christie + Co advised GNE Group on the sale of its Petrol Express business, which is one of the largest independent petrol station operators in the UK, to Leopard No. 2 Investments Limited, an investment vehicle backed by the Royal Bank of Scotland, for £51.66 million.



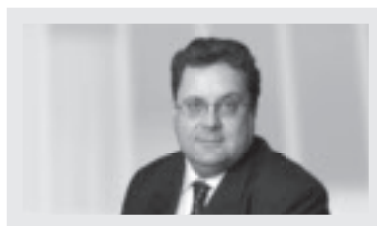
↑ Mercure Hotels

On behalf of the fund management department of Falk Fonds 66, the 150-room Mercure Hotel in Berlin-Hennigsdorf and the 220-room Mercure Hotel in Hanover were sold by Christie + Co to an Israeli hotel company. Both hotels will continue to be managed under franchise by Accor and are branded Mercure.





David Grant
Head of Business Mortgages Christie Finance



Walter Murray
MD Christie Insurance

CHRISTIE FINANCE

Christie Finance, our UK mortgage broking business, operates out of the network of Christie + Co offices. It does so entirely independently, but can also draw on its affiliate's extensive market knowledge in the interests of customers. Since its 2007 rebranding, Christie Finance has been growing market share and building a national reputation for specialist, expert advice.

The banking industry is enduring times of unprecedented change and those lenders in our specialist sectors are now taking a much more conservative line with potential borrowers. Whilst making our business more challenging, this also places a premium on the experience and expertise we offer to our clients. They know that the Christie name provides important assurance for potential lenders.

The unprecedented reduction in the availability of credit made for extremely difficult trading conditions during 2008. By November, transaction volumes had fallen to levels not seen since the early 1990s.

As time goes on, there will inevitably be more forced sellers; opportunistic buyers will also return. Even increased

unemployment will bring opportunities. For example, and reminiscent of the early 1990s, we expect some individuals to use redundancy payments to purchase businesses across all our specialist sectors.

We will continue to build the business by providing impartial, expert advice geared specifically to our clients' needs. We also plan to keep our network intact in anticipation of increased demand for our services and to meet the challenges presented as trading prospects in our markets develop.

CHRISTIE INSURANCE

Against the background of a highly competitive general insurance market, 2008 was a successful year. Christie Insurance increased its client base and is improving the level of retention of its existing clients.

We operate in sectors where most insurers and insurance brokers wish to have a presence. We are particularly strong in the highly competitive care, hotel and retail sectors.

As such, competition for every piece of business is intense. By listening carefully to our clients and delivering products

that meet their precise needs, we are strengthening our niche presence. Expertise is at the core of our appeal and we maintain a high level of skills within the business through a continuing company-wide commitment to training and mentoring.

Our experience and knowledge of our sector and the strength of our customer relationships are especially valuable in today's volatile markets. Insurers recognise the value we provide. As a result, in 2008, we were able to renegotiate our contractual arrangements with them. We increased our remuneration and our insurers agreed enhanced service levels with us.

In 2009, we plan to extend our profile in the care, hospitality and retail sectors, building on the strong client relationships already in place.



← **Anchor Hotel, North West London**
Christie Finance helped Rakesh and Nilma Jain to acquire the Anchor Hotel in North West London, despite the couple being first-time buyers with no experience in the hotel sector. **Christie Finance** secured the required loan with a leading bank at 1.5% over base rate.



← Glass House wine bar, Leighton Buzzard

On 30 December, staff at **Christie Insurance** were told that the new Glass House wine bar in Leighton Buzzard needed insurance in place for its opening on New Year's Eve. Within just one day, **Christie Insurance** sourced a great deal for the client, Dawnstone Management Limited, to ensure its new venture started 2009 without any issues.

Divisional review



Justin Cain
MD Pinders

PINDERS

Pinders looks at the detail of businesses to arrive at accurate assessments of their trading potential and value. We use a combination of business analysis and surveying skills. Much of what we do is commercially sensitive and our work is often confidential.

Our surveyors and analysts have access to a UK database containing detailed analysis of over 180,000 businesses. This unique resource, built up over more than 30 years, is invaluable in assessing individual businesses.

We have been steadily broadening our range of services in recent years. In the light of this we took a strategic decision in 2007 to replace our standard scale of fees with a system of bespoke charging. We saw the benefits of this during 2008 with a 10% increase in average fees.

Our care sector business performed strongly for the second year running, with its average fees increasing by 13%. Another strong performance came from the retail and catering division, which issued 14% more reports and generated an additional 21% in fee income.

Our Building Services Division grew out of the demand for independent surveys from customers looking to buy or sell businesses. Today, this is a broadly based business; it offers a full range of building reports covering all our sectors. The division passed an important landmark in 2008, generating more than £1m in revenue for the first time.

Consultancy income also increased, driven both by the wider range of services we offer and our access to a broader range of clients.

High-profile clients include leading names such as pub franchiser Charles Wells, and Center Parcs UK, Paramount Restaurants, sheltered housing specialist Retirement Security and Raphael Healthcare.

Banks are continuing to scale back their panels of approved business valuers and Pinders is benefiting from this trend. We are taking on a wider range of instructions and have new panel agreements with Barclays, HSBC and ING Lease. LloydsTSB appointed us to its specialist healthcare panel during the year.

We have also been developing new types of reporting. In October we launched our new format appraisal report. We also re-launched our website during the year, which now presents our services with greater clarity.

Looking ahead, we plan to extend our consultancy business to reduce our dependency on transactional business. We will continue to develop and refine our appraisal reporting.



← Diving Centre

Pinders provided valuation advice relating to a dive training business with ancillary retail and holiday facilities. It operated on a non-transferrable licence, but a formal lease was to be created. The purchaser was to run the business in conjunction with an existing adventure holiday company. The advice provided highlighted the high attrition rate of similar businesses and the risks involved when requiring non-competition clauses from existing operators.

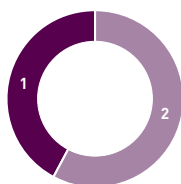
→ Fridaybridge International Farm

Pinders provided valuation advice relating to a former POW camp, being used for accommodation for 350 seasonal workers. The 4.5-hectare site included a mixture of modern and former barrack accommodation, with ancillary leisure, retail and classroom facilities. The information provided by Pinders was used by the client to assess whether to support proposals to upgrade the site and permit residential development on unused land.

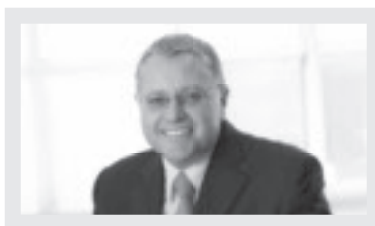


1. Stock & inventory systems & services

Revenue
£26.5m



2. Professional business services



Trevor Heyburn
MD Venners

VENNERS

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

Physical stocktaking has always been at the heart of what we do. Over 90% of our employees, 170 people, are skilled stocktakers and they conducted over 23,000 audits in 2008. But technology is also changing the way the industry operates. We are adapting our processes to take advantage of the latest developments.

Our VenPowa software gives customers the ability to assess and manage their own stock levels. It is helping to cement our relationships with customers who require both interim and regular audits. During 2008, we adapted this software to make it available in the pub sector, not just to managed groups but also to individual landlords.

RFID and automated stock management techniques can play an important role in managing stock levels, but there is no substitute for independent, authoritative

stocktaking. Skilled stocktakers pinpoint stock losses and sub-optimal stocktaking practices that get missed by automated processes.

In tough times there is a temptation to save costs by reducing the frequency of visits, but the truth is that regular external audits are self-financing.

We have been working hard to communicate the quality and value of the services we offer. We maintain a high profile as an industry expert through a regular column in *The Publican* and frequent contributions in trade magazines and at industry conferences.

Many of the gastro-pubs, which came on the scene when the smoking ban was introduced, had little experience of food preparation. Our food safety consultancy was set up to help them comply with the legislation. This business has developed rapidly: in 2008 it became the core of our new Health and Safety Division. The division extends our food safety offering to include health and safety and fire risk audits.

A new Consultancy Division is bringing together our expertise in managing stock levels. We are advising clients to a new level, helping them to better manage their businesses by developing in-house stock management capabilities.

Major new clients in 2008 included 3D Entertainment, Sodexo Defence, Enterprise Inns and Select Service Partners. We were also appointed to broking panels by Batemans and Hall & Woodhouse.

Early in 2009, Pommy Sarwal, one of our Christie Group Non-executive Directors, was appointed our Chairman. Looking ahead, we plan to build on the success of VenPowa. The next generation product will have radically enhanced management reporting. We will be investing in IT systems to support our compliance and health & safety products. We will also be focusing on training to ensure that every one of our stock auditors gains certification to our BII accredited standard.

→ Daily grind

A major coffee retailer was flummoxed by the apparently poor returns at one of its major outlets. **Venners** decided to complete a line by line sales analysis, to identify losses through poor grinds, staff consumption and pilferage. The losses were staggering – 35 kilos of coffee a month – equivalent to over 5,000 grinds. With an average price of £2.00 per cup, the cash being haemorrhaged was colossal. The retailer was fairly content with his profit previously but delighted once he closed these loopholes.



↑ Outsource is the best source

A major hotel company, which conducted internal stocktaking, appointed **Venners** to look after a portion of its estate. Within four months **Venners** showed that using an external provider had: increased the gross profit by up to 2.4% in 86% of the hotels (worth circa £96,000); reduced the stock deficits in 71% of the hotels (annualised to approximately, £250,000) and reduced allowance claims in 57% of the hotels – proving that external controls and stocktaking deliver big results.

Divisional review



Paul Harding
MD Orridge

ORRIDGE

Orridge is a leading retail stocktaking service provider. With over 1,000 employees across Europe we have the scale and the presence to support major international retailers.

For retailers, accurate stocktaking is essential, especially when margins are tight. It provides critical data to help them manage supply chains, control margins and detect leakage and fraud. As a respected independent brand we provide the kind of assured service that gives retailers confidence in their data and helps them make informed decisions.

Despite the downturn in the retail sector, our revenue has remained stable, both in the UK and on mainland Europe. Our client base is well-diversified, with no more than 12% of revenue coming from any one client.

During the year we secured contracts with several leading high street names.

In the UK, a long-term contract renewal with Arcadia reflects this client's faith in our service. Supply chain audits for Wickes added to our distribution work. New clients also included: Foyles, Pets at Home, East of England Co-operative Society and Alpha Retail.

In France, we won a major contract in 2008, in partnership with E&Y, to assess supply chain accuracy for supermarket giant, Carrefour.

We have been refining our growth strategy for mainland Europe. In 2008, we set up a UK-based team responsible for international development and we are establishing a presence in France. Across Europe, we provide a service in 16 countries.

We have been quick to adopt relevant technology across the business and have benefitted from this. For example, Denso handheld technology has helped us grow our market share in the pharmacy sector.

Our counters have wi-fi enabled laptops so they can report in real-time, which has important supply chain benefits for customers. Our technology-led approach has underpinned our European growth.

We also stress the importance of training, with our training programmes focussing on matching learning objectives to individual needs.

In line with our strategic objectives, we are increasing our use of long-term contracts. In 2008 over 80% of our revenue was contract-backed. We anticipate that this will rise further in 2009. We have also expanded our telesales force and are already benefiting from a larger pipeline of new business leads.



↑ Orridge stocktakes for Somerfield distribution centres

Somerfield offers high quality food to 7.6 million customers every week, providing circa 1,950 own-label products in more than 800 stores.

Orridge performs a sample of delivery integrity audits in its distribution centres on a daily-basis. Weekly summary information provides the customer with an impartial performance assessment, which is compared against the standards agreed with the logistics provider. The service demonstrates to stores that deliveries are consistently monitored for accuracy.

→ Orridge helps prevent stock loss for New Look

New Look is one of the largest retailers of women's clothes in the UK, operating in over 930 stores in the UK, Eire, France, Belgium and The Middle East, with a turnover of £1.2 billion and over 6 million customers. **Orridge** has played a key role in New Look's stock loss prevention strategy for the past 10 years, without the cost and labour intensity that typifies an in-house process. New Look manages its stock efficiently, which is partly achieved through the use of regular and accurate stocktakes.





Kerry Lee
Executive Director Vennersys

VENNERSYS

In September 2008, when Christie Group agreed the sale of VCSTIMELESS it also took the decision to retain the most profitable part of its software solutions business. This delivers world-class systems, solutions and services for the cinema and hospitality sectors.

The hospitality and cinema software business, now known as Vennersys, had traded profitably during 2007, realising revenues of £1.7m. In 2008, the company increased its revenue to £2.2m.

Customers reacted favourably to the change. They welcomed the additional focus and improved visibility of the new business. There was a noticeable improvement in the pipeline of work for Vennersys following the VCSTIMELESS disposal.

We supply multi-functional trading systems and online ticketing services to the visitor attraction sector. In the cinema sector we deliver end-to-end maintenance and support services to some of the leading names.

Vennersys currently generates the bulk of its revenue from service contracts with existing customers. We provide end-to-end maintenance and support for clients such as the AA's 2007/08 hotel group of the year, Macdonald Hotels. In the cinema sector, customers include VUE, one of the UK's largest multiplex operators.

Significant wins during 2008 included a major contract to supply, implement and support the Vista cinema solution across the entire circuit of 52 multiplex cinemas and one drive-in owned and managed by Empire Theatres Limited in Canada.

Our team at Vennersys has also responded well to the new situation. Most staff remain in their previous roles. Employees welcome the new focus and the different opportunities available to them.

We have been able to manage the transition while maintaining strong customer relationships. Customer retention is key in the current market as many businesses are reluctant to contemplate investing in new systems,

making it difficult to convert prospects into new customers. It is vital that our existing customers continue to invest in our technology.

In 2009, we will be developing new online products to generate transaction-based revenue streams for the business. We will continue to develop VENPoS, our point of sale product suite. We aim to re-establish Vennersys as the first choice supplier of multi-functional trading systems to the visitor attraction sector. We will also be building on our increased focus and clearer brand identity, and increasing our sales and marketing activity.

We look forward to co-operating with our sister companies in Christie Group, and we plan to capitalise on any synergies this provides.

→ Blenheim Palace welcomes VENPoS

Blenheim Palace, one of the UK's most beautiful and cherished country estates, implemented Vennersys' VENPoS solution to manage visitor admissions and retail sales in its gift shops and restaurants. A range of wireless mobile devices were installed to ensure that admissions could be efficiently managed at all entry points to the huge estate. The flexibility of VENPoS allows Blenheim Palace's estate management team to monitor revenue streams from all its activities in a single package.



↑ **Empire Theatres bring Vennersys into the picture**
Canadian cinema circuit, Empire Theatres, installed the Vista cinema application, supplied under licence by Vennersys, in its 53 sites. Empire selected Vista after a very detailed trial of the software and extensive market research. Vennersys supported the roll-out using staff from both its Canadian and UK offices. The first site in Sydney, Nova Scotia, went live in June 2008 and the last site was completed in January 2009.

Financial review



The areas I would like to focus on are:

- **Financial flexibility**
- **Exchange rates**
- **Taxation**
- **Key Performance Indicators**

This year we recorded our first loss since 1995. With the rapid and significant deterioration in the economy we also saw the relative performances of our Group businesses change when compared to previous years. The Professional Services Division and the Stock & Inventory Systems & Services Division revenue split is as per the table below:

	2008	2007
Professional Business Services	58%	67%
Stock & Inventory		
Systems & Services	42%	33%

Whilst the majority of Professional Services' revenues are transaction based, almost all of the Stock & Inventory Systems & Services' turnover is non-transactional, with a high percentage of it being contract-backed.

Overall, we experienced a fall in revenues for the year to £63.4 million. 2008 also saw a number of events which impacted the Group's balance sheet. The first of these was the disposal of our retail software business and the second our loss for the year.

The disposal of VCSTIMELESS for €4 million allowed us to recover some of the monies advanced to the business in the year and showed a net credit of £0.8 million when compared to the half-year results in which we had provided fully against the business. Nevertheless, the net cash cost to the Group in 2008 (monies advanced less net sale proceeds) was £1.7 million. In addition, we repaid a related loan (2007: £1.6 million), so that the Group had no bank loans outstanding at the year-end.

Secondly, our pre-tax operating loss for the year of £4.6 million included exceptional items totaling £2.0 million relating to reducing the cost base in the business. Of these, £0.9 million were non cash items which related to provisions for excess

KPIs

	Group	PBS	SISS
Revenue growth			
2008 on 2007	(16.7%)	(27.8%)	6.3%
2007 on 2006	(0.7%)	2.9%	(7.5%)
2006 on 2005	15.7%	14.9%	17.1%
Productivity – staff costs (before exceptional items) per £1,000 of revenue			
2008	698	666	665
2007	582	488	659
2006	577	494	636
Operating profit/(loss) before exceptional items as % of revenue			
2008	(4.2%)	(9.2%)	2.1%
2007	14.3%	20.1%	3.3%
2006	11.0%	16.9%	1.9%

office space. The net effect, even after a cash outflow of £8.7 million for the year, is that we ended the year with net cash (after invoice discounting) of £1.6 million.

Financial flexibility

We maintain a balance of owned and leased assets to allow us to scale up and down. For the same reasons our offices are held on short term leases to facilitate contraction and expansion as our businesses require.

Each subsidiary retains its own established banking relationship. In addition the Group maintains a central borrowing facility and treasury function.

Employment notice periods are set to afford job security, whilst not being excessive, which would prove an inhibition to reorganisation where necessary. Our records of previous business cycles stretch back over more than 20 years to help us adapt to changes in the economic and business cycle.

Exchange rates

The decline in sterling against the Euro in 2008 had the effect of increasing our 2008 revenues by approximately £900,000 and our 2008 losses by £300,000 using the effective average rate prevailing in 2007.

Taxation

The loss in 2008 has generated a tax credit and we are in the position to carry back the majority of our 2008 losses against taxable profits in 2007. This will generate a repayment from HMRC of circa £1 million.

Key Performance Indicators

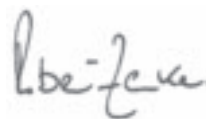
In accordance with the enhanced Directors' report we have included our main KPIs for the Group and the individual operating divisions in the table above. As a Group we have a number of key areas that these indicators measure:

- 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, the cost of company cars, 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.

The substantial drop off in revenues in Professional Business Services was brought about by the change in market conditions. Whilst action was taken to reduce payroll and related costs, because of the natural time lag, the full effect of the changes is not reflected in the 2008 productivity figures.

Stock & Inventory Systems & Services, despite growing revenues – up by 6.3%, was down on operating profit year on year – £564,000 compared to £813,000 in 2007 – in large part due to opening an office in Holland and strengthening our sales effort into France.



Robert Zenker
Finance Director
26th March 2009

Board of directors



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.



David Rugg Chief Executive

David is responsible for the day-to-day operation and development of the Group, in which capacity he has been responsible for the identification and integration of its principal subsidiary business acquisitions. 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.



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.



Tony Chambers Senior 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.

Advisors

Secretary

Robert Zenker FCA CTA FBHA

Registered office

65 Carter Lane
London EC4V 5HF

Nominated advisor and broker

Charles Stanley Securities

Principal solicitors

Royds
Denton Wilde Sapte

Auditors

Nexia Smith & Williamson Audit

Public relations

Winningtons

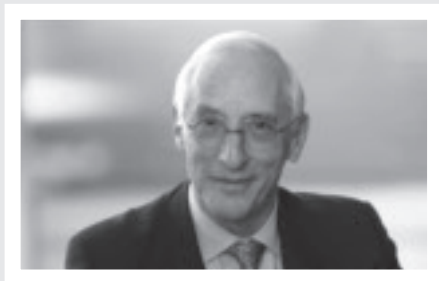
Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA
Tel: +44 (0) 1484 600904



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 offices throughout Europe.



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.



Pommy Sarwal
Non-executive Director

Pommy, a former corporate finance partner at Deloitte, is currently a non-executive director of Chatham Historic Dockyard, Hyde Housing Association and Infrastructure India plc, and a member of the boards of the Port of London Authority and British Waterways. In addition, he is a member of the Ports Advisory Group of the Department for Business Enterprise & Regulatory Reform – Trade & Investment Division. Pommy chairs the Audit Committee and is a member of the Nomination and Remuneration Committees. He is also Chairman of Venners.



Directors' report

For the year ended 31 December 2008

The Directors present their report and the audited financial statements for the year ended 31 December 2008.

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 two divisions – Professional Business Services and Stock & Inventory Systems & Services. Professional Business Services principally covers business valuation, consultancy and agency, mortgage and insurance services, and business appraisal. Stock & Inventory Systems & Services covers stock audit and counting, compliance and food safety audits, inventory preparation and valuation, hospitality and cinema software. 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 13 and the risks and uncertainties in the Corporate Governance report on page 18.

Results and dividends

The results for the year are set out in the consolidated income statement on page 23. The Directors do not recommend the payment of a final dividend (2007: 2.75p per share). The interim dividend of 0.50p (2007: 1.50p) per share, makes a total of 0.50p (2007: 4.25p) per share totalling £123,000 (2007: £1,033,000) for the year. The loss for the year before tax from continuing activities was £4,573,000 (2007: £11,083,000 profit) and the loss attributable to equity holders of the Company for the financial year, after taxation and including discontinued activities, was £13,563,000 (2007: £4,648,000 profit). The loss from discontinued operations after tax was £10,163,000 (2007: £3,074,000).

Directors

The Directors of the Company in office at the date of this report, together with their biographical details, are shown on pages 14 and 15. All these Directors served throughout the year. David Rugg, Michael Likierman and Pommy Sarwal retire in accordance with the Company's Articles of Association. David Rugg, Michael Likierman and Pommy Sarwal 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.

It is with regret that the Directors report the death of Lord Lane of Horsell on 9 January 2009 following many years of dedication and commitment to the Group in a non-executive role.

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 £8,000 (2007: £21,000) to charities during the year. It made no political contributions. The Group also operates a Give As You Earn (GAYE) scheme for employees.

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 38 (2007: 34).

Acquisition of own shares

During the year the Company funded the purchase of 72,000 (2007: 1,206,000) of its own ordinary shares, through an Employee Share Ownership Trust, for a consideration of £79,000 (2007: £2,994,000), 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 2008 was 775,000 shares (2007: 816,000 shares), which represents 3.07% (2007: 3.24%) 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 23 to 54.

Auditors

In accordance with Section 489 of the Companies Act 2006, 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 26 March 2009.

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 to ensure 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.

Corporate governance

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 and finance, and ensure that all matters of strategy, performance, progress and standards are debated thoroughly. The senior Non-executive Director is Tony Chambers.

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	Yes	Yes
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.

As reported by the Directors in their report on page 16, The Lord Lane of Horsell passed away on 9 January 2009.

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 with Pommy Sarwal 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.

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 two 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. 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.

Stock & Inventory Systems & Services

- changes in employee legislation, in particular the Working Time Directive;
- increase in transport costs;
- trends towards a cashless society; and
- economic slowdown affecting the retail and hospitality sectors.

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 21. 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	3.1%

Remuneration report

Part 1 of this report sets out the Company's remuneration policies for the Directors for the year ended 31 December 2008. 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 2008.

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.
- 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.
- Benefits are primarily the provision of cars and health insurance.
- 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.

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 hold external Non-executive directorship positions. The Chairman has no commitments that impact adversely on his role as Chairman.

Part 2. Directors' emoluments (audited information)

	2008 £'000	2007 £'000
Fees	117	98
Salaries and benefits	1,019	940
Performance-related bonuses	–	430
Contributions to self-administered pension fund	21	21
	1,157	1,489

Highest paid Director, amounts included above:

	2008 £'000	2007 £'000
Salaries and benefits	350	364
Performance-related bonus	–	180
	350	544
Defined benefit scheme:		
Accrued pension at end of year	148	142

Directors' responsibilities

Directors' pension entitlements

The Company contributed £21,000 (2007: £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 administered by Barnett Waddingham.

Directors' interests

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

	26 Mar 2009	31 Dec 2008	31 Dec 2007
Philip Gwyn	10,967,582	10,967,582	10,967,582
David Rugg	2,487,510	2,487,510	2,487,510
Chris Day	606,068	606,068	532,189
Robert Zenker	196,348	196,348	196,348
Peter Lane	–	40,000	40,000
Michael Likierman	341,500	341,500	341,500
Tony Chambers	43,190	43,190	43,190
Pommy Sarwal	–	–	–

Share options

During the year one of the Executive Directors received 50,000 (2007: nil) share options under long term incentive schemes.

The market price of the shares at 31 December 2008 was 30.6p (31 December 2007: 145.0p) and the range during the year was 27.6p to 147.5p (year to 31 December 2007: 144.0p to 260.0p).

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 2008 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 33. 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 2008 and of the loss 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

26th March 2009

The maintenance and integrity of the Christie Group plc website 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 website.

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 2008

	Note	2008 £'000	2007 £'000
Continuing operations			
Revenue	5	63,422	76,099
Employee benefit expenses*	6	(45,014)	(44,310)
		18,408	31,789
Depreciation and amortisation	5	(906)	(1,033)
Other operating expenses*		(22,140)	(19,887)
Operating (loss)/profit		(4,638)	10,869
Finance costs	8	(162)	(149)
Finance income	8	227	363
Total finance credit	8	65	214
(Loss)/profit before tax	9	(4,573)	11,083
Taxation	10	1,173	(3,361)
(Loss)/profit from continuing operations		(3,400)	7,722
Discontinued operations			
– Loss from discontinued operations	11	(10,163)	(3,074)
(Loss)/profit for the year after tax		(13,563)	4,648
Earnings per share – pence			
(Loss)/profit attributable to the equity holders of the Company			
– Basic	13	(55.39)	19.12
– Fully diluted	13	(55.39)	18.65
(Loss)/profit from continuing operations attributable to the equity holders of the Company			
– Basic	13	(13.88)	31.76
– Fully diluted	13	(13.88)	30.99

* These include £1,964,000 (2007: Nil) of exceptional reorganisation costs.

Consolidated statement of changes in shareholders' equity

As at 31 December 2008

	Attributable to the Equity Holders of the Company				Total equity £'000
	Share capital £'000	Fair value and other reserves (Note 24) £'000	Cumulative translation reserve £'000	Retained earnings £'000	
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 1 January 2008	505	3,706	137	11,616	15,964
Exchange difference on repayment of foreign exchange loan	–	–	(758)	758	–
Currency translation adjustments	–	–	1,102	–	1,102
Net income recognised directly in equity	–	–	344	758	1,102
Loss for the year	–	–	–	(13,563)	(13,563)
Total recognised (expense)/income for the year	–	–	344	(12,805)	(12,461)
Release of merger reserve	–	(945)	–	945	–
Movement in respect of employee share scheme	–	72	–	(28)	44
Employee share option scheme: – value of services provided	–	98	–	–	98
Dividends paid	–	–	–	(794)	(794)
Balance at 31 December 2008	505	2,931	481	(1,066)	2,851

Consolidated balance sheet

As at 31 December 2008

	Note	2008 £'000	2007 £'000
Assets			
Non-current assets			
Intangible assets – Goodwill	14	1,011	4,096
Intangible assets – Other	15	60	4,555
Property, plant and equipment	16	1,409	1,796
Deferred tax assets	17	2,063	2,664
Available-for-sale financial assets	18a	300	300
Other receivables	19	1,108	1,088
		5,951	14,499
Current assets			
Inventories	20	–	404
Trade and other receivables	22	9,506	13,248
Current tax assets		596	–
Cash and cash equivalents	21	2,328	10,593
		12,430	24,245
Total assets		18,381	38,744
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	23	505	505
Fair value and other reserves	24	2,931	3,706
Cumulative translation reserve		481	137
Retained earnings	24	(1,066)	11,616
Total equity		2,851	15,964
Liabilities			
Non-current liabilities			
Borrowings	27	–	1,275
Retirement benefit obligations	25	3,225	4,343
Provisions for other liabilities and charges	28	1,751	432
		4,976	6,050
Current liabilities			
Trade and other payables	26	9,289	15,545
Borrowings	27	706	468
Current tax liabilities		–	700
Provisions for other liabilities and charges	28	559	17
		10,554	16,730
Total liabilities		15,530	22,780
Total equity and liabilities		18,381	38,744

These Consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2009.

D B Rugg

Chief Executive

R M Zenker

Finance Director

Consolidated cash flow statement

For the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Cash flow from operating activities			
Cash (used in)/generated from operations	29	(5,254)	7,952
Interest paid		(163)	(149)
Tax paid		(21)	(2,036)
Net cash (used in)/generated from operating activities		(5,438)	5,767
Cash flow from investing activities			
Purchase of property, plant and equipment (PPE)		(1,103)	(786)
Proceeds from sale of PPE		204	41
Intangible asset expenditure		(1,590)	(2,485)
Proceeds from sales of Software businesses (net of costs)		1,797	–
Cash included in disposal of Software businesses		(749)	–
Investment in an available-for-sale asset		(19)	(9)
Interest received		227	363
Net cash used in investing activities		(1,233)	(2,876)
Cash flow from financing activities			
Proceeds from issue of share capital		–	34
Net payments to ESOP		(172)	(1,976)
Repayment of borrowings		(1,735)	(477)
Proceeds from invoice discounting		700	–
Payments of finance lease liabilities		(2)	(9)
Dividends paid		(794)	(1,030)
Net cash used in financing activities		(2,003)	(3,458)
Net decrease in net cash		(8,674)	(567)
Cash and cash equivalents at beginning of year		10,593	11,160
Exchange gains on euro bank accounts		409	–
Cash and cash equivalents at end of year		2,328	10,593

Company statement of changes in shareholders' equity

As at 31 December 2008

	Attributable to the Equity Holders of the Company			
	Share capital £'000	Fair value and other reserves (Note 24) £'000	Retained earnings £'000	Total equity £'000
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 1 January 2008	505	3,467	10,970	14,942
Loss for the year	–	–	(8,163)	(8,163)
Total recognised expense for the year	–	–	(8,163)	(8,163)
Release of merger reserve	–	(945)	945	–
Movement in respect of employee share scheme	–	72	(28)	44
Employee share options scheme:				
– value of services provided	–	1	–	1
Dividends paid	–	–	(794)	(794)
Balance at 31 December 2008	505	2,595	2,930	6,030

Company balance sheet

As at 31 December 2008

	Note	2008 £'000	2007 £'000
Assets			
Non-current assets			
Investments in subsidiaries	18	3,523	11,287
Deferred tax assets	17	316	131
Available-for-sale financial assets	18a	300	300
Other receivables	19	1,108	7,954
		5,247	19,672
Current assets			
Trade and other receivables	22	3,302	2,905
Current tax assets		–	988
Cash and cash equivalents	21	1,151	6,129
		4,453	10,022
Total assets		9,700	29,694
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	23	505	505
Fair value and other reserves	24	2,595	3,467
Retained earnings	24	2,930	10,970
Total equity		6,030	14,942
Liabilities			
Non-current liabilities			
Borrowings	27	–	1,200
Retirement benefit obligations	25	338	415
		338	1,615
Current liabilities			
Trade and other payables	26	2,904	12,737
Current tax liabilities		428	–
Borrowings	27	–	400
		3,332	13,137
Total liabilities		3,670	14,752
Total equity and liabilities		9,700	29,694

These Company financial statements have been approved for issue by the Board of Directors on 26 March 2009.

D B Rugg

Chief Executive

R M Zenker

Finance Director

Company cash flow statement

For the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Cash flow from operating activities			
Cash used in operations	29	(10,284)	(4,384)
Interest paid		(357)	(517)
Tax received		1,266	1,437
Net cash used in operating activities		(9,375)	(3,464)
Cash flow from investing activities			
Investment in fixed asset investments		(150)	(37)
Investment income from fixed asset investments		6,441	5,625
Investment in available-for-sale financial asset		(19)	(62)
Interest received		339	950
Net cash generated from investing activities		6,611	6,476
Cash flow from financing activities			
Proceeds from issue of share capital		–	34
Net payments to ESOP		(172)	(1,976)
Repayment of borrowings		(1,600)	(400)
Dividends paid		(794)	(1,030)
Net cash used in financing activities		(2,566)	(3,372)
Net decrease in net cash		(5,330)	(360)
Cash and cash equivalents at beginning of year		6,129	6,489
Exchange gain on euro bank account		352	–
Cash and cash equivalents at end of year		1,151	6,129

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 two divisions – Professional Business Services and Stock & Inventory Systems & Services. Professional Business Services principally covers business valuation, consultancy and agency, mortgage and insurance services, and business appraisal. Stock & Inventory Systems & Services covers stock audit and counting, compliance and food safety audits and inventory preparation and valuation, hospitality and cinema software.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies for the year ended 31 December 2008

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) as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. These consolidated and Company financial statements have been prepared under the historical cost convention and on a going concern basis.

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 2009).

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 2008

The following amendments and interpretations to standards are mandatory for the Group's accounting periods beginning on or after 1 January 2008.

- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', 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. This interpretation does not have any impact on the Group or Company's financial statements as the Group has a pension deficit and is not subject to any minimum funding requirements.
- IFRIC 11, 'IFRS 2 – Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group or Company's financial statements. The Group and Company's accounting policy for share based compensation arrangements is already in compliance with the interpretation.

It is anticipated that mandatory new standards or interpretations, effective for accounting periods beginning on or after 1 January 2008, 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 2009 or later periods and have not been early adopted. It is anticipated that these new standards, amendments and interpretations, currently in issue at the time of preparing these financial statements (March 2009), will have no impact on the Group's or Company'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 2008. 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 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.

Notes to the consolidated financial statements

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

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 & inventory

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.

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.

Notes to the consolidated financial statements

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.

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 23a. 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.

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 Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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

At 31 December 2008, if sterling had weakened by 10% against the Euro, with all other variables held constant, post tax profit for the year would have been £173,000 (2007: £75,000) lower, mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables, cash and cash equivalents, and trade payables. Applying the same variables to foreign exchange differences recognised directly in equity the effect would be a reduction of £110,000 (2007: £55,000).

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 2008, total credit insurance costs incurred by the Group amounted to £68,000 (2007: £80,000). During this period the Group did not make any claims (2007: £10,000) in relation to disputed balances, resulting in a net cost to the Group for the period of £68,000 (2007: £70,000) 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 2008 total borrowings by the Group amounted to £706,000 (2007: £1,743,000), with additional available unutilised borrowing facilities at 31 December 2008 of £4,912,000 (2007: £2,500,000).

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 2008 were £2,328,000 (2007: £10,593,000).

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.

The Group's interest rate risk arises from cash balances and borrowings subject to variable interest rates. For the year ended 31 December 2008, assuming all other variables remained equal but interest rates were 1% higher or lower throughout the year, the impact on post tax profits would be a maximum increase or decrease of £36,000 (2007: £64,000).

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.

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 14).

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 25, 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.

Notes to the consolidated financial statements

5. SEGMENT INFORMATION

a. Primary reporting format – business segments

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

The segment results for the year ended 31 December 2008 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Total continuing operations £'000	Discontinued operations £'000	Group £'000
Total gross segment sales	37,011	26,515	2,941	66,467	9,691	76,158
Inter-segment sales	(104)	–	(2,941)	(3,045)	–	(3,045)
Revenue	36,907	26,515	–	63,422	9,691	73,113
Operating (loss)/profit before exceptional items	(3,396)	564	158	(2,674)	(3,162)	(5,836)
Exceptional items	(1,964)	–	–	(1,964)	–	(1,964)
Net loss on disposal of Retail Software business	–	–	–	–	(6,193)	(6,193)
Operating (loss)/profit after exceptional items	(5,360)	564	158	(4,638)	(9,355)	(13,993)
Net finance credit/(costs)				65	(1)	64
Loss before tax				(4,573)	(9,356)	(13,929)
Taxation				1,173	(807)	366
Loss for the year after tax				(3,400)	(10,163)	(13,563)

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

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Total continuing operations £'000	Discontinued operations £'000	Group £'000
Total gross segment sales	51,253	24,946	2,913	79,112	11,273	90,385
Inter-segment sales	(100)	–	(2,913)	(3,013)	–	(3,013)
Revenue	51,153	24,946	–	76,099	11,273	87,372
Operating profit/(loss)	10,261	813	(205)	10,869	(3,868)	7,001
Net finance credit				214	–	214
Profit/(loss) before tax				11,083	(3,868)	7,215
Taxation				(3,361)	794	(2,567)
Profit/(loss) for the year after tax				7,722	(3,074)	4,648

Other segment items included in the income statements for the years ended 31 December 2008 and 2007 are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Total continuing operations £'000	Discontinued operations £'000	Group £'000
31 December 2008						
Depreciation and amortisation	383	492	31	906	244	1,150
Impairment of trade receivables	856	36	–	892	43	935
31 December 2007						
Depreciation, amortisation and impairment	402	554	77	1,033	1,540	2,573
Impairment of trade receivables	469	14	–	483	(121)	362

The segment assets and liabilities at 31 December 2008 and capital expenditure for the year then ended are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Total continuing operations £'000	Discontinued operations £'000	Group £'000
Assets	6,413	6,135	3,174	15,722	–	15,722
Deferred tax assets						2,063
Current tax assets						596
						18,381
Liabilities	8,721	5,144	965	14,830	–	14,830
Borrowings (excluding finance leases)						700
						15,530
Capital expenditure	532	363	8	903	1,790	2,693

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

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Total continuing operations £'000	Discontinued operations £'000	Group £'000
Assets	10,614	6,877	8,812	26,303	9,777	36,080
Deferred tax assets						2,664
						38,744
Liabilities	9,669	4,177	2,755	16,601	3,744	20,345
Current tax liabilities						700
Borrowings (excluding finance leases)						1,735
						22,780
Capital expenditure	277	352	2	631	2,667	3,298

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

	31 December 2008			31 December 2007		
	Continuing operations £'000	Discontinued operations £'000	Group £'000	Continuing operations £'000	Discontinued operations £'000	Group £'000
Revenue						
Europe	62,508	9,691	72,199	75,825	11,273	87,098
Rest of the World	914	–	914	274	–	274
	63,422	9,691	73,113	76,099	11,273	87,372

Total segment assets are allocated based on where the assets are located.

	31 December 2008			31 December 2007		
	Continuing operations £'000	Discontinued operations £'000	Group £'000	Continuing operations £'000	Discontinued operations £'000	Group £'000
Total segment assets						
Europe	14,837	–	14,837	26,212	9,777	35,989
Rest of the World	885	–	885	91	–	91
	15,722	–	15,722	26,303	9,777	36,080

Notes to the consolidated financial statements

5. SEGMENT INFORMATION CONTINUED

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

	31 December 2008			31 December 2007		
	Continuing operations £'000	Discontinued operations £'000	Group £'000	Continuing operations £'000	Discontinued operations £'000	Group £'000
Capital expenditure						
Europe	903	1,790	2,693	630	2,667	3,297
Rest of World	–	–	–	1	–	1
	903	1,790	2,693	631	2,667	3,298

	31 December 2008			31 December 2007		
	Continuing operations £'000	Discontinued operations £'000	Group £'000	Continuing operations £'000	Discontinued operations £'000	Group £'000
Analysis of revenue by category						
Sale of goods	405	2,836	3,241	546	3,885	4,431
Revenue from services	63,017	6,855	69,872	75,553	7,388	82,941
	63,422	9,691	73,113	76,099	11,273	87,372

6. EMPLOYEE BENEFIT EXPENSES

	2008 £'000	2007 £'000
Staff costs for the Group during the year		
Wages and salaries	40,152	42,089
Social security costs	5,886	5,777
Other benefits	3,678	2,796
Pension costs – defined benefit schemes (Note 25)	432	711
Pension costs – defined contribution scheme	778	845
Other long-term benefits	1,129	253
Cost of employee share scheme	98	121
Exceptional reorganisation costs (Note 7)	721	–
	52,874	52,592
Continuing operations	45,014	44,310
Discontinued operations	7,860	8,282
	52,874	52,592

	2008 Number	2007 Number
Average number of people (including executive directors) employed by the Group during the year was		
Operational	1,026	1,103
Administration and support staff	306	308
	1,332	1,411
Continuing operations	1,217	1,238
Discontinued operations	115	173
	1,332	1,411

7. EXCEPTIONAL ITEMS

During the year the Group incurred £1,964,000 (2007: £nil) of exceptional reorganisation costs.

8. FINANCE (CREDIT)/COSTS

	2008 £'000	2007 £'000
Interest payable on bank loans and overdrafts	127	146
Other interest payable	34	2
Interest payable on finance leases	1	1
Total finance costs	162	149
Bank interest receivable	(178)	(352)
Other interest receivable	(49)	(11)
Total finance income	(227)	(363)
Net finance credit – continuing operations	(65)	(214)
Discontinued operations interest payable	1	–
Net finance credit	(64)	(214)

9. (LOSS)/PROFIT BEFORE TAX

	Group	
	2008	2007
	£'000	£'000
(Loss)/profit before tax is stated after charging/(crediting):		
Depreciation of property, plant and equipment		
– owned assets	1,095	1,203
– under finance leases	6	14
Amortisation of intangible fixed assets	49	27
Impairment of software development	–	1,329
(Profit)/loss on sale of property, plant and equipment	(28)	10
Loss on sale of intangible fixed asset	13	–
Operating lease charges		
– buildings	2,046	1,820
– other	1,067	971
Impairment of available-for-sale financial assets	19	9
Fair value adjustment of Retail Software business assets	8,328	–
Impairment of trade receivables	935	362
Vacant leasehold provisions	889	–
Reorganisation costs	1,075	–
Repairs and maintenance expenditure on property, plant and equipment	337	300
Research and non-capitalised development costs	1,528	2,037
Profit on foreign exchange (including Company £600,000 (2007: £247,000))	(141)	(67)
Inventories		
– changes in inventories of finished goods and goods for resale (included in other operating expenses)	–	(33)
– write down of inventories	22	–

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:

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Audit services				
– audit of the parent company and consolidated financial statements	18	22	18	22
Other services pursuant to legislation	–	14	5	5
Tax services	68	103	38	27
Other services				
– other services	34	21	–	–
– audit of the subsidiary company financial statements	84	117	–	–

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 £10,500 (2007: £10,000).

10. TAXATION

	2008	2007
	£'000	£'000
Current tax		
UK Corporation tax at 28% (2007: 30%)	(981)	3,058
Foreign tax	–	29
Adjustment in respect of prior periods	–	(15)
Total current tax	(981)	3,072
Deferred tax		
Origination and reversal of timing differences	(192)	(528)
Unutilised losses surrendered on disposal	807	–
Impact of change in UK tax rate	–	145
Adjustment in respect of prior periods	–	(122)
Total deferred tax	615	(505)
Tax on (loss)/profit on ordinary activities	(366)	2,567

Notes to the consolidated financial statements

10. TAXATION CONTINUED

The tax (credit)/charge is split between continuing and discontinued activities as follows:

	2008 £'000	2007 £'000
Continuing operations	(1,173)	3,361
Discontinued operations	807	(794)
	(366)	2,567

The tax (credit)/charge for the year is lower (2007: higher) than the standard rate of corporation tax in the UK (28% (2007:30%)). The differences are explained below:

Tax on (loss)/profit on ordinary activities

	2008 £'000	2007 £'000
(Loss)/profit on ordinary activities before tax	(13,929)	7,215
(Loss)/profit on ordinary activities at standard rate of UK corporation tax of 28% (2007: 30%)	(3,900)	2,165
Effects of:		
– tax losses not yet utilised	648	672
– expenses not deductible for tax purposes	2,605	228
– taxable deductions	(393)	(379)
– utilisation of tax losses and other deductions	–	(18)
– adjustment to tax charge in respect of previous periods	–	(137)
– fixed asset timing differences	6	(14)
– other timing differences	119	433
– rate differential on certain tax losses	(66)	–
– origination and reversal of timing differences	(192)	(528)
– unutilised losses surrendered on disposal	807	–
– impact of change in UK tax rate	–	145
Total tax (credit)/charge	(366)	2,567

11. DISCONTINUED OPERATIONS

The results of the discontinued operations are summarised below:

	2008 £'000	2007 £'000
Profit on disposal of Retail Software business	2,135	–
Fair value adjustment of Retail Software business assets	(8,328)	–
Net loss on disposal of Retail Software business	(6,193)	–
Loss for the period after tax of the Retail Software business	(3,794)	(2,734)
Total loss of the Retail Software business	(9,987)	(2,734)
Loss for the period after tax of Christie Corporate Finance	(176)	(340)
	(10,163)	(3,074)

11A. RETAIL SOFTWARE BUSINESS

On 30 September 2008 the Group completed the disposal of its Retail Software business for consideration of €4,000,000 cash, translating to £3,164,000 on exchange. Associated costs of disposal were £1,367,000, with net liabilities on disposal amounting to £338,000, resulting in a profit on disposal of £2,135,000 as set out below:

	£'000
Consideration received	3,164
Costs	(1,367)
Net liabilities at 30 September 2008	338
Profit on disposal	2,135

Prior to the completion of the disposal of the Software business an adjustment to fair values was recognised of £8,328,000 as follows:

	£'000
Intangible assets – Goodwill	3,085
Intangible assets – Other	4,566
Current tax assets	677
	8,328

The results for the Retail Software business are presented below:

	2008 £'000	2007 £'000
Revenue	9,671	11,014
Employee benefit expenses	(7,692)	(7,905)
	1,979	3,109
Depreciation, amortisation and impairment	(244)	(1,540)
Other operating expenses	(4,722)	(5,097)
Operating loss	(2,987)	(3,528)
Taxation	(807)	794
Loss for the period after tax	(3,794)	(2,734)

The net cash flows after tax of this discontinued operation are as follows:

	2008 £'000	2007 £'000
Operating activities	(332)	1,981
Investing activities	(742)	(2,668)
Net cash outflow	(1,074)	(687)

11B. CHRISTIE CORPORATE FINANCE

On 1 August 2008 Christie Corporate Finance was closed. This was previously included in the Professional Business Services segment. From this date it has been classified as a discontinued operation.

The results for Christie Corporate Finance are presented below:

	2008 £'000	2007 £'000
Revenue	20	259
Employee benefit expenses	(168)	(377)
	(148)	(118)
Other operating expenses	(27)	(222)
Operating loss	(175)	(340)
Total finance costs	(1)	–
Loss for the period	(176)	(340)

12. DIVIDENDS

Group and Company	2008 £'000	2007 £'000
Interim		
2007 interim, paid October 2007 (1.50p)	–	362
2008 interim, paid October 2008 (0.50p)	123	–
Final		
2006 final, paid June 2007 (2.75p)	–	668
2007 final, paid June 2008 (2.75p)	671	–
	794	1,030

13. 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, which excludes the shares held in the Employee Share Ownership Plan (ESOP) trust.

	31 December 2008 £'000	31 December 2007 £'000
(Loss)/profit from continuing operations attributable to equity holders of the Company	(3,400)	7,722
Loss from discontinued operations attributable to equity holders of the Company	(10,163)	(3,074)
(Loss)/profit from total operations attributable to equity holders of the Company	(13,563)	4,648

	31 December 2008 Thousands	31 December 2007 Thousands
Weighted average number of ordinary shares in issue	24,486	24,310
Adjustment for share options	74	610
Weighted average number of ordinary shares for diluted earnings per share	24,560	24,920

Notes to the consolidated financial statements

13. EARNINGS PER SHARE CONTINUED

	31 December 2008 Pence	31 December 2007 Pence
Basic earnings per share		
Continuing operations	(13.88)	31.76
Discontinued operations	(41.51)	(12.64)
Total operations	(55.39)	19.12
Fully diluted earnings per share		
Continuing operations	(13.88)	30.99
Discontinued operations	(41.51)	(12.34)
Total operations	(55.39)	18.65

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 basic and diluted loss per share is the same, as the exercise of share options would reduce the loss per share and is, therefore, anti-dilutive.

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.

14. INTANGIBLE ASSETS – GOODWILL

Group	Total £'000
Cost	
At 1 January 2008	4,096
Disposal of Retail Software business	(3,085)
At 31 December 2008	1,011
Impairment	
At 1 January 2008	–
Impairment during the year	3,085
Disposal of Retail Software business	(3,085)
At 31 December 2008	–
Net book value at 31 December 2008	1,011
Group	Total £'000
Cost	
At 1 January 2007 and 31 December 2007	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 2008 are as follows:

Goodwill	Professional Business Services £'000	Stock & Inventory Systems & Services £'000
UK	178	833

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

	Professional Business Services %	Stock & Inventory Systems & Services %
Discount rates	10.0	10.0
Long-term growth rates	2.5	2.5

15. INTANGIBLE ASSETS – OTHER

Group	Software £'000	Software development £'000	Total £'000
Cost			
At 1 January 2008	334	5,710	6,044
Exchange adjustments	154	401	555
Transfer to PPE	(38)	–	(38)
Additions	28	1,562	1,590
Disposals	(28)	–	(28)
Retail Software business disposals	(338)	(7,673)	(8,011)
At 31 December 2008	112	–	112
Accumulated amortisation and impairment			
At 1 January 2008	160	1,329	1,489
Exchange adjustments	18	–	18
Transfer to PPE	(9)	–	(9)
Charge for the year	49	–	49
Impairment during the year	–	4,566	4,566
Disposals	(15)	–	(15)
Retail Software business disposals	(151)	(5,895)	(6,046)
At 31 December 2008	52	–	52
Net book amount at 31 December 2008	60	–	60

The expected useful lives are as follows:

Software	3 – 10 years
Software development	5 – 10 years

The investment in software development related to development of retail products for resale in the Software Solutions division, prior to the sale of this division.

In the prior year 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 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 during the year	–	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

Notes to the consolidated financial statements

16. PROPERTY, PLANT AND EQUIPMENT

Group	Short leasehold property £'000	Fixtures, fittings, computer equipments and motor vehicles £'000	Total £'000
Cost			
At 1 January 2008	374	5,744	6,118
Exchange adjustments	7	321	328
Transfer from Intangibles assets – other	–	38	38
Additions	–	1,103	1,103
Disposals	(101)	(1,224)	(1,325)
Retail Software Division disposals	–	(1,472)	(1,472)
At 31 December 2008	280	4,510	4,790
Accumulated depreciation			
At 1 January 2008	306	4,016	4,322
Exchange adjustments	7	208	215
Transfer from Intangibles assets – other	–	9	9
Charge for the year	48	1,053	1,101
Disposals	(101)	(1,048)	(1,149)
Retail Software Division disposals	–	(1,117)	(1,117)
At 31 December 2008	260	3,121	3,381
Net book amount at 31 December 2008	20	1,389	1,409

Group	Short leasehold property £'000	Fixtures, fittings, computer equipments 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

Depreciation in the year on fixtures, fittings, computer equipment and motor vehicles includes £6,000 (2007: £13,000) on assets held under finance lease or hire purchase agreements which have a net book value at 31 December 2008 of £2,000 (2007: £6,000).

17. 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.

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Deferred tax assets comprises:				
Accelerated capital allowances	283	175	1	1
Short-term timing differences	877	1,287	221	14
Deferred tax asset	1,160	1,462	222	15
Deferred tax asset on pension	903	1,202	94	116
At 31 December	2,063	2,664	316	131

Movements in the deferred tax asset:

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
At 1 January	2,664	2,176	131	174
Credited to/(transfer from) income statement	(615)	505	185	(43)
Exchange adjustments	14	(17)	–	–
At 31 December	2,063	2,664	316	131

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 £375,000 (2007: £591,000) in respect of losses amounting to £1,341,000 (2007: £2,112,000) that can be carried forward against future taxable income as the realisation of the benefit cannot be assessed as probable as at 31 December 2008.

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

18. INVESTMENTS IN SUBSIDIARIES

Company	Shares in subsidiary undertaking £'000	Loans to subsidiary undertaking £'000	Total £'000
Cost			
At 1 January 2007, 31 December 2007 and 31 January 2008	5,596	6,301	11,897
Waiver of loans to subsidiaries	–	(4,601)	(4,601)
Additions	150	–	150
At 31 December 2008	5,746	1,700	7,446
Provision for impairment			
At 1 January 2007, 31 December 2007 and 31 January 2008	610	–	610
Charge in the year	3,313	–	3,313
At 31 December 2008	3,923	–	3,923
Net book amount at 31 December 2008	1,823	1,700	3,523
Net book amount at 31 December 2007	4,986	6,301	11,287

Subsidiary undertakings

At 31 December 2008 the principal subsidiaries were as follows:

Company	Country of incorporation	Nature of business
Christie, Owen & Davies Ltd (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
Christie + Co OY*	Finland	Business valuers, surveyors and agents
Pinders Professional & Consultancy Services Ltd	UK	Business appraisers
RCC Business Mortgage Brokers Ltd (trading as Christie Finance)	UK	Business mortgage brokers
RCC Insurance Brokers Ltd* (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 Ltd	UK	Licensed stock and inventory auditors and valuers
Venners Systems & Services Ltd (formerly VcsTimeless Ltd)* (trading as Vennersys)	UK	EPoS, head office systems and merchandise control
Venners Systems & Services Corporation (formerly Venners Computer Systems Corporation)* (trading as Vennersys)	Canada	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

18A. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2008 £'000	2007 £'000	Company 2008 £'000	2007 £'000
Non-current assets				
Cost				
At 1 January	362	353	362	300
Additions	19	9	19	62
At 31 December	381	362	381	362
Provision for impairment				
At 1 January	62	53	62	–
Charge for the year	19	9	19	62
At 31 December	81	62	81	62
Net book amount at 31 December	300	300	300	300

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

During the year the Group purchased 512,500 (2007: 312,500) 1p ordinary shares in Capcon Holdings plc, an AIM listed business. At 31 December 2008 the market value of the total shares held was £135,000 (2007: £78,000). 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.

19. OTHER RECEIVABLES

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Non-current assets				
Amounts owed by group undertakings	–	–	–	13,359
Less: Provision for impairment of amounts owed by group undertakings	–	–	–	(6,493)
Other receivables	1,108	1,088	1,108	1,088
	1,108	1,088	1,108	7,954

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

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

20. INVENTORIES

Group	2008 £'000	2007 £'000
Finished goods and goods for resale	–	404

A provision of £22,000 (2007: £17,000) is held against goods for resale to reduce the carrying value to reflect the net realisable value of the inventory.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Cash at bank and in hand	1,893	5,576	1,151	1,363
Short-term bank deposits	435	5,017	–	4,766
	2,328	10,593	1,151	6,129

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade receivables	9,179	12,060	–	–
Less: Provision for impairment of receivables	(2,577)	(2,290)	–	–
Amounts owed by group undertakings	–	–	2,752	2,623
Other debtors	604	709	424	227
Prepayments and accrued income	2,300	2,769	126	55
	9,506	13,248	3,302	2,905

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:

	Group	
	2008	2007
	£'000	£'000
Provision at 1 January	2,290	2,387
Impairment of trade receivables during the year	935	362
Amounts written off in the year	(409)	(528)
Disposal of Retail Software business	(492)	–
Foreign currency translation effects	253	69
Provision at 31 December	2,577	2,290

The impairment of trade receivables in the year has 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.

	Group	
	2008	2007
	£'000	£'000
Not overdue	3,221	5,556
Amounts past due:		
< 1 month	2,329	2,099
2 – 3 months	1,015	1,209
3 – 6 months	742	1,184
6 – 12 months	632	1,069
> 1 year	1,240	943
Provision for impairment of trade receivables	(2,577)	(2,290)
	6,602	9,770

A number of Group companies insure their trade receivables. The carrying value of trade receivables not covered by credit insurance is £4,808,000 (2007: £5,019,000).

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:

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Sterling	7,726	9,337	3,302	2,905
Euros	1,113	3,839	–	–
Canadian Dollars	667	72	–	–
	9,506	13,248	3,302	2,905

Notes to the consolidated financial statements

23. SHARE CAPITAL

Ordinary shares of 2p each	Number	2008 £'000	Number	2007 £'000
Authorised:				
At 1 January and 31 December	30,000,000	600	30,000,000	600
Allotted and fully paid:				
At 1 January	25,263,551	505	25,216,384	504
Issued during the year	–	–	47,167	1
At 31 December	25,263,551	505	25,263,551	505

The consideration received for the shares issued in 2007 was £34,000.

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 dividends on the shares held have been waived.

At 31 December 2008 the total payments by the Company to the ESOP to finance the purchase of ordinary shares was £2,154,000 (2007: £1,973,000). The market value at 31 December 2008 of the ordinary shares held in the ESOP was £237,000 (2007: £1,183,000). The investment in own shares represents 775,000 shares (2007: 816,000) with a nominal value of 2p each.

23A SHARE BASED PAYMENTS

Certain employees hold options to subscribe for shares in the Company at prices ranging from 40.0p to 251.5p under share option schemes for the period from September 1999 to October 2008.

The remaining options outstanding under approved schemes (unapproved options marked *) at 31 December are shown below:

Number of Shares 2008	2007	Option exercise price	Date granted	Option exercise period
–	6,000	47.5p	Aug 1998	Aug 2001 – Aug 2008
–	7,667	41.5p	Dec 1998	Dec 2001 – Dec 2008
15,000	15,000	81.0p	Sep 1999	Sep 2002 – Sep 2009
13,500	13,500	145.0p	May 2000	May 2003 – May 2010
3,000	6,000	81.5p	Oct 2000	Oct 2003 – Oct 2010
20,333	20,333	53.5p	Apr 2001	Apr 2004 – Apr 2011
3,000	3,000	40.0p	Oct 2001	Oct 2004 – Oct 2011
25,000	25,000	45.5p	Sep 2002	Sep 2005 – Sep 2012
40,000	40,000	47.5p	Apr 2003	Apr 2006 – Apr 2013
28,000	28,000	46.5p	Jun 2003	Jun 2006 – Jun 2013
63,000	70,000	94.0p	May 2004	May 2007 – May 2014
12,000	25,000	111.5p	Jun 2004	Jun 2007 – Jun 2014
37,000	37,000	98.5p	Oct 2004	Oct 2007 – Oct 2014
136,000	159,000	100.0p	Apr 2005	Apr 2008 – Apr 2015
16,000	25,000	101.5p	Oct 2005	Oct 2008 – Oct 2015
169,000	182,000	130.5p	Apr 2006	Apr 2009 – Apr 2016
167,000	177,952	251.5p	Mar 2007	Mar 2010 – Mar 2017
221,064	–	113.5p	Apr 2008	Apr 2011 – Apr 2018
23,570*	–	113.5p	Apr 2008	Apr 2011 – Apr 2018
26,000	–	53.5p	Oct 2008	Oct 2011 – Oct 2018
1,018,467	840,452			

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 133 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 839,000 (2007: 623,000) remaining options outstanding under the SAYE scheme at 31 December 2008.

Share options (including SAYE schemes) were valued using the QCA share option valuer, which is based on Black-Scholes. No performance conditions were included in the fair value calculations. The key assumptions used in the calculations are as follows:

	2008	2007
Share price at grant date	53.5p – 251.5p	67.5p – 251.5p
Exercise price	53.5p – 251.5p	67.5p – 251.5p
Expected volatility	28.5% – 51.4%	28.5% – 52.7%
Expected life (years)	3 – 5 years	3 – 5 years
Risk free rate	2.2% – 5.1%	4.4% – 5.1%
Dividend yield	0.9% – 3.7%	1.6% – 2.7%
Fair value per option	10.4p – 84.8p	23.9p – 84.8p

The expected volatility is based on historical volatility over the last 5 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	2008 Weighted average exercise price	Number	2007 Weighted average exercise price
Outstanding at 1 January	840,452	130.61p	766,667	96.75p
Granted	289,634	108.11p	180,952	251.50p
Forfeited or lapsed	(90,952)	126.14p	(50,000)	114.54p
Exercised	(14,000)	72.04p	(57,167)	73.24p
Expired	(6,667)	44.20p	–	–
Outstanding at 31 December	1,018,467	125.98p	840,452	130.61p
Exercisable at 31 December	411,833	85.21p	296,500	76.98p

The weighted average share price for options exercised over the year was 87.30p (2007: 237.36p). The total charge for the year relating to employee share based payment plans was £98,000 (2007: £121,000), all of which related to equity-settled share based payment transactions. The weighted average remaining contractual life of share options outstanding at 31 December 2008 was 7.0 years (2007: 7.1 years).

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24. RESERVES

Group	Share premium £'000	Merger reserve £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Fair value and other reserves £'000	Retained earnings £'000
At 1 January 2008	4,073	945	478	(1,800)	10	3,706	11,616
Movement in respect of employee share scheme	–	–	(49)	219	–	170	(28)
Exchange difference on repayment of foreign exchange loan	–	–	–	–	–	–	758
Release of merger reserve	–	(945)	–	–	–	(945)	945
Loss after tax	–	–	–	–	–	–	(13,563)
Dividends paid	–	–	–	–	–	–	(794)
At 31 December 2008	4,073	–	429	(1,581)	10	2,931	(1,066)

Group	Share premium £'000	Merger reserve £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'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

Company	Share premium £'000	Merger reserve £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'000	Other reserves £'000	Fair value and other reserves £'000	Retained earnings £'000
At 1 January 2008	4,073	945	150	(1,800)	10	89	3,467	10,970
Movement in respect of employee share scheme	–	–	(146)	219	–	–	73	(28)
Release of merger reserve	–	(945)	–	–	–	–	(945)	945
Loss after tax	–	–	–	–	–	–	–	(8,163)
Dividends paid	–	–	–	–	–	–	–	(794)
At 31 December 2008	4,073	–	4	(1,581)	10	89	2,595	2,930

Company	Share premium £'000	Merger reserve £'000	Share based payments £'000	Own shares £'000	Capital redemption reserve £'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

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 represented 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. This reserve was released on the sale of the Retail Software business.

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.

25. RETIREMENT BENEFIT OBLIGATIONS

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

	2008 £'000	2007 £'000
United Kingdom	3,225	4,293
Overseas	–	50
	3,225	4,343

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:

	2008 £'000	2007 £'000
Present value of funded obligations	27,425	29,767
Fair value of plan assets	(25,463)	(29,566)
	1,962	201
Present value of unfunded obligations	6,122	1,231
Unrecognised actuarial (losses)/gains	(4,859)	2,861
Liability in the balance sheet	3,225	4,293

The principal actuarial assumptions used were as follows:

	2008 %	2007 %
Discount rate	5.8	5.8
Inflation rate	3.5	3.5
Expected return on plan assets	6.2 – 7.6	6.2 – 7.6
Future salary increases	3.5 – 3.6	3.5 – 3.6
Future pension increases	3.0 – 3.3	3.0 – 3.3

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:

	2008 Years	2007 Years
Male	19.8 – 22.0	19.8
Female	22.7 – 24.0	22.7

The movement in the defined benefit obligation is as follows:

	2008 £'000	2007 £'000
At 1 January	30,998	32,303
Interest cost	1,803	1,622
Current service cost	781	940
Benefits paid	(1,217)	(276)
Actuarial losses/(gains)	1,182	(3,591)
At 31 December	33,547	30,998
Attributable to:		
Present value of funded obligations	27,425	29,767
Present value of unfunded obligations	6,122	1,231
	33,547	30,998

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

	2008 £'000	2007 £'000
At 1 January	29,566	25,679
Expected return on plan assets	2,121	1,851
Contributions	1,501	2,658
Benefits paid	(1,217)	(276)
Actuarial losses	(6,508)	(346)
At 31 December	25,463	29,566

Notes to the consolidated financial statements

25. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The amounts recognised in the income statement are as follows:

	2008 £'000	2007 £'000
Current service cost	(781)	(940)
Interest cost	(1,803)	(1,622)
Expected return on plan assets	2,121	1,851
Net actuarial gain recognised in the year	31	–
Total included in employee benefit expenses (Note 6)	(432)	(711)

The actual loss on plan assets was £4,387,000 (2007: £1,505,000 return).

Plan assets are comprised as follows:

	2008 Expected return		2007 Expected return	
	£'000	%	£'000	%
Equity	17,126	6.6 – 7.6	19,989	6.4 – 7.6
Debt	3,777	5.1 – 7.5	4,540	5.1 – 8.5
Other	4,560	5.0 – 5.3	5,037	5.0 – 5.4
	25,463	6.2 – 7.6	29,566	6.2 – 7.6

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

Expected contributions to UK post retirement benefit schemes for the year ending 31 December 2009 are £820,000.

History of experience adjustments:

As at 31 December	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Present value of defined obligations	33,547	30,998	32,303	30,527	28,556
Fair value of plan assets	(25,463)	(29,566)	(25,679)	(22,054)	(18,325)
Deficit	8,084	1,432	6,624	8,473	10,231
Experience adjustments on plan liabilities	–	218	364	183	(1,232)
Experience adjustments on plan assets	(6,508)	(346)	915	1,449	52

The income statement charge of £22,000 (2007: £39,000) and balance sheet liability £338,000 (2007: £415,000) 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 2008 contributions paid by the Company amounted to £99,000 (2007: £107,000).

Overseas

In accordance with French law, in prior years a retirement indemnity provision was held. Rights to these benefits accrued 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:

	2008 £'000	2007 £'000
Beginning of the year	50	60
Expenses included in employee benefit expenses	7	(15)
Exchange adjustments	4	5
Disposal of Retail Software business	(61)	–
End of the year	–	50

The principal assumptions used were as follows:

	2007 %
Discount rate	2.5
Future salary increases	3.0
Employee turnover	15.0

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

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade payables	2,007	2,641	–	–
Amounts owed to group undertakings	–	–	2,412	11,065
Other taxes and social security	1,104	3,032	36	671
Other creditors	735	824	118	87
Accruals	4,127	7,851	338	914
Deferred income	1,316	1,197	–	–
	9,289	15,545	2,904	12,737

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

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Sterling	7,767	9,996	2,904	12,737
Euros	833	5,461	–	–
Canadian Dollars	689	88	–	–
	9,289	15,545	2,904	12,737

27. BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Non-current				
Bank and other borrowings (unsecured)	–	1,275	–	1,200
Current				
Bank and other borrowings (unsecured)	700	460	–	400
Finance lease obligations	6	8	–	–
	706	468	–	400
Total borrowings	706	1,743	–	1,600

The Group is not subject to any contractual repricing.

The financial liabilities comprise:

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Floating interest rate loans	–	1,735	–	1,600
Invoice discounting	700	–	–	–
Finance lease liabilities	6	8	–	–
	706	1,743	–	1,600

The maturity of non-current borrowings is as follows:

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bank loans repayable between one and two years	–	460	–	400
Bank loans repayable between two and five years	–	815	–	800
	–	1,275	–	1,200

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.

Notes to the consolidated financial statements

28. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Vacant leasehold Provisions £'000	Long-term benefits due to employees £'000	Dilapidations £'000	Total £'000
At 1 January 2008	–	253	196	449
Charged to the income statement				
– Additional provision	889	1,129	89	2,107
Utilised during the year	–	(246)	–	(246)
At 31 December 2008	889	1,136	285	2,310

		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

	2008 £'000	2007 £'000
Analysis of total provisions		
Non-current	1,751	432
Current	559	17
	2,310	449

a. Long-term benefits due to employees

Provisions for long-term benefits to employees comprise £890,000 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.

c. Vacant leasehold provisions

Provisions are held for rental costs and related premises charges on leasehold commitments for excess or unutilised space. All provisions are carried at present value after applying an appropriate discount rate, and all non-current liabilities are estimated to be payable over periods from one to four years.

29. NOTES TO THE CASH FLOW STATEMENT

Cash (used in)/generated from operations

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Continuing operations				
(Loss)/profit for the year	(3,400)	7,722	(8,163)	1,164
Adjustments for:				
– Taxation	(1,173)	3,361	(189)	(554)
– Finance credit	(65)	(214)	(7,626)	(6,058)
– Impairment of investments in subsidiaries	–	–	3,313	–
– Depreciation	890	1,010	–	–
– Amortisation of intangible assets	16	23	–	–
– Profit on sale of property, plant and equipment	(28)	–	–	–
– Loss on sale of intangible assets	13	–	–	–
– Foreign currency translation	279	236	(352)	–
– Increase in provision for other liabilities and charges	1,861	295	–	–
– Movement in available-for-sale financial asset	19	9	19	62
– Movement in share option charge	98	121	1	1
– Movement in retirement benefit obligation	(1,069)	(1,945)	(77)	(163)
– Increase in non-current other receivables	–	–	–	(808)
Changes in working capital (excluding the effects exchange differences on consolidation):				
– Increase in inventories	–	(4)	–	–
– Decrease/(increase) in trade and other receivables	1,260	(3,064)	1,021	428
– (Decrease)/increase in trade and other payables	(3,473)	(1,573)	1,769	1,544
Cash (used in)/generated from continuing operations	(4,772)	5,977	(10,284)	(4,384)
Discontinued operations				
Loss for the year	(10,163)	(3,074)	–	–
Adjustments for:				
– Taxation	807	(794)	–	–
– Finance cost	1	–	–	–
– Depreciation	211	207	–	–
– Amortisation and impairment of intangible assets	33	1,333	–	–
– Loss on sale of property, plant and equipment	–	10	–	–
– Fair value adjustment of Retail Software business assets	8,328	–	–	–
– Profit on sale of Retail Software business	(2,135)	–	–	–
– Foreign currency translation	(529)	(24)	–	–
– Movement in retirement benefit obligation	–	(11)	–	–
Changes in working capital (excluding the effects exchange differences on consolidation):				
– Increase in inventories	(145)	(68)	–	–
– (Increase)/decrease in trade and other receivables	(837)	4,094	–	–
– Increase in trade and other payables	3,947	302	–	–
Cash (used in)/generated from discontinued operations	(482)	1,975	–	–
Cash (used in)/generated from operations	(5,254)	7,952	(10,284)	(4,384)

30. RECONCILIATION OF MOVEMENT IN NET FUNDS

	As at 1 January 2007 £'000	Cash flow £'000	Non-cash movement £'000	As at 31 December 2008 £'000
Cash in hand and at bank	10,593	(8,674)	409	2,328
Invoice discounting	–	(700)	–	(700)
Debt due after one year	(1,275)	1,275	–	–
Debt due within one year	(460)	460	–	–
Finance leases due within one year	(8)	2	–	(6)
	8,850	(7,637)	409	1,622

31. COMMITMENTS

a. Operating lease commitments

At 31 December 2008 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	2008 Vehicles and equipment £'000	Property £'000	2007 Vehicles and equipment £'000
Commitments under non-cancellable operating leases due:				
Within one year	1,681	804	1,848	1,070
Within two to five years	4,219	763	4,613	1,364
After five years	1,767	–	2,130	–
	7,667	1,567	8,591	2,434

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 £1,000 (2007: £63,000) of capital expenditure.

32. 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.

33. 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.

	2008 £'000	2007 £'000
Loans to Directors:		
At 1 January	136	–
Loans advanced during the year	–	136
At 31 December	136	136

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

Company

Transactions with Group undertakings:

	2008 £'000	2007 £'000
Dividends received from subsidiaries	6,441	5,625
Provision of services	2,613	2,718
Purchase of services	582	567

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 19, 22 and 26.

Five-year record

The discontinued operations in 2008 are included in the figures for 2006 and prior years.

	2008 Continuing Operations £'000	2007 Continuing Operations £'000	2006 £'000	2005 £'000	2004 £'000
Consolidated income statements					
Revenue	63,422	76,099	87,096	77,506	69,968
Operating (loss)/profit before exceptional items	(2,674)	10,869	6,079	4,409	3,844
Exceptional items	(1,964)	–	–	–	2,455
Net loss on disposal	–	–	–	–	–
Finance credit/(costs)	65	214	73	(28)	(176)
(Loss)/profit on ordinary activities before tax	(4,573)	11,083	6,152	4,381	6,123
Taxation	1,173	(3,361)	(2,019)	(1,694)	(360)
(Loss)/profit on ordinary activities after tax	(3,400)	7,722	4,133	2,687	5,763
Minority interest	–	–	(2)	(3)	(10)
(Loss)/profit attributable to equity holders of the parent	(3,400)	7,722	4,131	2,684	5,753
Earnings per share					
– basic	(13.88p)	31.76p	16.90p	10.79p	23.28p
– basic before exceptional finance credit (net of tax)*	(13.88p)	31.76p	16.90p	10.79p	9.23p
Dividends per ordinary share (payable in respect of the year)	0.5p	4.25p	4.00p	3.50p	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.

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Consolidated balance sheets					
Non-current assets	5,951	14,499	11,952	11,205	10,157
Current assets	12,430	24,245	26,307	21,238	18,142
Non-current liabilities	(1,751)	(432)	(145)	–	–
Current liabilities	(10,554)	(16,730)	(17,546)	(13,618)	(11,424)
	6,076	21,582	20,568	18,825	16,875
Non-current borrowings	–	(1,275)	(1,735)	(2,221)	(2,108)
Retirement benefit obligations	(3,225)	(4,343)	(6,300)	(6,790)	(7,117)
Net assets	2,851	15,964	12,533	9,814	7,650
Shareholders' funds – equity interests	2,851	15,964	12,533	9,795	7,634
Minority interest	–	–	–	19	16
	2,851	15,964	12,533	9,814	7,650

The Group adopted IFRS for the first time in 2005 and in accordance with the requirements of IFRS, 2004 figures were also restated.

Financial calendar

Annual General Meeting

39 Victoria Street
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Wednesday 17th June 2009 at 10am

Announcements

Half-year results for 2009
Preliminary full-year results for 2009

September 2009
April 2010

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