

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