

CHRISTIE GROUP PLC

Interim Results for the 6 months to 30 June 2004

Chairman's Interim Statement to 30 June 2004

I am pleased to report that our operating profit for the half year to 30 June 2004 has risen to £1.4 million (2003 - £0.8 million) on increased sales of £35.7 million (2003 - £31.6 million). This improvement has been reflected in our eps of 2.41p (2003 - 1.37p). The Board have declared an interim dividend which remains at 1p per share.

Some highlights are detailed below, but the mix includes 16% sales growth in our Professional Business Services Division; a good performance from the recently acquired retail stocktaking business, Orridge, but lower sales from the software businesses which have faced difficult market conditions.

As reported at the time of releasing our figures for 2003, the integration and revitalisation of the Orridge Retail Stocktaking business is proceeding well. This is illustrated by the improvement in our Stock and Inventory Services Division to a profit of £0.5 million from a loss of £0.1 million in the corresponding period last year. Impressively, turnover has risen from £8.6 million to £11.3 million for the half year as we continue to add new contracts.

Our Software Solutions Business has seen an increase in retail exports through our newly established offices in Italy and the UK with recent signings such as Rangers Football Club and Sarah Lee (branded apparel) in Italy, and elsewhere in territories such as Israel and China with the assistance of local distributors. Our Hospitality business has been amalgamated in the UK with our Retail business, which has facilitated a reduction in future costs through some rationalisation of services.

The costs of our new software product development for this division for the 2004 year and subsequent periods are being capitalised as a precursor to the new International Financial Reporting Standards being introduced in 2005. The figure capitalised in the half year was £206,000 (2003 – nil). The development programme will generate new income from 2006.

Our Professional Services business enjoyed a strong first half, with turnover up 16% and profits increased by 38%. For the first time, all branches of our newly completed Financial Services UK network made a contribution.

Agency sales remained buoyant throughout the first half in all of our chosen sectors of activity. Our corporate advisory teams were busy in the period providing transactional, investment and valuation advice to clients including QMH, Thistle Hotels, Network Rail and Travelodge.

During the period, we relocated both the Group and Christie & Co's head offices to larger and more modern premises adjacent to our former Victoria Street location. We believe that the Greater London agency business (where our Group has its origins) offers scope for increased levels of profitable trade. To gain further share of the London market, we will be opening two further London sales offices under the Christie & Co brand and utilising the christie.com website. These offices will be located "North and South".

Our International agency offices have increased turnover and moved closer to profitability whilst remaining a long way from maturity.

The heralding of higher interest rates keeps us watchful of our weekly sales indicators, but we are experiencing no weakening of our sales volumes.

Enquiries:

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	Unaudited half year to 30 June 2004 £000	Unaudited half year to 30 June 2003 £000	Audited year to 31 Dec 2003 £000
Turnover	2	35,694	31,617	62,457
Staff costs	3	(19,969)	(16,861)	(34,933)
		15,725	14,756	27,524
Other operating charges before goodwill amortisation		(14,082)	(13,661)	(24,279)
Goodwill amortisation		(269)	(267)	(551)
Total other operating charges		(14,351)	(13,928)	(24,830)
Operating profit		1,374	828	2,694
Finance charges net		(112)	(96)	(206)
Profit on ordinary activities before taxation		1,262	732	2,488
Tax on profit on ordinary activities	4	(668)	(397)	(1,469)
Profit on ordinary activities after taxation		594	335	1,019
Dividends	5	(228)	(244)	(722)
Retained profit for the period		366	91	297
Earnings per share				
- basic	6	2.41p	1.37p	4.15p
- fully diluted	6	2.37p	1.37p	4.14p
- basic before goodwill amortisation	6	3.50p	2.46p	6.39p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Unaudited half year to 30 June 2004 £000	Unaudited half year to 30 June 2003 £000	Audited year to 31 Dec 2003 £000
Profit on ordinary activities after taxation	594	335	1,019
Gain/(loss) on foreign currency translation	39	(26)	(240)
Total gains and losses recognised relating to the period	633	309	779

CONSOLIDATED BALANCE SHEET

	Unaudited 30 June 2004 £000	Unaudited 30 June 2003 £000	Audited 31 Dec 2003 £000
Fixed assets			
Tangible assets	2,573	3,122	2,631
Investments	424	278	424
Intangible assets	3,874	4,277	3,953
	6,871	7,677	7,008
Current assets			
Stocks	272	241	312
Debtors - due within one year	16,391	14,655	12,635
- due after one year	445	283	445
Investment held for resale	504	-	504
Cash at bank and in hand	2,312	1,563	4,346
	19,924	16,742	18,242
Creditors - amounts falling due within one year	(18,692)	(12,980)	(17,518)
Net current assets	1,232	3,762	724
Total assets less current liabilities	8,103	11,439	7,732
Creditors - amounts falling due after more than one year	(79)	(3,915)	(152)
Net assets	8,024	7,524	7,580
Capital and reserves			
Called up share capital	495	490	493
Share premium	3,822	3,718	3,780
Merger reserve	945	945	945
Capital redemption reserve	10	10	10
Profit and loss account	2,749	2,354	2,346
Shareholders' funds - equity interests	8,021	7,517	7,574
Minority interest	3	7	6

8,024

7,524

7,580

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 30 June 2004 £000	Unaudited 30 June 2003 £000	Audited 31 Dec 2003 £000
Net cash (outflow)/inflow from operating activities	(1,313)	(905)	4,151
Returns on investments and servicing of finance	(112)	(96)	(206)
Taxation paid	(750)	(795)	(1,067)
Capital expenditure and financial investment	(671)	(520)	(1,262)
Equity dividends (paid)/received	(480)	1	(597)
Cash (outflow)/inflow before financing	(3,326)	(2,315)	1,019
Financing	62	(99)	(170)
(Decrease)/increase in cash in the period	(3,264)	(2,414)	849

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial information in this interim report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2003, upon which the auditors gave an unqualified opinion, have been delivered to the Registrar of Companies.

With the exception of software development costs the unaudited results continue to be prepared in accordance with the accounting policies set out in the financial statements for the year ended 31 December 2003.

Anticipating the International Financial Reporting Standard the group has capitalised software development costs. This represents a change of accounting policy from prior periods when development costs were written off in the year in which they arose. Software development costs capitalised in the period to 30 June 2004 amounted to £206,000. There is no impact on the results in respect of prior periods.

A subsidiary company bank loan of £3,824,000, which is currently being renegotiated, is included within current liabilities.

2. Segmental information

Turnover and operating profit/(loss)

Division	Unaudited half year to 30 June 2004		Unaudited half year to 30 June 2003		Audited year to 31 Dec 2003	
	Turnover	Operating Profit/(loss)	Turnover	Operating Profit/(loss)	Turnover	Operating Profit/(loss)
	£000	£000	£000	£000	£000	£000
Professional Business Services	18,298	1,752	15,794	1,272	34,122	4,595
Software Solutions	6,131	*(843)	7,269	(364)	15,812	(374)
Stock and Inventory Services	11,265	**465	8,554	(80)	12,523	(1,527)
Total	35,694	1,374	31,617	828	62,457	2,694

*The operating loss for Software Solutions includes goodwill amortisation of £248,000 (2003: £248,000).

**The operating profit for Stock and Inventory Services includes goodwill amortisation of £21,000 (2003: £19,000).

3. Particulars of employees and staff costs

	Half year to 30 June 2004	Half year to 30 June 2003	Year to 31 Dec 2003
The average number of people employed by the Group (including directors)	1,316	1,131	1,066
Their aggregate remuneration (£000)	19,969	16,861	34,933

4. Taxation

The tax charge for the six months has been based on the estimated effective tax rate for the year to 31 December 2004 of 42%. A deferred tax asset of £445,000 was recognised at 31 December 2003 and there has been no material change in the position at 30 June 2004 (30 June 2003: £283,000).

5. Dividend

The dividend of 1p per share will be payable to shareholders on the record on 29 October 2004. The ex-dividend date will be 27 October 2004. The dividend will be paid on 26 November 2004.

6. Earnings per share

	Half year to 30 June 2004	Half year to 30 June 2003	Year to 31 Dec 2003
Earnings per share – basic			
Profit attributable to shareholders (£000)	594	335	1,019
Average number of ordinary shares of 2p each in issue during the period	24,677,307	24,513,162	24,559,471
Earnings per share – fully diluted			
Profit attributable to shareholders (£000)	594	335	1,019
Average number of ordinary shares of 2p each in issue during the period after allowing for the exercise of outstanding share options	25,114,770	24,378,821	24,595,162
Earnings per share – basic before goodwill amortisation			
Profit attributable to shareholders before goodwill amortisation (£000)	863	602	1,570
Average number of ordinary shares of 2p each in issue during the period	24,677,307	24,513,162	24,559,471

7. Interim report

Copies of the interim report are available from Christie Group plc, 39 Victoria Street, London SW1H 0EU.

GROUP COMPANIES

PROFESSIONAL BUSINESS SERVICES

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

CHRISTIE & CO www.christie.com

The leading firm of surveyors, valuers and agents specialising in the leisure, retail and care sectors. International operations based in Barcelona, Frankfurt and Paris. Offices throughout the UK with valuation, agency, development and investment teams focused on its key sectors.

SOFTWARE SOLUTIONS

The two arms of VcsTimeless specialise in sophisticated IT systems and solutions designed to capture and control the complex sales and other data connected with the management of cinemas, hotels, restaurants, leisure complexes, warehouses and retail outlets internationally.

VCSTIMELESS (HOSPITALITY)

www.vcstimeless.com

Specialists in software for leisure and hospitality businesses internationally, including cinemas, visitor attractions, hotels, bars and restaurants. Solutions include EPoS, chip and pin, stock control, back office, head office and ticketing software.

STOCK AND INVENTORY SERVICES

Orridge and Venners are the leading specialists in stock control and inventory management services. Employing state-of-the-art technologies and bespoke software, the division is focused on Europe, where both companies have a major share of the retail and leisure sectors.

ORRIDGE www.orridge.co.uk

Europe's longest established stocktaking business specialising in all fields of retail stocktaking including high street, warehousing and factory. In addition, it has a specialised pharmacy division providing valuation and stocktaking services. A full range of stocktaking and inventory management solutions is provided for a wide range of clients in the UK and Europe.

CHRISTIE FIRST www.christiefirst.com

The market leader in finance and insurance for the leisure, retail and care sectors. Services include finance for business purchase or re-financing arranged in conjunction with major financial institutions, and the provision of tailored insurance schemes.

PINDERS www.pinders.co.uk
and www.pinderpack.com

The UK's leading independent specialist business appraisal company, undertaking valuations, consultancy, building surveying and professional services for a broad range of clients in the leisure, retail and care sectors.

VCSTIMELESS

www.vcstimeless.com

Leading specialists in integrated software solutions and related services for the non-food retail industry - including fashion, sports and home improvements - dedicated to single and multi-channel retailers. Solutions include head office, in-store, chip and pin, manufacturing and retail business intelligence software.

(RETAIL)

VENNERS www.venners.com

Leading supplier of stocktaking, inventory, control audit and related stock management services to the hospitality and retail sectors. Bespoke software and systems enable real time management reporting to its customer base using the most up-to-date technology.