

Interim Report 2008



ABOUT US

Christie Group offers a portfolio of professional business services for the leisure, retail and care sectors. These include surveying, valuation, agency, consultancy, finance, insurance, stock control and business software solutions.

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

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

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Group at a glance

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 state-of-the-art technologies, the division operates in Europe and North America.

OUR MARKET SECTORS

LEISURE

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

RETAIL

Retail revenue has increased significantly. Our clients span the sector and sell everything from 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

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

OUR BRANDS





Chairman's statement

A SATISFACTORY RESULT IN A MATERIALLY ADVERSE CLIMATE

I am pleased to report that our continuing operations produced a profit before tax of £0.9m despite a reduction in turnover of 8% (from £38.8m to £35.7m) and in the face of a materially adverse business climate. I announced at our Annual General Meeting that we were taking steps to reduce our cost base in both our Agency and the associated finance business. The steps we took have reduced our annual run rate of costs to enable us to trade profitably with reduced revenues. We expect still lower operating costs in 2009.

Stock & Inventory Systems & Services

Our stock and inventory business continues to grow and, in addition to renewing several important contracts during the period, we have added new customers such as Enterprise Inns, Calvin Klein Jeans, Gucci and Foyles.

Professional Business Services

The effects of the credit crunch and subsequent slow-down in the residential and commercial property markets have been widely reported. Deal volumes have been muted but steady and with pipelines at a level at which we can trade profitably, barring any further deterioration. Valuation and consultancy work has been relatively busy as we continue to advise both business operators and their lenders.

During the first half, our business mortgage activities were unduly disrupted whilst lenders vacillated on their availability of funding or required criteria. Subsequently, a clearer picture has emerged of those banks still willing and able to lend. Borrowers introduced through Christie Finance enjoy a reputation of being "quality business". We retain a panel of over 10 institutions actively seeking to support our lending propositions. We expect our loan volume to increase in the second half which should be a profitable period for our financial services activities, including insurance broking.

Software Solutions

As we announced last week, after evaluating all options for this business, your Board decided that in the current circumstances, despite the progress being made, it would not be prudent to continue funding the software development programme and its adherent losses. We therefore contracted the disposal of the VCSTIMELESS retail software business, which completed on 30 September 2008. We will take a diminution to our interim income statement of £8.3m in 2008 with a consequent £8.3m reduction in our consolidated distributable reserves. We believe that by husbanding our resources and focusing our executive management on our core activities, we will produce the best returns for shareholders in the periods ahead.

Future Prospects

These half-year figures confirm a profitable ongoing business, debt-free, diversified across five European economies and pre-eminent in the hospitality, care and selected retail areas. Our income is generated from professional, financial and business services to these niche areas where our leading brands enjoy strong recognition. Our income is derived from a wide and loyal client base. In a difficult financial environment, I believe we are well placed to take advantage of our markets when they recover.

The directors have declared a reduced interim dividend of 0.5 pence per share.

I should like to thank all our staff who continue to rise magnificently to the challenges put before them.



Philip Gwyn
Chairman

David Pinder, founder of Pinders in 1969, died on 12th October 2008 at the age of 75. David worked tirelessly to establish the eponymous firm that was the pioneer of business appraisal. He was one of life's rich characters; amusing, charming and very caring of all who worked for Pinders and their families. Even very recently, he was still keenly interested in how the old firm was doing. He is fondly remembered by all who worked with him.

Consolidated interim income statement

	Note	Half year to 30 June 2008 £'000 (Unaudited)	Half year to 30 June 2007 £'000 (Unaudited)	Year ended 31 December 2007 £'000
Continuing operations				
Revenue	4	35,665	38,770	74,473
Employee benefit expenses		(23,210)	(22,717)	(43,783)
		12,455	16,053	30,690
Depreciation and amortisation		(431)	(533)	(1,027)
Other operating expenses		(11,174)	(10,618)	(19,389)
Operating profit	4	850	4,902	10,274
Finance costs		(63)	(72)	(148)
Finance income		127	440	993
Total finance credit		64	368	845
Profit before tax		914	5,270	11,119
Taxation	5	–	(1,867)	(3,218)
Profit from continuing operations		914	3,403	7,901
Discontinued operations				
– Loss from discontinued operations	6	(10,897)	(821)	(3,253)
(Loss)/profit for the period		(9,983)	2,582	4,648
Earnings per share - pence				
(Loss)/profit attributable to the equity holders of the Company				
– Basic	7	(40.79)	10.64	19.12
– Fully diluted	7	(40.48)	10.24	18.65
Profit from continuing operations attributable to the equity holders of the Company				
– Basic	7	3.73	14.02	32.50
– Fully diluted	7	3.71	13.49	31.70

Consolidated interim statement of changes in shareholders' equity

	Attributable to the equity holders of the Company				Total equity £'000
	Share capital £'000	Cumulative Fair value and other reserves £'000	translation adjustments £'000	Retained earnings £'000	
Balance at 1 January 2007	504	4,410	(382)	8,001	12,533
Currency translation adjustments	–	–	213	–	213
Net income recognised directly in equity	–	–	213	–	213
Profit for the period	–	–	–	2,582	2,582
Total recognised income for the period	–	–	213	2,582	2,795
Issue of share capital	1	33	–	–	34
Movement in respect of employee share scheme	–	(1,425)	–	467	(958)
Employee share option scheme: – value of services provided	–	66	–	–	66
Balance at 1 July 2007	505	3,084	(169)	11,050	14,470
Exchange difference on repayment of foreign exchange loan	–	–	(27)	27	–
Currency translation adjustments	–	–	333	–	333
Net income recognised directly in equity	–	–	306	27	333
Profit for the period	–	–	–	2,066	2,066
Total recognised income for the period	–	–	306	2,093	2,399
Movement in respect of employee share scheme	–	567	–	(497)	70
Employee share option scheme: – value of services provided	–	55	–	–	55
Dividends paid	–	–	–	(1,030)	(1,030)
Balance at 1 January 2008	505	3,706	137	11,616	15,964
Currency translation adjustments	–	–	620	–	620
Net income recognised directly in equity	–	–	620	–	620
Loss for the period	–	–	–	(9,983)	(9,983)
Total recognised income/(loss) for the period	–	–	620	(9,983)	(9,363)
Movement in respect of employee share scheme	–	247	–	(147)	100
Employee share option scheme: – value of services provided	–	60	–	–	60
Dividends paid	–	–	–	(670)	(670)
Balance at 30 June 2008	505	4,013	757	816	6,091

Consolidated interim balance sheet

	Note	At 30 June 2008 £'000 (Unaudited)	At 30 June 2007 £'000 (Unaudited)	At 31 December 2007 £'000
Assets				
Non-current assets				
Intangible assets – Goodwill		1,011	4,096	4,096
Intangible assets – Other		34	3,904	4,555
Property, plant and equipment		1,870	1,985	1,796
Deferred tax assets		1,742	1,894	2,664
Available-for-sale financial assets		300	300	300
Other receivables		1,109	969	1,088
		6,066	13,148	14,499
Current assets				
Inventories		–	307	404
Trade and other receivables		14,469	17,426	13,248
Current tax assets		408	–	–
Cash and cash equivalents		1,492	9,009	10,593
		16,369	26,742	24,245
Assets of disposal group	6a	5,945	–	–
Total assets		28,380	39,890	38,744
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	9	505	505	505
Fair value and other reserves		4,013	3,084	3,706
Cumulative translation reserve		757	(169)	137
Retained earnings		816	11,050	11,616
Total equity		6,091	14,470	15,964
Liabilities				
Non-current liabilities				
Borrowings		1,045	1,620	1,275
Retirement benefit obligations	10	3,916	5,807	4,343
Provisions for other liabilities and charges		584	260	432
		5,545	7,687	6,050
Current liabilities				
Trade and other payables		11,530	16,533	15,545
Borrowings		467	460	468
Current tax liabilities		–	740	700
Provisions for other liabilities and charges		41	–	17
		12,038	17,733	16,730
Liabilities of disposal group	6a	4,706	–	–
Total liabilities		22,289	25,420	22,780
Total equity and liabilities		28,380	39,890	38,744

These consolidated interim financial statements have been approved for issue by the Board of Directors on 25 September 2008.

Consolidated interim cash flow statement

	Note	Half year to 30 June 2008 £'000 (Unaudited)	Half year to 30 June 2007 £'000 (Unaudited)	Year to 31 December 2007 £'000
Cash flow from operating activities				
Cash (used in)/generated from operations	11	(4,649)	496	7,952
Interest paid		(63)	(72)	(149)
Tax paid		(812)	(440)	(2,036)
Net cash (used in)/generated from operating activities		(5,524)	(16)	5,767
Cash flow from investing activities				
Purchase of property, plant and equipment (PPE)		(927)	(290)	(786)
Proceeds from sale of PPE		111	5	41
Intangible assets expenditure		(1,136)	(876)	(2,485)
Investment in an available-for-sale financial asset		–	–	(9)
Interest received		128	179	363
Net cash used in investing activities		(1,824)	(982)	(2,876)
Cash flow from financing activities				
Proceeds from issue of share capital		–	34	34
Payments to the ESOP		(178)	(1,049)	(1,976)
Repayments of borrowings		(230)	(123)	(477)
Payments of finance lease liabilities		(1)	(15)	(9)
Dividends paid		(670)	–	(1,030)
Net cash used in financing activities		(1,079)	(1,153)	(3,458)
Net decrease in net cash (including bank overdrafts)		(8,427)	(2,151)	(567)
Cash and cash equivalents at beginning of period		10,593	11,160	11,160
Cash and cash equivalents at end of period		2,166	9,009	10,593
Cash and cash equivalents		1,492	9,009	10,593
Cash and cash equivalents included within disposal group assets	6a	674	–	–
		2,166	9,009	10,593

Notes to the consolidated interim financial statements

1. GENERAL INFORMATION

Christie Group plc is the parent undertaking of a group of companies covering a range of related activities. These fall into two divisions – Professional Business Services and Stock & Inventory Systems & Services. Professional Business Services principally covers business valuation, consultancy and agency, mortgage and insurance services, and business appraisal. Stock & Inventory Systems & Services covers stock audit and counting, compliance and food safety audits and inventory preparation and valuation.

2. BASIS OF PREPARATION

These interim consolidated financial statements of Christie Group plc are for the six months ended 30 June 2008. The interim financial statements have been prepared using accounting policies set out in the Annual Report and Financial Statements for the year ended 31 December 2007 and in accordance with those IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (September 2008). These consolidated interim financial statements have been prepared under the historical cost convention, with the exception of the disposal group assets and liabilities (see Note 6a) which have been prepared in accordance with IFRS 5 – 'Non-current Assets held for Sale and Discontinued Operations'.

These consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2007. The financial information included in this interim report for the six months ended 30 June 2008 does not constitute statutory financial statements as defined by Section 240 of the Companies Act 1985 and is unaudited. The comparative information for the six months ended 30 June 2007 is also unaudited. The comparative figures for the year ended 31 December 2007 have been extracted from the Group's financial statements as filed with the Registrar of Companies, on which the auditors gave an unqualified opinion and did not make a statement under Section 237 (2) or (3) of the Companies Act 1985.

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 interim financial statements, are disclosed in Note 3.

Interpretations and amendments 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 11, 'IFRS 2 – Group and treasury share transactions'. IFRIC 11 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 payments transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group's financial statements.

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have an impact on the Group's financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are consistent with those applied to the consolidated financial statements for the year ended 31 December 2007.

On recognition of the assets and liabilities of the Software Solutions business as a disposal group in accordance with IFRS 5 'Non-current Assets held for Sale and Discontinued Operations', an adjustment to fair values was recognised in respect of the Goodwill and Software development as detailed in Note 6a.

4. SEGMENT INFORMATION

a. Primary reporting format – business segments

The Group is organised into two main business segments: Professional Business Services and Stock and Inventory Services. The third segment, Software Solutions, has been classified as discontinued operations as detailed in Note 6a.

The segment results for the period ended 30 June 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	22,313	13,404	1,491	37,208	7,677	44,885
Inter-segment sales	(52)	–	(1,491)	(1,543)	–	(1,543)
Revenue	22,261	13,404	–	35,665	7,677	43,342
Operating profit/(loss)	111	702	37	850	(10,898)	(10,048)
Net finance credit						65
Loss before tax						(9,983)
Taxation						–
Loss for the period after tax						(9,983)

4. SEGMENT INFORMATION continued

The segment results for the period ended 30 June 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	26,291	12,479	1,875	40,645	7,333	47,978
Inter-segment sales	–	–	(1,875)	(1,875)	–	(1,875)
Revenue	26,291	12,479	–	38,770	7,333	46,103
Operating profit/(loss)	5,061	646	(805)	4,902	(683)	4,219
Net finance credit						107
Profit before tax						4,326
Taxation						(1,744)
Profit for the period after tax						2,582

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	23,320	2,913	77,486	12,899	90,385
Inter-segment sales	(100)	–	(2,913)	(3,013)	–	(3,013)
Revenue	51,153	23,320	–	74,473	12,899	87,372
Operating profit/(loss)	10,261	544	(531)	10,274	(3,273)	7,001
Net finance credit						214
Profit before tax						7,215
Taxation						(2,567)
Profit for the period after tax						4,648

Other segment items included in the income statement are as follows:

	Professional Business Services £'000	Stock & Inventory Systems & Services £'000	Other £'000	Total continuing operations £'000	Discontinued operations £'000	Group £'000
For the period ended 30 June 2008						
Depreciation and amortisation	178	228	25	431	146	577
Impairment of trade receivables	612	(8)	–	604	166	770
For the period ended 30 June 2007						
Depreciation and amortisation	209	276	48	533	110	643
Impairment of trade receivables	95	(4)	–	91	(231)	(140)
For the year ended 31 December 2007						
Depreciation, amortisation and impairment	402	549	76	1,027	1,546	2,573
Impairment of trade receivables	469	14	–	483	(121)	362

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.

The segment assets and liabilities at 30 June 2008 and capital expenditure for the period 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	14,040	7,006	(826)	20,220	6,010	26,230
Current tax assets						408
Deferred tax assets						1,742
						28,380
Liabilities	9,927	4,666	1,475	16,068	4,716	20,784
Borrowings (excluding finance leases)						1,505
						22,289
Capital expenditure	583	209	–	792	1,271	2,063

Notes to the Consolidated Financial Statements

The segment assets and liabilities at 30 June 2007 and capital expenditure for the period 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	20,083	6,153	285	26,521	11,475	37,996
Deferred tax assets						1,894
						39,890
Liabilities	13,229	4,278	1,151	18,658	3,951	22,609
Current tax liabilities						740
Borrowings (excluding finance leases)						2,071
						25,420
Capital expenditure	90	187	–	277	889	1,166

The segment assets and liabilities at 31 December 2007 and capital expenditure for the period 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	10,614	6,040	7,808	24,462	11,618	36,080
Deferred tax assets						2,664
						38,744
Liabilities	9,669	3,526	2,749	15,944	4,401	20,345
Current tax liabilities						700
Borrowings (excluding finance leases)						1,735
						22,780
Capital expenditure	277	343	2	622	2,676	3,298

b. Secondary format – geographical segments

The Group manages its business segments on a global basis. The UK is the home country of the parent. The operations are based mainly in Europe. The Group's revenue is mainly in Europe. Revenue is allocated based on the country in which the customer is located.

	Continuing operations £'000	30 June 2008 Discontinued operations £'000	Continuing operations £'000	30 June 2007 Discontinued operations £'000	Continuing operations £'000	31 December 2007 Discontinued operations £'000
Revenue						
Europe	35,665	7,604	38,770	7,066	74,473	12,625
Rest of the World	–	73	–	267	–	274
	35,665	7,677	38,770	7,333	74,473	12,899

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

	Continuing operations £'000	30 June 2008 Discontinued operations £'000	Continuing operations £'000	30 June 2007 Discontinued operations £'000	Continuing operations £'000	31 December 2007 Discontinued operations £'000
Total assets						
Europe	20,220	5,912	26,521	11,321	24,462	11,527
Rest of the World	–	98	–	154	–	91
	20,220	6,010	26,521	11,475	24,462	11,618

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

	Continuing operations £'000	30 June 2008 Discontinued operations £'000	Continuing operations £'000	30 June 2007 Discontinued operations £'000	Continuing operations £'000	31 December 2007 Discontinued operations £'000
Capital expenditure						
Europe	792	1,271	277	889	622	2,675
Rest of the World	–	–	–	–	–	1
	792	1,271	277	889	622	2,676

5. TAXATION

There is no tax charge arising on the results for the six months ending 30 June 2008. The tax charge for the six months ended 30 June 2007 was based on an underlying tax rate (current year corporation and deferred tax as a percentage of pre tax profit) of 37.2% (Year ended 31 December 2007: 35.5%), which includes the movement in deferred tax asset relating to Retirement benefit obligations.

6. DISCONTINUED OPERATIONS

The results of the discontinued operations are summarised below:

	Half year to 30 June 2008 £'000 (Unaudited)	Half year to 30 June 2007 £'000 (Unaudited)	Year ended 31 December 2007 £'000
Software Solutions division	(2,430)	(551)	(2,913)
Fair value adjustment of Software Solutions division assets	(8,328)	–	–
Christie Corporate Finance	(139)	(270)	(340)
Loss for the period after tax	(10,897)	(821)	(3,253)

6A. SOFTWARE SOLUTIONS DIVISION

On 23 June the Group announced its intention to seek a strategic partner for its Software Solutions division. From this date this segment has been classified as a discontinued operation. On 17 September 2008 contracts were exchanged for the disposal of its Retail Software business for a consideration of €4,000,000 cash (£3,200,000 at the exchange rate expected to prevail on completion) and its results are presented in these interim consolidated financial statements as a discontinued operation. Associated costs relating to the disposal are anticipated to amount to £1,400,000.

The results for the Software Solutions division are presented below.

	Half year to 30 June 2008 £'000 (Unaudited)	Half year to 30 June 2007 £'000 (Unaudited)	Year ended 31 December 2007 £'000
Revenue	7,657	7,316	12,640
Employee benefit expenses	(5,495)	(4,634)	(8,432)
	2,162	2,682	4,208
Depreciation, amortisation and impairment	(146)	(110)	(1,546)
Other operating expenses	(4,447)	(2,985)	(5,595)
Operating loss	(2,431)	(413)	(2,933)
Total finance credit/(costs)	1	(261)	(631)
Loss before tax	(2,430)	(674)	(3,564)
Taxation	–	123	651
Loss for the period after tax	(2,430)	(551)	(2,913)

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

	Half year to 30 June 2008 £'000 (Unaudited)	Half year to 30 June 2007 £'000 (Unaudited)	Year ended 31 December 2007 £'000
Operating activities	1,652	1,186	2,599
Investing activities	(1,268)	(1,005)	(2,668)
Net cash outflow	384	181	(69)

On recognition of the assets and liabilities of the Software Solutions business as a disposal group in accordance with IFRS 5 'Non-current Assets held for Sale and Discontinued Operations', an adjustment to fair values was recognised. The adjustment to the carrying value was £8,328,000 as follows:

	Half year to 30 June 2008 £'000 (Unaudited)
Intangible assets - Goodwill	3,085
Intangible assets - Other	4,566
Current tax assets	677
	8,328

Notes to the Consolidated Financial Statements

IFRS 5 requires that the total assets and total liabilities of discontinued operations are each shown separately and excluded from the individual lines of the balance sheet. However no re-presentation of the prior period is required and the assets and liabilities are included in the individual line items.

	At 30 June 2008 £'000 (Unaudited)
Assets	
Non-current assets	
Intangible assets - Other	1,400
Property, plant and equipment	377
	1,777
Current assets	
Inventories	396
Trade and other receivables	3,098
Cash and cash equivalents	674
	4,168
Assets of disposal group	5,945
Liabilities	
Non-current liabilities	
Retirement benefit obligations	58
Current liabilities	
Trade and other payables	4,648
Liabilities of disposal group	4,706

6b. 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:

	Half year to 30 June 2008 £'000 (Unaudited)	Half year to 30 June 2007 £'000 (Unaudited)	Year ended 31 December 2007 £'000
Revenue	20	17	259
Employee benefit expenses	(118)	(200)	(377)
	(98)	(183)	(118)
Other operating expenses	(41)	(87)	(222)
Operating loss	(139)	(270)	(340)
Loss for the period after tax	(139)	(270)	(340)

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

	Half year to 30 June 2008 £'000 (Unaudited)	Half year to 30 June 2007 £'000 (Unaudited)	Year ended 31 December 2007 £'000
Operating activities	68	–	–
Net cash inflow	68	–	–

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, which excludes the shares held in the Employee Share Ownership Plan (ESOP) trust.

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Profit from continuing operations attributable to equity holders of the Company	914	3,403	7,901
(Loss)/profit from discontinued operations attributable to equity holders of the Company	(10,897)	(821)	(3,253)
(Loss)/profit from total operations attributable to equity holders of the Company	(9,983)	2,582	4,648
	30 June 2008 Thousands	30 June 2007 Thousands	31 December 2007 Thousands
Weighted average number of ordinary shares in issue	24,472	24,277	24,310
Adjustment for share options	189	945	610
Weighted average number of ordinary shares for diluted earnings per share	24,661	25,222	24,920
	30 June 2008 Pence	30 June 2007 Pence	31 December 2007 Pence
Basic earnings per share			
Continuing operations	3.73	14.02	32.50
Discontinued operations	(44.52)	(3.38)	(13.38)
Total operations	(40.79)	10.64	19.12
Fully diluted earnings per share			
Continuing operations	3.71	13.49	31.70
Discontinued operations	(44.19)	(3.25)	(13.05)
Total operations	(40.48)	10.24	18.65

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of potential dilutive ordinary shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

8. DIVIDENDS PER SHARE

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Interim			
2007 interim, paid October 2007 (1.50p)	–	–	362
Final			
2006 final, paid July 2007 (2.75p)	–	–	668
2007 final, paid June 2008 (2.75p)	670	–	–
	670	–	1,030

An interim dividend in respect of 2008 of 0.5p per share (2007: 1.5p per share), amounting to a dividend of £123,000 (2007: £362,000), was declared by the directors at their meeting on 25 September 2008. These financial statements do not reflect this dividend payable.

The dividend of 0.5p per share will be payable to shareholders on the record on 3 October 2008. The ex-dividend date will be 1 October 2008. The dividend will be paid on 30 October 2008.

Notes to the Consolidated Financial Statements

9. SHARE CAPITAL

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

The consideration received for the shares issued in the half year to 30 June 2007 and year ended 31 December 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 dividend on the shares held have been waived.

At 30 June 2008 the total payments by the Group to the ESOP to finance the purchase of ordinary shares was £2,026,000 (30 June 2007: £2,004,000; 31 December 2007: £1,973,000). The market value at 30 June 2008 of the ordinary shares held in the ESOP was £510,000 (30 June 2007: £2,291,000; 31 December 2007: £1,183,000). The investment in own shares represents 733,000 shares (30 June 2007: 1,058,000; 31 December 2007: 816,000) with a nominal value of 2p each.

10. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the balance sheet in respect of the net pension liability of continuing operations is determined as follows:

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
United Kingdom	3,916	5,742	4,293
Overseas	–	65	50
	3,916	5,807	4,343

United Kingdom

The Group operates two defined benefit schemes (closed to new members) providing pensions on final pensionable pay. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

When a member retires, the pension and any spouse's pension is either secured by an annuity contract or paid from the managed fund. Assets of the schemes are reduced by the purchase price of any annuity purchase and the benefits no longer regarded as liabilities of the scheme.

The amounts recognised in the income statement and the movement in the liability recognised in the balance sheet have been based on the forecasted position for the year to 31 December 2008 after adjusting for the actual contributions to be paid in the period.

The amounts recognised in the income statement are as follows:

	Half year to 30 June 2008 £'000	Half year to 30 June 2007 £'000	Year ended 31 December 2007 £'000
Current service cost	(421)	(471)	(940)
Interest cost	(977)	(797)	(1,622)
Expected return on plan assets	1,014	908	1,851
Total included in employee benefit expenses	(384)	(360)	(711)

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

	Half year to 30 June 2008 £'000	Half year to 30 June 2007 £'000	Year ended 31 December 2007 £'000
Beginning of the period	4,293	6,240	6,240
Expenses included in employee benefit expenses	384	360	711
Contributions paid	(761)	(858)	(2,658)
End of the period	3,916	5,742	4,293

The principal actuarial assumptions used were as follows:

	Half year to 30 June 2008 %	Half year to 30 June 2007 %	Year ended 31 December 2007 %
Discount rate	5.80 – 6.60	5.80	5.80
Inflation rate	3.50	3.50	3.50
Expected return on plan assets	6.20 – 7.25	6.20 – 7.60	6.20 – 7.60
Future salary increases	3.50	3.50 – 3.60	3.50 – 3.60

Assumptions regarding future mortality experience were consistent with those disclosed in the financial statements for the year ended 31 December 2007.

11. NOTE TO THE CASH FLOW STATEMENT

Cash (used in)/generated from operations

	Half year to 30 June 2008 £'000	Half year to 30 June 2007 £'000	Year ended 31 December 2007 £'000
Continuing operations			
Profit for the period	914	3,403	7,901
Adjustments for:			
– Taxation	–	1,867	3,218
– Finance credits	(64)	(368)	(845)
– Depreciation	417	397	1,004
– Amortisation of intangible assets	14	136	23
– Profit on sale of property, plant and equipment	(29)	–	–
– Loss on sale of intangible assets	17	–	–
– Foreign currency translation	116	179	166
– Increase in provision for other liabilities and charges	176	–	295
– Movement in available-for-sale financial asset	–	–	9
– Movement in share option charge	60	66	120
– Movement in retirement benefit obligation	(378)	(497)	(1,945)
– Increase in non-current other receivables	(21)	(969)	–
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):			
– Decrease/(increase) in inventories	4	–	(4)
– (Increase)/decrease in trade and other receivables	(4,415)	(9,348)	4,504
– (Decrease)/increase in trade and other payables	(3,455)	4,890	(8,634)
Cash (used in)/generated from continuing operations	(6,644)	(244)	5,812
Discontinued operations			
Loss for the period	(10,897)	(821)	(3,253)
Adjustments for:			
– Taxation	–	(123)	(651)
– Finance (credits)/costs	(1)	261	631
– Depreciation	95	108	213
– Amortisation and impairment of intangible assets	51	2	1,333
– Impairment of discontinued operations	8,328	–	–
– Loss on sale of intangible asset	–	9	10
– Foreign currency translation	(46)	34	46
– Movement in share option charge	–	–	1
– Movement in retirement benefit obligation	–	4	(12)
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):			
– Decrease/(increase) in inventories	4	25	(68)
– Decrease/(increase) in trade and other receivables	373	6,292	(3,473)
– Increase/(decrease) in trade and other payables	4,088	(5,051)	7,363
Cash generated from discontinued operations	1,995	740	2,140
Cash (used in)/generated from operations	(4,649)	496	7,952

12. POST BALANCE SHEET EVENTS

On 17 September 2008 contracts were exchanged for the disposal of the Group's Retail Software business for a consideration of €4,000,000 cash. Further details are set out in Note 6a.

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