Company number· 4195561

COLLIERS INTERNATIONAL UK PLC

2010 ANNUAL REPORT AND FINANCIAL STATEMENTS

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Financial

- Revenue up £8m (14%) to £65 9m (2009 £57 9m)
- Reduced operatıng loss before exceptional ıtems of £2 9m (2009 £10 1m)
- Posıtıve reported EBITDA ın the second half of the year for the first tıme sınce H2 2007

Operational

- Completed rebrandıng to Collıers Internatıonal reflectıng the consolıdatıon of Collıers Internatıonal globally
- Tony Horrell appoınted new Chıef Executıve ın November 2010
- Strategıc revıew completed February 2011

Our Business

The Collıers Internatıonal UK Group ('The Group') ıs one of the UK's top ten real estate advısory organısatıons, employıng around 700 people ın the UK

The Group provıdes a broad range of real estate consultancy servıces and comprıses Collıers Internatıonal UK (general practıce surveyıng), Collıers Capıtal (fund management) and Deanwater Estates (property co-ınvestment) as well as subsıdıarıes ın Ireland and Spaın

The Group ıs part of Collıers Internatıonal, now the world's thırd largest commercıal real estate advısory busıness, employıng over 15,000 professıonals ın 480 offices ın 61 countrıes Recent restructurıng wıthın Collıers Internatıonal means that approxımately 70% of Collıers Internatıonal busınesses are now wholly, majorıty or partıally owned by one company

Chairman's Statement

This is my tenth annual statement since we floated the Company on AIM in August 2001 The decade that followed saw a number of years of rapid growth followed by the extremely difficult market conditions of the recent economic downturn I have every hope that the return of our Group revenues to growth last year will be a prelude to improved economic conditions generally from which we expect to be a substantial beneficiary

Trading Results

Revenue for 2010 totalled £65 9m which represented a 14% increase over 2009 (£57 9m) Net operating expenses increased by just over 1% to £68 8m (2009 £67 9m) as we continued to carefully manage the Group's operational cost base This has resulted in negative EBITDA before exceptional items of £1 3m (2009 negative £8 1m) and an operating loss, before exceptional items, of £2 9m (2009 loss of £10 1m)

In common with a number of other Colliers International offices around the world, we completed the rebranding of our main businesses to Colliers International last year In connection with the rebranding, and following the passing of a special resolution at our AGM, the Company's name was also changed to Colliers International UK plc We are part of the third largest property consultancy organisation in the world employing over 15,000 staff in 480 offices in 61 countries offering a truly comprehensive service

The Board

Having been a member of the Board since the Company floated on AIM in 2001, John Manser stood down as Non-Executive Director and Chairman of the Remuneration Committee on the day of our Annual General Meeting in May We shall miss him and his wise counsel In July, having been Chief Executive for 9 years, David Izett also resigned his position and we owe him our thanks for his dedicated service I should also like to thank Chris McLemon for combining his role of Chief Executive EMEA with acting as Interim Chief Executive here whilst we sought David's successor

We were delighted to announce Tony Horrell's appointment as our new Chief Executive in November Tony brings a wealth of investment and capital markets experience and his energies and leadership skills are already clearly very much in evidence

Share Premium Account cancellation

On 1 December 2010, the High Court approved the cancellation of the Company's share premium account The balance on the Company's share premium account of £29 4m has been transferred to a special reserve which will become a distributable reserve once non-consenting creditors at the relevant date of 31 July 2010 have been discharged

Outlook

I think it is fair to say that there has been a transformation in activity in the past year As in any recovering mode, markets are patchy both in terms of regional and user activity with the pre-eminence of London shopping and offices creating a wider divergence than in the past

We are now very well placed to benefit from this, as the key denominator for us is not so much the level of property values, but the liquidity and volume of transactions in a market where buyers and sellers, and landlords and tenants, can do business This also generates fees in our aligned national and international departments such as valuation and property management Our staff and management, to whom we have a substantial debt, made sacrifices to keep these skills well to the fore and I am confident that we will reap the benefit in these re-activated markets

Sir John Ritblat
Chairman
18 April 2011

Chief Executive's Review

This is my first review following my appointment as Group Chief Executive during November 2010 I have now had the opportunity to spend four months listening and learning about our various operations I am pleased to note that I have found the business in generally good shape and with some star performers although recent financial results highlight the need for improvements in performance

As a consequence of my relatively recent appointment I, of course, view the future as much more important than the past but I will take this opportunity to comment on some of the key events that impacted on our businesses in 2010

UK Markets

In broad terms, 2010 witnessed the London economy operating on a very different trajectory to that of the rest of the country The recovery in financial and business services employment in London, combined with a shortage of Class A office stock, particularly in the City, led to exceptional rental growth for prime space Prime City office rents increased by 28% in 2010, with the West End delivering a healthy 10% rental uplift

The London West End retail market has seen high levels of demand from both domestic and international brands that are keen for representation in one of the world's premier retail destinations The West End retail and leisure environment benefits from a high spending resident population, a relatively well paid workforce and an abundance of tourists These factors, together with constrained supply, have led to record rental levels being set on Oxford Street and Bond Street

Outside London, the occupier markets remain subdued as business confidence recovers only slowly Uncertainty surrounding the economy, and the forthcoming public sector cuts in the UK regions, has led to businesses deferring expansion plans and renegotiating terms on existing premises Whilst there are a few local exceptions, rents across all sectors have remained broadly stable with incentive packages still much in evidence

Restricted bank lending remains a feature of the real estate capital markets and continues to act as a constraint on new development activity Banks continue to establish sensible work out routes and seek refinancing agreements rather than sell distressed assets at a potential loss There has been no flood of distressed stock into the market

In the uncertain economic climate following the aftermath of the global recession, UK property has continued to attract significant volumes of overseas investment as investors perceive the UK as a safe haven The devaluation of sterling combined with the depth, transparency and liquidity of the UK market works in its favour London has, again, been a particular beneficiary of these inflows As a consequence, the investment market has seen a strong rebound in 2010 with the IPD Annual Index showing an All Property total return of 15 1% (2009 3 5%) However, the market remains polarised, with demand heavily concentrated on prime, long lease, income producing assets which are in relatively short supply The appetite for secondary product remains limited due to risk pricing

With only modest economic growth expected, we only anticipate rental growth in Central London offices, supermarkets and some of the better out of town fashion parks The UK investment market is expected to continue to trade at healthy volumes, albeit subject to the availability of prime stock

Our Business

UK

The Group's UK business returned to growth in 2010 with revenues up 16% Most areas of our business contributed to this gathering momentum The rebranding to Colliers International in the second quarter of the year helped too

The highlight of the year was advising Hines and Moorfield on the acquisition of a portfolio of eight buildings at Brindleyplace, Birmingham for around £200m, our largest investment transaction for three years This acquisition has been shortlisted for 'Deal of the Year' at the forthcoming Property Awards 2011 evening We were also pleased to see that Brindleyplace, which hosts our Birmingham office, was awarded the 'Best of the Best' and 'Best Commercial Workplace' at the British Council of Offices awards in October Whilst on the city of Birmingham, we have also been appointed development consultants and letting agents at One Snowhill, a 3 acre site capable of providing some 450,000 sq ft of offices

In Central London, we continued to be very active in the West End investment market and concluded a number of transactions in the £10m to £30m lot size bracket We do, however, need to strengthen our presence in the key Central London markets An example of what can be achieved, especially if we leverage the expertise and experience of Colliers International around the world, is our appointment by Sellar Property and the Government of Qatar as joint letting agents on the 428,000 sq ft headquarters office building currently under construction at The Place, London Bridge Quarter which is adjacent to, and part of, the Shard development

As part of a successful Colliers International global pitch, we were appointed to provide rating and commercial lease consultancy advice as well as carry out acquisitions and disposals on behalf of Vodafone throughout the UK At the same time Colliers International offices around the world were appointed to advise Vodafone in five other countries

We advised the Football Association which announced the go-ahead for the development of a National Football Centre at Burton-on-Trent in December This development will include a new Hilton hotel and a sports medi-care and science centre to be operated by Circle Health This perfectly illustrates the value we can add to a project by combining traditional property investment activity with specialist sector knowledge (hotels and healthcare in this case) and general strategic advice We have also provided advice to several other Premiership and Championship football clubs

Following the letting of the majority of its lodge business to Travelodge, we advised Mitchells & Butlers on the disposal of the majority of these newly created investments to PRUPIM for approximately £80m We also valued over 200 pubs for TDR Capital in connection with their acquisition of a portfolio of over 300 pubs from Mitchells & Butlers

We also advised Langtree in respect of certain retail aspects of their 50 acre mixed-use scheme which will also result in a new rugby league stadium development in St Helens We have been instructed by Siemens to provide technical due diligence, project co-ordination and general advice in respect of their proposed UK wind turbine manufacturing facility

Our fastest growing team in 2010 was our previously fledgling Corporate Restructuring department, which co-ordinates our approach to dealing with distressed property situations on behalf of lenders and insolvency practitioners, and which saw its revenues more than treble last year

Clearly, we are involved in a wide variety of projects in a number of sectors all around the country However, the year was not only about future growth and expansion Some parts of the business continued to underperform In July, we announced the closure of our small office in Cambridge as, due to its proximity to the capital, we considered that the services we were providing locally could just as easily be provided from our London base We also announced the closure of our Auctions department at around the same time

Our investment management business, Colliers Capital, was successful in acquiring in excess of £65m of new assets across all sectors for pension fund clients last year and has greater liquidity to invest in 2011

Deanwater Estates, our co-investment business, saw relatively little activity during the year but one of the four joint ventures in which we participate, Bollinwater Estates, acquired one property during the year for £7 0m and now has a portfolio of 10 properties valued at around £37m Bollinwater plans to continue to add to its portfolio as and when suitable opportunities arise

***Spain** (51% owned)*

2010 was a difficult year for our Spanish subsidiary, characterised by a lack of significant investment transactions Notwithstanding this, there were some successes in Spain, notably a positive contribution from a new Residential department Our technical services operation was also profitable in 2010 Overall, we anticipate an improved performance in 2011

***Ireland** (59% owned)*

Having sustained heavy losses in 2008 and 2009, we were delighted that our Ireland subsidiary produced positive EBITDA in 2010 despite the continuing very difficult economic environment Revenues increased by 43% in local currency terms driven by a general change of emphasis within the business from a traditional agency base to that of consultant and adviser, in particular with regard to distressed property loans We also established a property management business in April 2010 which has started extremely well and should contribute to further growth and improving results in 2011

The future

The New Year has started well with revenues in the first two months significantly higher than in the same period last year

Overall, Colliers International in the UK has built a number of high quality core businesses but requires more strength and depth in the crucial, high margin, transactional markets, in particular in Central London, one of the largest real estate markets in the world The Group currently provides relatively little advice in this market to certain key client sectors, notably institutional investors, REITS and overseas owners Selective senior recruitment into these areas is a high priority although we do not envisage that this investment will materially impact the Group's operating cost base in the short term

The scalability of our successful professional services businesses including Property Management, Valuation, Building Consultancy and Rating will benefit from a Group-wide more focused approach to clients - both existing and potential

We will keep all business segments under review for efficiencies with the aim of ensuring all parts of the company are positive financial contributors

Our people are entrepreneurial and motivated and I will do all I can to keep red tape to a minimum for them so that they can do what they do best - service clients and execute business I believe we have the potential and will have the resources to move significantly up the UK real estate service provider rankings

On the international stage, the leadership team of Colliers International globally, which includes my board colleagues Doug Frye and Chris McLernon, continues to work on a number of initiatives to ensure the highest standards of client engagement, collaboration and service excellence across all Colliers International operations around the world

There is much to do and the opportunity to take market share and grow our Company is great The market place will see and hear more of Colliers International going forward

A M Horrell

Tony Horrell
Group Chief Executive
18 April 2011

Financial Review

Summary results for 2010 are set out below Once again, the year split into two distinct halves

Summary income statement

	H1 2010	H2 2010	FY 2010	FY 2009
	£000	£000	£000	£000
Revenue	30,326	35,601	65,927	57,894
Net operating expenses	(33,074)	(35,741)	(68,815)	(67,948)
Operating loss before exceptional items	(2,748)	(140)	(2,888)	(10,054)
Profit margin	*-9 1%*	*-0 4%*	*-4 4%*	*-17 4%*
Goodwill impairment	-	-	-	(24,111)
Other exceptional items	(1,548)	(1,950)	(3,498)	(2,041)
Share of (loss)/profit in associates	(220)	149	(71)	(197)
Share of exceptional loss in associates	-	(623)	(623)	(1,145)
Net finance costs	(627)	(737)	(1,364)	(2,092)
Loss on ordinary activities before tax	(5,143)	(3,301)	(8,444)	(39,640)
Income tax (expense)/credit	(42)	(351)	(393)	828
Loss for the financial year	(5,185)	(3,652)	(8,837)	(38,812)

Revenue
First half revenues of £30 3m were 12% higher than in the same period in 2009 Second half revenues improved by 15% to £35 6m

Revenue by activity can be analysed as follows

	2010		2009		Change
	£000	%	£000	%	%
Agency and Investment	21,648	*33%*	15,064	*26%*	*44%*
Valuation	10,536	*16%*	9,404	*16%*	*12%*
Property Management	7,282	*11%*	7,799	*13%*	*(7%)*
Building Consultancy	5,523	*8%*	5,646	*10%*	*(2%)*
Other Consulting Services	17,453	*26%*	16,073	*28%*	*9%*
Total UK business	62,442	*94%*	53,986	*93%*	*16%*
Spain	1,787	*3%*	2,683	*5%*	*(33%)*
Ireland	1,698	*3%*	1,225	*2%*	*39%*
Total Group	65,927	*100%*	57,894	*100%*	*14%*

Improving market conditions in the UK were reflected in strong revenue growth in all of the traditional transactional markets and also in certain specialist markets notably Hotels and Licensed & Leisure We also saw good growth in our Valuation business and also in Rating and in our rapidly growing Corporate Restructuring team Our highly regarded property management business saw a 7% decline in revenues as clients sold properties under our management This is, however, a business that we regard as highly scaleable and we expect to grow in the future Similarly, in Building Consultancy revenues declined slightly in 2010 although this part of the business still contributed positively in terms of profitability

Revenues in Spain were disappointing as we were unable to repeat the four substantial investment transactions including the acquisition of a single building in Plaza de Cataluna, Barcelona for €82 25m, that were completed in 2009 Revenue growth in Ireland was largely attributable to professional services, in particular, valuation work, but we also saw increased activity in our residential agency team The latter part of the year also saw the first revenue contribution from our property management business which we set up in April 2010 and expect to grow significantly in the future

Net operating expenses
Total net operating expenses increased by 1% from £67 9m in 2009 to £68 8m in 2010 All of this increase can be directly attributed to third party costs incurred in servicing client instructions Underlying general overheads, primarily staff costs, remained broadly unchanged.

Total headcount rose slightly from 723 at the beginning of the year to 734 at the year-end Average salaries for employees in the UK business rose by 4% largely as a result of the re-instatement of full salaries to nearly 400 employees who had voluntarily accepted temporary reductions between May 2009 and March 2010

Exceptional items
Exceptional costs of £3 5m include reorganisation costs (£1 4m), rebranding costs (£0 6m), provisions against non-current loans and other receivables (£0 5m), litigation costs (£0 4m) and a share-based payment charge (£0 5m) The re-organisation costs includes the costs of closing our Auction department and our Cambridge office together with costs associated with the change of Chief Executive Officer and a limited number of staff redundancies The rebranding costs relate to our adoption of Colliers International as our trading identity in the first half of 2010 Litigation costs relate to a decision in October 2010 by the Commercial Court in Madrid to award damages of €295,000 against Colliers Real Estate SL, our Spanish subsidiary, in respect of an alleged breach of the Unfair Competition Act at the time of the establishment of the subsidiary operation in March 2006 These damages and the related legal costs associated with this judgement, which is now subject to appeal, have been treated as exceptional costs

Net finance costs
The Group's net finance costs decreased to £1 4m (2009 £2 1m) This largely resulted from a reduction in both the level of bank debt and the related interest rate margin following receipt of share issue proceeds of £18 4m in October 2009

Pension interest, calculated in accordance with IAS 19, also decreased to £0 4m (2009 £0 6m) as a consequence of the application of a lower discount rate in 2010

Share of loss in associates
This includes the Group's share of losses in residential property management specialist Paladin Group, in which the Group now has a 24% shareholding, as well as Colliers International Belfast Limited in which the Group has a 25% shareholding The Group's shareholding in Paladin increased from 21% at the beginning of the year as a consequence of Paladin purchasing some of its own shares during the year for cancellation In the course of preparing the results for their year ended 31 March 2010, the directors of Paladin became aware that certain assets had been overstated and certain liabilities understated in one of Paladin's trading divisions The impact of correcting for these issues, together with a consequent material goodwill impairment charge within Paladin, has resulted in the Group recognising an exceptional charge of £0 6m being our resultant share of these losses The Group's share of underlying non-exceptional losses in Paladin totalled £0 2m

The Group's share of profits in Colliers International Belfast Limited amounted to £0 1m

Income tax credit
The Group has tax losses of approximately £20m available to carry forward and set-off against future taxable profits thus reducing future tax liabilities A conservative approach has been taken to the future value of these tax losses and, as a result, no deferred tax asset has been recognised in this regard

Key Performance Indicators

The Group measures and monitors a number of performance ratios and statistics, the most important of which are revenue per head, earnings before interest, tax, depreciation and amortisation ('EBITDA'), operating profit margin and fully diluted earnings per share

Revenue per head is an important measure of operating efficiency In 2009, Group revenue per head had reduced to £76,000 reflecting both reduced transaction volumes as well as increasingly competitive fee levels for professional work although we did note last year that there was potential for significant revenue per head growth as markets continue to recover and efficiency gains and lower costs resulting from the Group's restructuring are realised This was borne out by a 17% increase to £89,000 per head in 2010 and we expect this upward trend to continue reflecting the high level of operational gearing within the business

EBITDA may be analysed as follows

	H1 2010	H2 2010	FY 2010	FY 2009
	£000	£000	£000	£000
Operating loss before exceptional items	(2,748)	(140)	(2,888)	(10,054)
Depreciation and amortisation	762	825	1,587	1,951
EBITDA before exceptional items	(1,986)	685	(1,301)	(8,103)

Revenue in the second half of the year of £35 6m was 17% higher than in the first half and this resulted in a return to positive reported EBITDA in the second half for the first time since H2 2007 and an almost break-even position at the operating profit level

For operating profit margin reporting purposes, operating profit is defined as operating profit before any share of profit in associates and any exceptional items In 2009, our reported operating profit margin was minus 17% but this improved in 2010 to minus 4% The Group's medium term ambition remains to deliver a 10% operating profit margin although, in the short term, we expect margins to remain below our target level

Our fourth key performance indicator is diluted earnings per share (EPS) This measures the return shareholders receive from their investment in the Company Again, since the Group has reported operating losses in each of the last three years this statistic has limited value The Group has reported a diluted loss per share of 5 58p for 2010 compared with 60 76p in 2009

Business Risk Management

The Board maintains a system of internal control which includes the monitoring and mitigation of key business risks These risks include the following

Dependence on key personnel – in a people business, success depends to a significant extent upon the recruitment, development and retention of talented individuals across the whole business The Group aspires to be one that treats its employees fairly, motivates them to achieve their personal ambitions, and rewards them appropriately for their successes

Competition – the Group faces competition from other professional property consultancy businesses some of which have greater capital resources Competition in the Group's major markets can lead to a potential loss of major clients and also to downward pressure on fee income levels In mitigation, the Group continues to develop client focused management policies as well as demonstrating an ongoing commitment to high standards through its UK business-wide certification to the business management standard ISO9001

Litigation – the Group may incur liability to its clients and third parties as a consequence of the professional services it renders to them The Group maintains appropriate controls to manage and/or mitigate such risks and believes that any potential liability will be covered by insurance

Pension scheme deficit – at 31 December 2010 the Group's defined benefit pension scheme had a funding deficit, on an IAS 19 basis, of £6 6m (2009 £7 6m) The scheme was closed to new members in April 2001 and ongoing salary increases for existing members which are pensionable through this scheme are now limited to RPI in each year Following a full triennial revaluation of the scheme's assets and liabilities as at 31 March 2009 employer and employee contribution levels were revised and, based on actuarial assumptions, these contribution levels are projected to eliminate the funding deficit by 31 December 2024 The deficit, however, remains susceptible to future changes in key actuarial assumptions in particular those relating to long-term inflation rates, AA-rated corporate bond yields and mortality rates applicable to the scheme's members

Liquidity and Cash Flow

Cash flow summary	H1 2010	H2 2010	FY 2010	2009
	£000	£000	£000	£000
Operating cashflow before working capital movement	(3,201)	(1,420)	(4,621)	(9,620)
Movement in working capital	(713)	2,016	1,303	(805)
Cash (outflow)/inflow from operations	(3,914)	596	(3,318)	(10,425)
Net interest paid	(210)	(239)	(449)	(1,396)
Tax received/(paid)	300	(39)	261	1,614
Net cash outflow from other investing activities	(733)	(1,125)	(1,858)	(2,732)
Cash inflow from other financing activities	3,421	1,249	4,670	7,560
(Decrease)/increase in cash	(1,136)	442	(694)	(5,379)

Operating cash flow before working capital movement reflects the results from the Group's trading performance with the non-cash nature of depreciation and amortisation charges being more than offset by exceptional costs in respect of reorganisation, rebranding and litigation As the Group's revenues started to grow again during the year, however, so did the working capital funding requirement as levels of outstanding trade receivables increased

The decrease in net interest paid in 2010 reflects both the impact of reduced net debt following our share issue in October 2009 and a reduction in interest margin consequent to that share issue

Tax refunds totalling £1 6m were received during 2009, largely as a consequence of 2008 trading losses being carried back and offset against 2007 taxable profits Further tax refunds totalling £0 3m were secured in 2010

The net cash outflow from investing activities of £1 9m in 2010 (2009 £2 7m) comprised outflows totalling £2 0m less dividends receivable from associates of £0 1m The major components of the £2 0m outflow were

- Capital expenditure of £0 8m (2009 £0 3m) primarily representing investment in information technology equipment following two years of very limited investment in this area,
- deferred purchase consideration of £0 6m (2009 £1 5m) in respect of acquisitions completed in previous years,
- purchase of intangible assets of £0 2m (2009 £0 1m) entirely represented by computer software, and
- loans granted of £0 4m (2009 £0 9m) represent £0 4m (2009 £0 7m) advanced to the Bollinwater Estates LLP by Deanwater Estates Loans granted in 2009 also included £0 2m advanced in respect of other investments

Cash inflow from financing activities of £4 7m in 2010 almost entirely reflects drawdown under the Group' £18m revolving credit facility The 2009 comparative includes the £18 4m proceeds of the October 2009 share issue less net debt repayments totalling £10 9m

Capital Resources

At 31 December 2010, the Group had net debt of £13 0m compared with £7 6m at 31 December 2009 The net debt position is summarised below

	2010 £000	2009 £000
Bank overdrafts	240	375
Bank loans	13,951	9,216
Other loans	-	15
Finance leases	257	333
Total borrowings	14,448	9,939
Cash at bank and in hand	(1,428)	(2,321)
Net debt	13,020	7,618

Of the total borrowings at 31 December 2010 of £14 4m, £0 5m was current debt and £13 9m was non-current debt The Group's indebtedness included £13 75m under a revolving credit facility together with other loans and finance lease agreements which were entered into to finance specific asset purchases

The Group finances its funding requirements from internal resources and from bank and other debt facilities The Group borrows under both fixed and variable rates under a revolving credit facility and finance leases although no new finance leases have been entered into in the last two years These facilities are secured over the Group's assets

In October 2009, an agreement was reached to vary the terms of the Group's revolving credit facility Following receipt of share issue proceeds at that time, £6m of term debt was repaid and the term of the remaining £18m revolving credit facility was extended to 30 September 2012 and the margin reduced to 325 basis points above LIBOR This facility is subject to EBITDA and debtor cover financial covenant tests Covenant tests were satisfied as at 31 December 2010

The Company also continues to have access to a £1m overdraft facility

Financial Risk Management

Interest rate risk

The Group primarily borrows at floating interest rates The Group's normal policy is to hedge interest rate risk exposure on its net borrowings through the use of a range of derivatives including, if appropriate, option-based products An internal committee, which includes two Directors supported by external advisers, monitors all derivative activity No speculative derivative transactions are undertaken As at 31 December 2009, the Group had protected £4 5m until June 2011 at interest rates of 6% or lower No new hedging instruments were entered into during 2010 as interest rates were, and are forecast to remain, historically low The derivatives committee will continue to monitor potential interest rate risk and the Group will enter into new hedging instruments if considered appropriate

Foreign currency risk

The majority of the Group's revenues and cash flows are denominated in sterling Any foreign currency transaction risks arising in the normal course of business are not hedged

The Group's principal foreign currency risk results from the translation into sterling of the results and net assets of its subsidiary operations in Spain and Ireland, which are denominated in Euro The Group does not seek to hedge this currency risk due to its non-cash nature With regard to transaction risk, the Group's policy is to minimise the currency exposure in these areas by matching local currency income to local currency costs Intra-Group transactions are monitored centrally and intra-Group payment terms are managed to reduce risk

Colliers Capital's original seed investment of £0 9m in warehouse vehicles for a prospective Nordic Fund, which is denominated in Norwegian Krone, has not been hedged as the attached currency risk is not considered material

Liquidity risk
The Group's bank borrowings are subject to quarterly financial covenants based upon EBITDA (excluding exceptional items) and debtor cover The Group expects to satisfy these tests

The Group is not currently subjected to any material legal or economic restrictions on the ability of its subsidiaries to transfer funds to the Company in the form of dividends, loans or other advances

Total Equity

Total Equity comprises share capital together with retained reserves and minority interests At 31 December 2010 these totalled £28 7m (2009 £36 2m)

The Company issued 533,333 shares on 5 April 2010 as deferred consideration in respect of the acquisition of Godfrey Vaughan in April 2008 and is committed to issuing a further final tranche of 533,334 new shares in this regard on 5 April 2011 In addition, the Company issued 318,839 shares as deferred consideration in respect of the acquisition of Huthwaite in May 2007

Following the passing of a resolution at the Company's AGM in May 2010 and a subsequent Order of the High Court of Justice made on 1 December 2010, the Company's Share Premium Account was cancelled and an amount of £29 42m was transferred to a Special Reserve This Special Reserve will become a distributable reserve once non-consenting creditors at the relevant date of 31 July 2010 have been discharged To the extent that shares are subsequently issued at a premium an amount equal to the nominal value plus any premium on such share issues may be transferred from the Special Reserve to retained earnings

Share Price and Market Capitalisation

The closing share price on 31 December 2010 was 18 75p compared with 20p at the beginning of the year The Company's shares are traded on AIM and the market capitalisation at the year-end was £28 0m (2009 £29 7m)

Mark Sample
Group Finance Director
18 April 2011

Board of Directors

Sir John Ritblat FRICS, Hon FRIBA (aged 75)
Non-Executive Chairman (appointed 15 June 2001, re-elected 10 June 2009)
Chairman of the Nomination Committee and member of the Audit Committee
Sir John was a founder, Senior Partner and Chairman of Conrad Ritblat & Co since its inception in 1959 He was, from 1970 to 2006, the Chairman of The British Land Company plc and is now the Honorary President Sir John is an Honorary Fellow and Chairman of the board of governors of the London Business School and is Deputy Chairman and an Honorary Fellow of the Royal Academy of Music. He is Vice Chairman of the International Students Trust He is Vice President of the Royal Institution and is Chairman of the Trustees of the Wallace Collection as well as holding several other appointments

Tony Horrell Bsc MBA, MRICS (aged 50)
Group Chief Executive (appointed 9 November 2010)
Tony is an experienced real estate industry veteran who has a strong track record of growing businesses and a passionate commitment to providing clients with exceptional service Tony was with Jones Lang LaSalle for 27 years where he assisted in, and was ultimately responsible for, the expansion of its international capital markets business He was International Director and Head of Jones Lang LaSalle's Capital Markets group in Europe As Chief Executive Officer, UK and Ireland, Tony is responsible for the direction and growth of the business

Gareth W Jones MSC FRICS (aged 55)
Chief Operating Officer (appointed 1 January 2009, re-elected 17 May 2010)
Gareth joined Conrad Ritblat in 1981 and has been responsible for the development of what is now the Specialist division within Colliers International UK plc He is a Fellow of the Royal Institution of Chartered Surveyors

Christopher Newell FCA (aged 50)
Independent Non-Executive Director (appointed 1 June 2007, re-elected 17 May 2010)
Chairman of the Audit Committee and member of the Remuneration and Nomination Committees
Christopher is Non-Executive Director at Altium Capital (formerly Apax Partners Corporate Finance), Non-Executive Director and Chairman of the Audit Committee for Paragon Group of Companies plc Christopher was a founding Director of Altium then Joint Chief Executive before stepping down in 2003 He was a Director of Artemis Investment Management, from its foundation in 1997 until 2005, and his earlier career included a corporate finance role at Morgan Grenfell & Co

Doug Frye BA (aged 50)
Non-Executive Director (appointed 29 October 2009, elected 17 May 2010)
Member of the Audit Committee
Doug has been the President and CEO of Colliers International (Global) since 2001 Previously Doug was President of the Financial Services Group at Grubb & Ellis from 1991 to 2001 and Vice President of Acquisitions/Dispositions at Shidler Group from 1988 to 1991 He is also a Director of FirstService Real Estate Advisers Inc

Chris McLernon BA (aged 45)
Non-Executive Director (appointed 29 October 2009, elected 17 May 2010)
Member of the Remuneration Committee
Chris joined Colliers International in Canada in 1987, and has a depth of experience building and growing businesses in mature and emerging markets In 2008 he relocated to London and is CEO of Colliers International (EMEA)

Geoff Bledin (aged 57)
Independent Non-Executive Director (appointed 13 November 2009, elected 17 May 2010)
Chairman of the Remuneration Committee and member of the Audit Committee
Geoff is a Director at Nuvola Holdings Limited and Firm Capital Mortgage Investment Corporation (listed on the Toronto Stock Exchange) He qualified as a Chartered Accountant in South Africa in 1980 Following this Geoff emigrated to Toronto, Canada and served with PriceWaterhouse (and a predecessor firm) from 1980 to 1990 Subsequently he became President and CEO of The Equitable Trust Company from 1990 to 2007 He also served as President and CEO of Equitable Group Inc (listed on the Toronto Stock Exchange) Geoff also currently serves in a voluntary capacity as a Director of Mount Sinai Hospital in Toronto, Canada

Other Senior Officers

Mark J Sample FCA (aged 49)
Group Finance Director
Mark ceased to be a Board Director of Colliers International UK plc on the 29 October 2009 but has continued in his full role as Group Finance Director He has worked within the business for 20 years and was Group Financial Controller between 1996 and 2008 He qualified as a Chartered Accountant with Stoy Hayward in 1989

Howard Goldsobel MBA (aged 65)
Company Secretary
Appointed 15 June 2001
Howard is a practising solicitor, admitted in 1967, specialising in corporate and commercial work and a Partner in the firm of Michael Conn Goldsobel From 1994 to 1999 he was Group Company Secretary of Milner Estates plc, a property group fully listed on the London Stock Exchange of which the Colliers International UK plc business was a subsidiary From 1983 to 1987 he was Company Secretary and a Non-Executive Director of United Leasing plc, the first computer leasing company to be admitted to the Official List

Directors' Report

The Dırectors submıt theır report and the accounts for the year ended 31 December 2010

Change of name

On 17 May 2010, followıng the passıng of a specıal resolutıon, the name of the Company was changed to Collıers Internatıonal UK plc

Principal activıty and business revıew

The Group prıncıpally trades as property consultants Collıers Internatıonal UK plc, provıdıng a comprehensıve range of agency, strategıc, advısory and ımplementatıon servıces to property owners, ınvestors, developers and occupıers The Dırectors' report should be read ın conjunctıon wıth the Chaırman's statement, Chıef Executıve's revıew and Fınancıal revıew on pages 2 to 10, whıch ınclude further ınformatıon regardıng the Group's busıness, fınancıal performance and future development

The Company ıs a publıc lımıted company, ıncorporated and domıcıled ın England and quoted on the London Stock Exchange's AIM

Dıvidends

Sınce the Company does not currently have any dıstrıbutable reserves, the Dırectors are unable to recommend the payment of a dıvıdend (2009 nıl)

Substantıal Interests

As at 18 Aprıl 2011 the Company was aware of the followıng materıal ınterests representıng 3% or more of the ıssued share capıtal of the Company

	Number of Ordınary Shares	% of ıssued share capıtal
Fırst Servıce Real Estate Advısors	44,233,712	29 61%
Funds managed by AXA Framlıngton Investment Management Lımıted	15,812,355	10 58%
Funds managed by Gartmore Investment Management	7,607,758	5 09%
Funds managed by Avıva Investors Global Servıces	6,566,500	4 40%
Funds managed by UBS Global Asset Management	6,393,083	4 28%
Funds managed by BlackRock Investment Management	6,144,300	4 11%
Funds managed by Octopus Investments	4,639,379	3 11%
	91,397,087	61 18%

Dırectors

Detaıls of the Dırectors who served durıng the year are set out on pages 11 and 12

After nıne years as Chıef Executıve, Davıd Izett ınformed the Board of hıs desıre to leave the Company to seek other challenges and resıgned on 30 July 2010 Chrıs McLemon, a non-executıve of the Company and CEO of Collıers Internatıonal (EMEA), acted as ınterım CEO untıl Tony Horrell was appoınted as the new Chıef Executıve offıcer on 9 November 2010

In accordance with the Company's Articles of Association, Sir John Ritblat will retire by rotation at this year's Annual General Meeting and being eligible, will offer himself for re-election At the same time, Tony Horrell who is eligible, will offer himself for election

Employees

The Group recognises the importance of good internal communications and all employees are encouraged to discuss with management factors affecting the Group and any matters about which they are concerned The Group regularly updates employees regarding the Group's objectives and performance and all employees are entitled to participate in the Group's discretionary bonus scheme

The Group always fully and fairly considers matters relating to employment regardless of race, sex, age, disability, religious belief or sexual orientation It is the Group's policy to facilitate the on going development of all staff through appropriate training and continuing professional development

Charitable and political donations

During the year the Group made donations for a variety of charitable purposes including poverty relief, education and medical research totalling £11,000 (2009 £20,000) There were no political contributions (2009 £nil)

Corporate responsibility

The Board recognises the importance of corporate responsibility and associated matters Further detail is given on pages 19 and 20

Creditor payment policy

The Group agrees the terms of contracts when orders are placed It is the Group's policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions At 31 December 2010, amounts due to trade and other suppliers represented 33 days (2009 20 days) of trade purchases

Special business

There are two items of special business on the agenda for the Annual General Meeting and attention is drawn to the notice of meeting on pages 75 to 76

- Resolution 7 to renew the Directors' existing authority generally to allot relevant securities up to an aggregate nominal value of £500,000, with a further £500,000 in connection with a rights issue, and
- Resolution 8 to renew the Directors' annual authority to allot new shares for cash up to an aggregate nominal value of £150,000, other than to existing shareholders

Directors' and officers' liability insurance

The Group has taken out insurance to indemnify Directors and Officers in the respect of third party proceedings against them whilst they are serving on the Board of any company within the Group Those indemnity policies subsisted throughout the period and remain in place at the date of the report

The CREST system

The Company's Ordinary Shares can be held in the CREST system which facilitates paperless settlement

Auditor

Baker Tilly UK Audit LLP has indicated its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors

BY ORDER OF THE BOARD

Howard Goldsobel
Company Secretary
18 April 2011

Registered Office
9 Marylebone Lane
London W1U 1HL

Corporate Governance Report

Whilst the Board supports the provisions of the Code of Best Practice embodied in the new 'Combined Code' on Corporate Governance published in June 2008, the size and nature of the Group does not warrant compliance with all of the Combined Code's requirements The statements below set out how the principles are applied to the Group

Board of Directors

The Directors and other senior officers of the Company are listed on pages 11 and 12 The roles of Chairman and Chief Executive are split There are five Non-Executive Directors (including the Chairman), two of whom are considered to be independent The Company has not designated a Senior Independent Director as required by the Combined Code as, having regard to the size of the Company, such a designation is not considered necessary

The Board meets regularly to discuss issues relating to strategy, budgets, major items of capital expenditure, acquisitions, disposals, the approval of interim and preliminary announcements, dividend policy and senior personnel appointments There were six such meetings during 2010 Doug Frye was unable to attend three meetings, Geoff Bledin and David Izett were unable to attend two meetings, otherwise there was full attendance at each meeting during the year Additionally, the Non-Executive Directors are entitled to attend, and receive the minutes of, the formal meetings of the Senior Management Group that runs the business and reports to the Board through the Chief Executive

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Group and Company Financial Statements for each financial year The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU

The financial statements are required by law, and IFRS adopted by the EU, to present fairly the financial position of the Group and the Company and the financial performance of the Group The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period

In preparing the Group and Company Financial Statements, the Directors are required to

1 Select suitable accounting policies and then apply them consistently,

2 make judgements and accounting estimates that are reasonable and prudent,

3 state whether they have been prepared in accordance with IFRSs adopted by the EU, and

4 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Colliers International UK plc website

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

Relations with FirstService Corporation

Under a subscription agreement dated 6 October 2009 between the Company and FirstService ('the Subscription Agreement), for so long as FirstService holds 20% or more of the issued share capital of the Company from time to time, FirstService is entitled to

- appoint two Directors (and remove and replace any such appointees) to the Board (each a 'FirstService Director'), and
- nominate two candidates as independent Directors – to the extent that such independent Director candidates fulfil the criteria for independence set out in the Subscription Agreement they shall be appointed by the Board without delay

Further, the Board is to consist of no more than seven members The Subscription Agreement also contains certain customary relationship provisions to ensure (amongst other things) that, for so long as FirstService holds 20% or more of the issued share capital of the Company from time to time, the Group will operate independently of FirstService and all transactions between the Group and FirstService will be at arm's length (unless otherwise agreed by a majority of the members of the Board, not including the FirstService Directors)

Relations with Shareholders

The Board considers relations with Shareholders to be particularly important Regular presentations are given to institutional shareholders and the Board considers the Annual General Meeting as an opportunity to communicate with all shareholders

Financial reporting

The Board aims to present a balanced and understandable view of the Group's financial position and prospects

Board Committees

The Board has maintained an Audit Committee, Remuneration Committee and Nomination Committee, each of which is chaired by a Non-Executive Director, throughout the year All committees operate under formal terms of reference

The Board considers that the Non-Executive Directors have the experience appropriate for the committee roles that they fulfil

Audit Committee
The Audit Committee meets at least twice a year and is chaired by Christopher Newell and includes Sir John Ritblat, Geoff Bledin and Doug Frye John Manser resigned from the Committee on 17 May 2010 All members of the Committee attended the two meetings held during 2010 The Committee receives reports from, and consults with, the Company's external auditor The Committee is responsible for reviewing accounting procedures and controls and for the publication of the Company's accounts, and also reviews the effectiveness of the Group's systems for risk management and internal financial control In addition, the Committee considers matters relating to the appointment, independence and objectivity of the auditor and reviews the results and effectiveness of the audit

Remuneration Committee
The Remuneration Committee determines the employment terms and annual remuneration of the Directors and senior employees of the Company The members of the Committee during 2010 were Geoff Bledin (Chairman from 17 May 2010) Christopher Newell and Chris McLernon John Manser resigned from the Committee on 17 May 2010 The Chief Executive attends by invitation and is consulted on the remuneration packages of Executive Directors (other than himself) and senior employees The Chairman also attends by invitation

Nomination Committee
The Nomination Committee is responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise The Committee comprises the Chairman (Sir John Ritblat) and two independent Non-Executive Directors (Christopher Newell and Geoff Bledin) John Manser resigned from the Committee on 17 May 2010 and David Izett resigned on 30 July 2010

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Review on pages 3 to 5 The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 6 to 10 In addition, note 26 to the Financial Statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

The current economic environment remains uncertain and the Group reported an operating loss in 2010 albeit at a much lower level than in the previous two years Notwithstanding this, following a share issue and the re negotiation of banking facilities in October 2009, the Company has sufficient available financial resources The Group's bank borrowings are subject to quarterly financial covenants based upon EBITDA (excluding exceptional items) and debtor cover The Group expects to satisfy these tests

As a consequence, the Directors believe that the Company and the Group is well placed to manage its business risks successfully They, therefore, continue to adopt the going concern basis of accounting in preparing the annual financial statements

Internal control and risk management

The Group maintains a system of internal financial control and risk management in order to provide reasonable, but not absolute, assurance of

- The maintenance of proper accounting records and the reliability of financial information used within the business and for publication,
- the safeguarding of assets against unauthorised use or disposition, and
- the assessment of areas of risk and managing them in order to achieve the Group's objectives

The Board continually reviews the effectiveness of the Group's system of internal controls which include

- A management reporting system that includes regular cash flow reports and forecasts,
- regular reporting to the Board on financial and treasury matters,
- a detailed authorisation process to ensure that no commitments are entered into without appropriate authorisation, and
- a schedule of matters reserved for decision by the Board

The Group is committed to the highest standards of behaviour in the conduct of its business and expects all Directors, staff and others employed by the Group to adhere to that commitment The Group, therefore, encourages employees or others with serious concerns about any aspect of the business to come forward and, through a secure channel of communication, express those concerns on a confidential basis and without fear of reprisal or victimisation

Corporate Responsibility & Sustainability

Responsible Leadership

We took three bold steps in corporate responsibility during 2010 The first was a significant reduction in our carbon emissions The second was the expansion of our flagship community investment project to achieve a much wider impact And the third step was a change in how we deliver advice on sustainability to our clients

We have been providing clients with advice on energy efficiency for many years now. As demand grew and the advice being sought became more varied, we took the initiative and launched a stand alone 'Sustainability Solutions' service This has been built around a Managed Programme of services, at the heart of which is our market leading Energy & Carbon Intelligence System (ECIS) Our 'one stop' Managed Programme brings together a wide range of sustainability services that clients select from to meet their particular needs at any one time

As a result, we are now moving forward on corporate responsibility on two fronts how we work as a company and how our products and services contribute towards a more sustainable future This dual approach reflects the solid foundations that we have built up in responsible business practices over recent years, as well as long term trends emerging in the marketplace for our services

There is of course a great deal of progress still to be made by the UK property sector in addressing a range of sustainability challenges Our response to those challenges, both in-house and with clients, is distinctive and illustrates the leadership we are willing to take on key issues

Reducing Emissions

Our target in 2010 was a reduction of 10% in our carbon emissions from built assets, in recognition of being a founding business partner of 10 10, an initiative to reduce carbon footprints by 10% during 2010 We're pleased to be able to report that for the twelve month period to September 2010, we reduced our carbon emissions by 12% This reduction is based on absolute energy use in buildings we occupy

As our carbon footprint has reduced, so have our energy costs It has also made us more adept at identifying and responding quickly to energy saving opportunities Another benefit has come from the cross-fertilisation of ideas between our in-house environmental management people and those working with clients on sustainability solutions

To maintain the effort put into achieving this reduction, we decided to aim for another reduction of 10% in the twelve months to September 2011, in line with the thinking of the overall 10 10 initiative This is a stretching target, but we wanted to set ourselves a challenge and we felt the importance of climate change warranted it

We have also been working with others in the property sector to address climate change, principally through our involvement in the UK Green Building Council (UKGBC) and the Westminster Sustainable Business Forum (WSBF) We are represented on the UKGBC's policy committee looking at the simplification of the Carbon Reduction Commitment Energy Efficiency Scheme The WSBF is a high level coalition of key UK businesses, government agencies and parliamentarians that promotes effective sustainability policy in the UK We played a significant role in one of its leading pieces of research in 2010, into how to promote greater sustainability in public sector estate management

Inspiring More Children

Our flagship community investment programme, Colliers Green Focus, has gone from strength to strength By the time its first three-year phase drew to a close in 2010, it had reached around 3,000 children in over 100 secondary schools On field trips and in workshops, children were encouraged to explore issues around sustainability and the built environment, supported by a professional geographer and photographer In addition, we began to train teachers in how to use the programme to support their own teaching of the 'sense of place' component of the geography curriculum for 11-14 years old children

Determined to build upon this success, we launched a second 3 year phase for Colliers Green Focus, to run until the summer of 2013 We decided to continue with the tried and tested fieldtrips and workshops run by the professional geographer and photographer, but this time extend our support for the teachers themselves, to enable many more schools to run their own Colliers Green Focus events

We worked on several fronts to deliver this Under a new 'Colliers Green Focus Mobile' banner, we broadened the number of INSET teacher training events To ensure quality and consistency, these training events continue to be run by the programme's professional geographer and photographer

We established a new 'Ambassador' role to raise the profile amongst teachers and children alike and in September, appointed Steve Backshall, a renowned adventurer, writer and natural history TV presenter, as the first Colliers Green Focus Ambassador

To support teachers in planning and delivering their own 'Mobile' event, we commissioned two films, one about the overall programme and the other about how to deliver it, plus a resource book for teachers, written by journalists, teachers and geographers

At our awards ceremony in 2010 for the children in year 3 of the programme, Nathan Pugsley of Lode Heath School in Birmingham took first prize with this inspiring photograph taken near the new Library of Birmingham

Consistently High Standards

We continue to maintain a unique record of certification to leading management standards Our rationale for so doing has been to ensure the consistent delivery of a high quality of service to our clients, both big and small They also underlie our commitment to conducting our business in a progressive and values orientated manner Our achievements in 2010 included

- Continued certification to Investors in People, first gained in 2005,
- continued certification to ISO9001 2008 for business management, first gained in 2006,
- recertification to ISO14001 for environmental management, first gained in 2005, and
- recertification to OHSAS18001 for health and safety, first gained in 2007

As part of our commitment to continuous improvement we are reviewing our Information Security Management System with a view to embarking on certification to ISO27001 We are similarly exploring developing our Business Continuity Plan to BS25999

Remuneration Report

Remuneration Committee

The Remuneration Committee is responsible for determining the total remuneration of the Chairman, Executive Directors and certain senior executives of the Group The members of the Committee during 2010 were Geoff Bledin (Chairman from 17 May 2010), Christopher Newell and Chris McLemon John Manser resigned from the Committee on 17 May 2010 The Remuneration Committee meets as required and met twice during 2010

None of the Committee members have any personal financial interests (other than as Shareholders), conflicts of interests arising from cross-directorships, or day-to-day involvement in running the business The Committee makes recommendations to the Board and no Director plays a part in any discussion about his own remuneration

Remuneration policy

The Company's executive remuneration policy is to award median market rate salaries together with an annual discretionary and performance related bonus Its policy is also to selectively use rolling awards of long-term incentives spread over three to five years to reward and retain certain employees Executive remuneration is reviewed, but not necessarily increased, annually

Non-Executive Directors are appointed for a three-year term and fees are reviewed periodically on the recommendation of the Executive Directors

Components of remuneration

The components of remuneration are as follows

Basic salary/fees
Executive Directors are paid market rate salaries in line with those paid by comparable property consultancy businesses The Chairman receives a fee of £57,500 per annum Other Non-Executive Directors fees for 2010 were £25,000 per annum Non-Executive Directors are also entitled to an additional fee of £5,000 per annum if chairing a Board Committee All Directors took a voluntary 10% reduction in their respective fees/salary entitlement between 1 May 2009 and 31 March 2010

Doug Frye and Chris McLemon are nominated by FirstService and, by agreement, do not receive any Director's fees

Annual bonus
The Company has a discretionary bonus scheme in which all employees are eligible to participate There are two elements to this scheme, a departmental element which is based upon exceeding minimum required levels of return on cost by each business unit, and a corporate element based upon individual out-performance, contribution and the overall profitability of the Company

The CEO may receive a bonus of up to 100% of base salary and Executive Directors may receive up to 75% of base salary Half of the bonus is based on financial targets and the balance on non-financial metrics, in each case set by the Remuneration Committee

Long-term incentives

Nil-cost option scheme
The Company's nil-cost option scheme ('the Scheme') is a flexible and transparent instrument for making deferred awards of Ordinary Shares ('Shares') Such awards may be

- in lieu of cash bonus for past excellence, and/or
- linked to bespoke short or longer term performance objectives, and/or
- structured to encourage recruitment, retention or co-investment in the Group with employees, and/or
- used in part settlement of purchase consideration on business acquisitions

Under the Scheme, certain employees of the Group may, at the discretion of and on the recommendation of the Committee, be granted options to acquire Shares for nil consideration ('NCOs') Such NCOs may vest variously from one to five years after grant, and thereafter are exercisable within a maximum of ten years from the date of grant

The Scheme operates both over Shares acquired and held by the Company's ESOP (where the ESOP Trustee is the grantor of the NCO) and (where the Company is the grantor of the NCO) over new unissued Shares – in the latter case, to a maximum of 15% of the Company's issued ordinary share capital from time to time (currently 22,411,000 shares) Whether granted by the ESOP trustee or by the Company, NCOs derive their value from the Company's share price and are subject to standard performance criteria where appropriate The participant becomes liable for the tax (including employer's NI contribution) based on the market value of the relevant Shares on the date of exercise of the NCO

There is no requirement under the Scheme for performance criteria to be imposed, although the majority of those NCOs granted since the beginning of 2005 have had a variety of pre-conditions attached – typically, quantitative corporate or personal targets to be satisfied over a set period (for example growth in annual earnings per share or EBITDA) Normally the option will lapse if the grantee leaves the Company before the option has vested The pre-conditions have not been satisfied with respect to those NCOs which were subject to growth in earnings per share or EBITDA in the year to 31 December 2010

The cost of the NCOs (based on the fair value of the underlying Shares awarded on the date of grant) is charged to the Company's income statement and is spread over the period to vesting Where NCOs lapse, any such charge is reversed

The Committee wishes to retain the widest discretion over the nature, terms and degree of challenge of the performance criteria attaching to NCOs or indeed whether to attach such criteria at all In exercising such discretion the Committee takes appropriate account of the interests of Shareholders

At 31 December 2010, there were 76 employees below Board level with NCOs over an aggregate of 6,194,000 shares Of these 5,808,000 were unissued Shares and 386,000 were Shares held by the Company's ESOP In March 2010, as a consequence of the dilutive effect of the October 2009 share subscription and placing, each grant outstanding at the latter date, was supplemented by 12 5%

Long-term incentive plan for the CEO
The CEO, Tony Horrell, has been awarded a long-term incentive plan equal to 5% of the increase in the Total Equity Value of the business from 1 January 2011 Total Equity Value is defined as 'five times the two year average of normalised Net Operating Income less the Company's indebtedness at the exercise date' The award is exercisable in thirds commencing on the 1 January 2014, 1 January 2015 and 1 January 2016 and will expire 10 years after grant date On any exercise by the CEO, the Company may require up to 50% of the value realised to be taken in shares There are the usual provisions permitting the Remuneration Committee to vary the terms of the award in the event of a recapitalisation or any other major change in the Business Broadly, any unvested part of the award will lapse if the CEO ceases to be employed by the Company

Directors' contracts

Directors' service contracts are summarised below

Name of director	Date of contract
Sir John Ritblat	25/07/2001
Tony Horrell	07/12/2010
Christopher Newell	31/05/2007
Gareth Jones	01/01/2009
Chris McLemon	29/10/2009
Doug Frye	29/10/2009
Geoff Bledin	13/11/2009

Notice periods are 12 months for Executive Directors and 6 months for Non-Executive Directors None of the Executive Directors has a service agreement of which more than one year remains unexpired

In the event of Sir John Ritblat ceasing to be a Director, he is entitled to receive such fees and benefits, together with any additional benefits agreed with the Company, for a period of six months after he ceases to be a Director The period of appointment for the other Non-Executive Directors shall terminate if a bid for the Company becomes unconditional as to acceptances in circumstances which entitle the offeror to implement the provision of Sections 974 to 991 of the Companies Act 2006 The individual will be obliged to resign as a Director if asked by the Board Non-Executive Directors are entitled to receive annual fees on a pro rata basis up to the date of termination

Compensation payments on early termination

The Company applies the principle of mitigation in the event of early termination of service contracts David Izett received payments totalling £379,000 as compensation for loss of office during 2010 and a final payment of £37,000 on the 31 March 2011 Additionally, the Remuneration Committee agreed to the waiver of the performance conditions attached to 185,625 NCO's that accordingly vested in full on his resignation

The Company was independently advised that the compensation package agreed with Mr Izett was less than the damages and costs that the Company might have incurred in legal proceedings

Directors' interests in Shares

The Directors' interests in the issued share capital of the Company as at 31 December 2010 were

	Ordinary Shares of 1p each 31 December 2010 (number)	%	Ordinary Shares of 1p each 31 December 2009 (number)	%
Sir John Ritblat	2,295,554	1 54%	1,645,554	1 11%
Gareth Jones	355,439	0 24%	355,439	0 24%
Christopher Newell	650,000	0 44%	-	0 00%
Doug Frye	90,000	0 06%	90,000	0 06%
	3,400,993		2,100,993	

The Directors are also deemed to be interested in any unallocated Ordinary Shares held by the Trustee of the Group's Employee Share Ownership Plan

Directors' emoluments

	2010				2009			
	Salary/Fee £	Proposed Bonus £	Benefits £	Total £	Salary/Fee £	Bonus £	Benefits £	Total £
Current Directors								
Sir John Ritblat (#)	66,413	-	-	66,413	64,017	-	-	64,017
Tony Horrell	36,218	-	2,237	38,455	-	-	-	-
Gareth Jones	102,840	20,000	20,079	142,919	99,944	-	20,126	120,070
Christopher Newell	29,250	-	-	29,250	28,000	-	-	28,000
Geoff Bledin	28,128	-	-	28,128	3,288	-	-	3,288
Doug Frye	-	-	-	-	-	-	-	-
Chris McLemon	-	-	-	-	-	-	-	-
	262,849	20,000	22,316	305,165	195,249	-	20,126	215,375
Former Directors								
David Izett	112,660	-	10,928	123,588	177,333	-	18,717	196,050
John Manser	12,729	-	-	12,729	30,333	-	-	30,333
Mark Sample	-	-	-	-	87,500	-	15,250	102,750
Andrew Graham (#)	-	-	-	-	125,642	-	13,501	139,143
Colin Wagman	-	-	-	-	19,583	-	-	19,583
TOTAL	388,238	20,000	33,244	441,482	635,640	-	67,594	703,234

(#) In respect of these Directors, salary/fee includes an enhancement of 18% in lieu of pension contributions by the Company Subject thereto, the Company had no obligation to make any pension provision for these Directors

Benefits include car and fuel allowances and private medical insurance

Directors' pension entitlements

The Group's principal pension scheme, the Conrad Ritblat Group Pension Scheme, provides a funded defined benefit pension with a normal retirement date of 65 (see note 35 in the Financial Statements) The Group also made contributions to defined contribution pension arrangements on behalf of the following Directors

	2010 £	2009 £
Current Directors:		
Gareth Jones	**17,061**	10,485
	17,061	10,485
Former Directors:		
David Izett	**7,274**	12,905
Mark Sample	-	27,750
David Munns (in lieu of fees)	-	22,090
	24,335	73,230

Directors' options under nil-cost option scheme

Gareth Jones held the following options by grant and by exercise date

Balance at 1 Jan 2010	Granted	Lapsed	Balance at 31 Dec 2010	Date from which exercisable	Expiry date	Performance criteria
300,000	-	(300,000)	-	31/12/2011	11/06/2019	A
150,000	18,750	-	168,750	11/06/2012	11/06/2019	B
-	337,500	-	337,500	01/04/2013	15/10/2020	C
450,000	356,250	(300,000)	506,250			

(A) The Remuneration committee agreed with the Director that the nil cost options awarded in May 2009 be lapsed with immediate effect

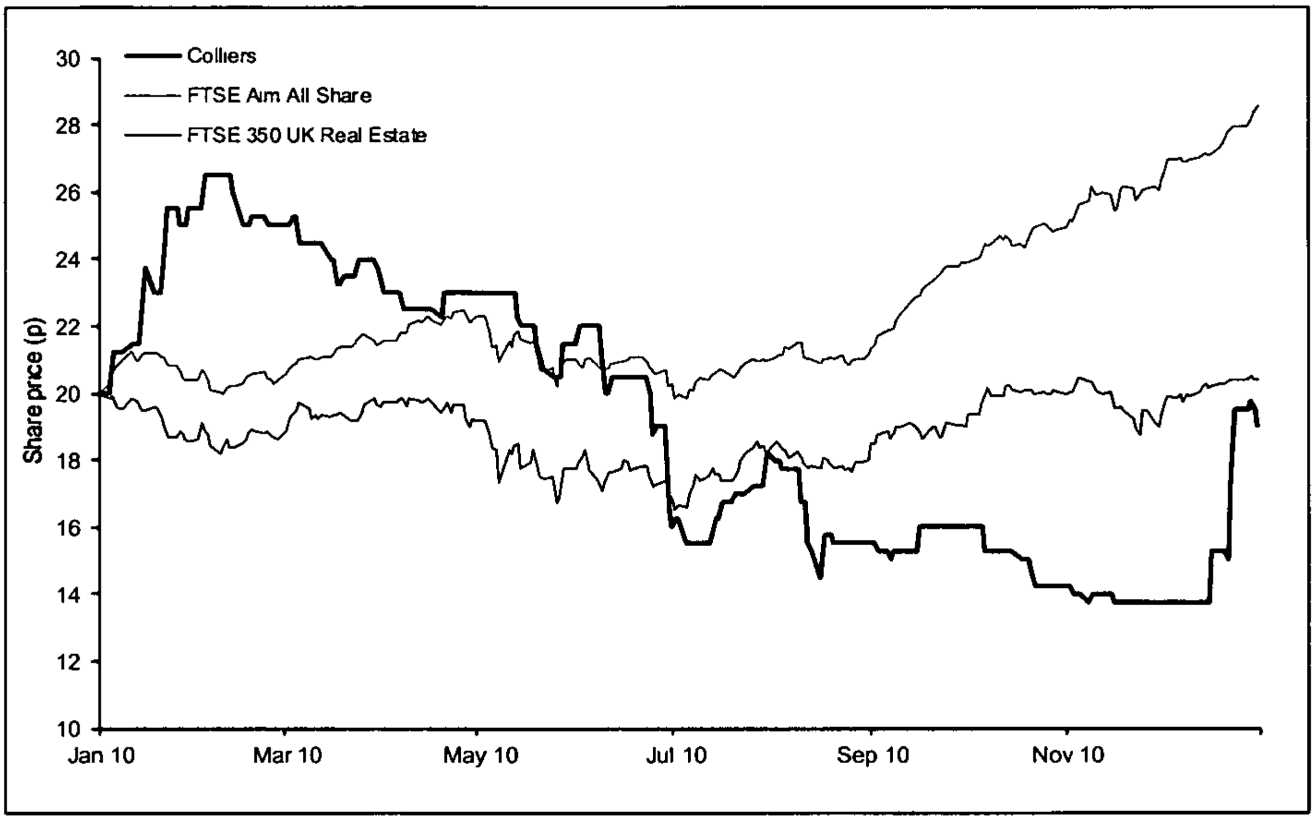
(B) Grants exercisable after 31 May 2012, no performance criteria are attached to these options As a consequence of the dilutive effect of the October 2009 share subscription and placing the grant was supplemented by 12 5%

(C) Grants exercisable from 1 April 2013, provided that cumulative group EBITDA in the three years ending 31 December 2012 equals or exceeds £9 million

No options were exercised by the Directors during the year No other current Directors held options at 1 January or 31 December 2010

Share performance graph

The share performance graph below shows the total shareholder return (TSR) for Colliers International UK plc over the last financial year compared with the FTSE AIM index and the FTSE 350 UK Real Estate Index The FTSE AIM share index has been selected for this comparison because Colliers International UK plc has been a constituent member throughout the period The FTSE 350 UK Real Estate Index has been selected as this gives a better guide to the performance of the real estate sector



The market price of the shares as at 31 December 2010 was 18 75p, and the highest and lowest prices prevailing during the year were 27p and 13p respectively The decline in the share price during 2010 reflected negative investor sentiment towards the property sector and was broadly consistent with the Company's other listed competitors

External directorships

The Executive Directors are encouraged to hold external non-executive directorships, subject to approval by the Board and any conditions it might impose

Shareholder approval

Although the Company is not subject to the requirements of the Directors' Remuneration Report Regulations 2002 ('the Regulations') the Board believes it to be best practice to comply with such requirements This report complies with the disclosure requirements of the Companies Act 2006 and the Regulations

Resolution 2 in the Notice of Annual General Meeting submits the report to Shareholders for their approval

This report was approved by the Board of Directors on 18 April 2011

Geoff Bledin
Chairman, Remuneration Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLLIERS INTERNATIONAL UK PLC

We have audited the Group and parent company financial statements ('the financial statements') on pages 27 to 73 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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

As more fully explained in the Directors' Responsibilities Statement set out on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express our opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on the financial statements

In our opinion

- The financial statements give a true and fair view of the state of the Group's and the parent's affairs as at 31 December 2010 and of the Group's loss for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Baker Tilly UK Audit LLP

DAVID CLARK (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants
25 Farringdon Street
London EC4A 4AB

18 April 2011

Consolidated income statement
For the year ended 31 December 2010

	Note	2010 £000	2009 £000
Revenue	2	**65,927**	57,894
Operating expenses		**(69,416)**	(68,381)
Other operating income	5	**601**	433
Operating loss before exceptional items	6	**(2,888)**	(10,054)
Exceptional items			
Reorganisation and rebranding costs	3	**(2,038)**	(1,843)
Provision against loans and other receivables	3	**(466)**	(843)
Other exceptional items	3	**(994)**	645
Impairment of goodwill	3	**-**	(24,111)
Operating loss		**(6,386)**	(36,206)
Share of trading losses in associates	15	**(71)**	(197)
Share of exceptional losses in associates	15	**(623)**	-
Impairment of loans receivable and investment in associates		**-**	(1,145)
		(7,080)	(37,548)
Finance income	7	**234**	449
Finance costs	8	**(1,598)**	(2,541)
Loss before taxation		**(8,444)**	(39,640)
Income tax (charge)/credit	9	**(393)**	828
Loss for the year		**(8,837)**	(38,812)
Attributable to:			
Owners of the parent		**(8,115)**	(38,503)
Non-controlling interests		**(722)**	(309)
		(8,837)	(38,812)
Basic loss per share (p)	11	**(5 58)**	(60 76)
Diluted loss per share (p)	11	**(5.58)**	(60 76)

Turnover and operating loss derive from continuing operations

Consolidated statement of comprehensive income
For the year ended 31 December 2010

	Note	2010 £000	2009 £000
Loss for the year		**(8,837)**	(38,812)
Other comprehensive income.			
Actuarial gain/(loss) on defined benefit pension scheme	35	**600**	(1,501)
Fair value gain on available-for-sale investments	16	**237**	208
Foreign exchange translation differences		**(30)**	(134)
Tax on items taken directly to equity	9	**-**	(1,739)
Other comprehensive income for the year (net of tax)		**807**	(3,166)
Total comprehensive income for the year		**(8,030)**	(41,978)
Attributable to			
Owners of the parent		**(7,294)**	(41,605)
Non-controlling interests		**(736)**	(373)
		(8,030)	(41,978)

Consolidated and Company Statement of Financial Position
Company number 4195561

At 31 December 2010

	Notes	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Non-current assets					
Goodwill	12	**29,552**	29,552	**25,301**	23,296
Other intangible assets	13	**498**	658	**421**	524
Property, plant and equipment	14	**3,396**	3,805	**2,921**	3,154
Investment in associates	15	**653**	1,506	**263**	263
Available-for-sale financial assets	16	**1,128**	947	**1,123**	942
Investment in subsidiaries	16	**-**	-	**40,205**	42,210
Loans and receivables	17	**3,091**	3,111	**1,164**	1,509
		38,318	39,579	**71,398**	71,898
Current assets					
Trade and other receivables	19	**21,850**	22,113	**31,543**	30,243
Cash and cash equivalents	20	**1,428**	2,321	**441**	521
		23,278	24,434	**31,984**	30,764
Total assets		**61,596**	64,013	**103,382**	102,662
Current liabilities					
Trade and other payables	21	**11,700**	9,717	**51,083**	48,459
Current income tax liabilities		**-**	62	**-**	-
Obligations under finance leases	22	**257**	231	**-**	58
Bank overdrafts and loans	23	**240**	390	**-**	15
		12,197	10,400	**51,083**	48,532
Non-current liabilities					
Bank and other loans	23	**13,951**	9,216	**13,750**	9,000
Retirement benefit obligations	35	**6,557**	7,640	**6,557**	7,640
Provisions	24	**150**	-	**150**	-
Deferred consideration	25	**-**	473	**-**	-
Obligations under finance leases	22	**-**	102	**-**	-
		20,658	17,431	**20,457**	16,640
Total liabilities		**32,855**	27,831	**71,540**	65,172
NET ASSETS		**28,741**	36,182	**31,842**	37,490
Capital and reserves					
Called up share capital	27	**1,494**	1,486	**1,494**	1,486
Deferred share capital	27	**22,975**	22,975	**22,975**	22,975
Share premium account	27	**-**	28,992	**-**	28,992
Share capital to be issued	28	**364**	728	**364**	728
Own shares held by ESOP	29	**(3,205)**	(3,479)	**(3,205)**	(3,479)
Special reserve	28	**29,420**	-	**29,420**	-
Other reserves	28	**2,455**	2,256	**2,208**	1,993
Retained earnings	28	**(24,360)**	(17,136)	**(21,414)**	(15,205)
Equity attributable to owners of the parent		**29,143**	35,822	**31,842**	37,490
Non-controlling interests		**(402)**	360	**-**	-
TOTAL EQUITY		**28,741**	36,182	**31,842**	37,490

The accounts on pages 27 to 73 were approved by the Board and authorised for issue on 18 April 2011 and signed on its behalf by

Sir John Ritblat
Chairman

Tony Horrell
Chief Executive

Mark Sample
Group Finance Director

Consolidated statement of changes in equity for the year ended 31 December 2010

	Note	Ordinary Share Capital £000	Deferred Share Capital £000	Share premium £000	Shares to be issued £000	ESOP reserve 2009	Special reserve £000	Other reserves £000	Retained earnings £000	Attributable to owners of the parent £000	Non-controlling interest £000	Total £000
Group												
At 1 January 2010		1,486	22,975	28,992	728	(3,479)	-	2,256	(17,136)	35,822	360	**36,182**
Comprehensive income												
Loss for the year		-	-	-	-	-	-	-	(8,115)	(8,115)	(722)	**(8,837)**
Other comprehensive income												
Actuarial gain on defined benefit pension scheme		-	-	-	-	-	-	-	600	600	-	**600**
Tax on items taken directly to equity		-	-	-	-	-	-	-	-	-	-	**-**
Fair value gain on available-for-sale investments		-	-	-	-	-	-	-	237	237	-	**237**
Foreign exchange translation differences		-	-	-	-	-	-	(16)	-	(16)	(14)	**(30)**
Total other comprehensive income		-	-	-	-	-	-	(16)	837	821	(14)	**807**
Total comprehensive income for the year		-	-	-	-	-	-	(16)	(7,278)	(7,294)	(736)	**(8,030)**
Transactions with owners												
Share issues during the year		8	-	428	(364)	-	-	-	-	72	-	**72**
Cancellation of the Share Premium account	28	-	-	(29,420)	-	-	29,420	-	-	-	-	**-**
Share-based payment		-	-	-	-	-	-	517	-	517	-	**517**
Share options exercised		-	-	-	-	274	-	(302)	28	-	-	**-**
Total contributions by and distributions to owners		8	-	(28,992)	(364)	274	29,420	215	28	589	-	**589**
Changes in ownership interests in subsidiaries that do not result in a loss of control												
Additional non-controlling interest arising on part disposal	16	-	-	-	-	-	-	-	26	26	(26)	**-**
Total transactions with owners		8	-	(28,992)	(364)	274	29,420	215	54	615	(26)	**589**
At 31 December 2010		**1,494**	**22,975**	**-**	**364**	**(3,205)**	**29,420**	**2,455**	**(24,360)**	**29,143**	**(402)**	**28,741**

Consolidated statement of changes in equity for the year ended 31 December 2009

Group	Notes	Ordinary Share Capital £000	Deferred Share Capital £000	Share premium £000	Shares to be issued £000	ESOP reserve £000	Special reserve £000	Other reserves £000	Retained earnings £000	Attributable to owners of the parent £000	Non-controlling interest £000	Total £000
At 1 January 2009		23,177	-	11,045	1,091	(3,535)	3,012	2,864	21,154	58,808	649	**59,457**
Comprehensive income												
Loss for the year		-	-	-	-	-	-	-	(38,503)	(38,503)	(309)	**(38,812)**
Other comprehensive income												
Actuarial loss on defined benefit pension scheme		-	-	-	-	-	-	-	(1,501)	(1,501)	-	**(1,501)**
Tax on items taken directly to equity		-	-	-	-	-	-	-	(1,739)	(1,739)	-	**(1,739)**
Fair value gain on available-for-sale investments		-	-	-	-	-	-	-	208	208	-	**208**
Foreign exchange translation differences		-	-	-	-	-	-	(70)	-	(70)	(64)	**(134)**
Total other comprehensive income		-	-	-	-	-	-	(70)	(3,032)	(3,102)	(64)	**(3,166)**
Total comprehensive income for the year		-	-	-	-	-	-	(70)	(41,535)	(41,605)	(373)	**(41,978)**
Transactions with owners												
Share issues during the year		1,284	-	17,947	(363)	-	-	-	-	18,868	-	**18,868**
Change in nominal value of shares		(22,975)	22,975	-	-	-	-	-	-	-	-	**-**
Transfer to retained earnings		-	-	-	-	-	(3,012)	-	3,012	-	-	**-**
Share-based payment		-	-	-	-	-	-	(111)	-	(111)	-	**(111)**
Share options exercised		-	-	-	-	56	-	(427)	371	-	-	**-**
Dividends paid by subsidiary		-	-	-	-	-	-	-	-	-	(54)	**(54)**
Total contributions by and distributions to owners		(21,691)	22,975	17,947	(363)	56	(3,012)	(538)	3,383	18,757	(54)	**18,703**
Changes in ownership interests in subsidiaries that do not result in a loss of control												
Additional non-controlling interest arising on part disposal	16	-	-	-	-	-	-	-	(138)	(138)	138	-
Total transactions with owners		(21,691)	22,975	17,947	(363)	56	(3,012)	(538)	3,245	18,619	84	**18,703**
At 31 December 2009		**1,486**	**22,975**	**28,992**	**728**	**(3,479)**	**-**	**2,256**	**(17,136)**	**35,822**	**360**	**36,182**

Company statement of changes in equity for the year ended 31 December 2010

Company	Ordinary Share Capital £000	Deferred Share Capital £000	Share premium £000	Shares to be issued £000	ESOP reserve £000	Special reserve 2009	Other reserves £000	Retained earnings £000	Total shareholders equity £000
At 1 January 2010	1,486	22,975	28,992	728	(3,479)	-	1,993	(15,205)	37,490
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(7,074)	(7,074)
Other comprehensive income									
Actuarial gain on defined benefit pension scheme	-	-	-	-	-	-	-	600	600
Tax on items taken directly to equity	-	-	-	-	-	-	-	-	-
Fair value gain on available-for-sale investments	-	-	-	-	-	-	-	237	237
Total other comprehensive income	-	-	-	-	-	-	-	837	837
Total comprehensive income for the year	-	-	-	-	-	-	-	(6,237)	(6,237)
Transactions with owners									
Share issues during the year	8	-	428	(364)	-	-	-	-	72
Cancellation of the Share Premium account	-	-	(29,420)	-	-	29,420	-	-	-
Share-based payment	-	-	-	-	-	-	517	-	517
Share options exercised	-	-	-	-	274	-	(302)	28	-
Total transactions with owners	8	-	(28,992)	(364)	274	29,420	215	28	589
At 31 December 2010	1,494	22,975	-	364	(3,205)	29,420	2,208	(21,414)	31,842

Company statement of changes in equity for the year ended 31 December 2009

Company	Ordinary Share Capital £000	Deferred Share Capital £000	Share premium £000	Shares to be issued £000	ESOP reserve £000	Special reserve 2009	Other reserves £000	Retained earnings £000	Total shareholders equity £000
At 1 January 2010	1,486	22,975	28,992	728	(3,479)	-	1,993	(15,205)	37,490
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(7,074)	(7,074)
Other comprehensive income									
Actuarial gain on defined benefit pension scheme	-	-	-	-	-	-	-	600	600
Tax on items taken directly to equity	-	-	-	-	-	-	-	-	-
Fair value gain on available-for-sale investments	-	-	-	-	-	-	-	237	237
Total other comprehensive income	-	-	-	-	-	-	-	837	837
Total comprehensive income for the year	-	-	-	-	-	-	-	(6,237)	(6,237)
Transactions with owners									
Share issues during the year	8	-	428	(364)	-	-	-	-	72
Cancellation of the Share Premium account	-	-	(29,420)	-	-	29,420	-	-	-
Share-based payment	-	-	-	-	-	-	517	-	517
Share options exercised	-	-	-	-	274	-	(302)	28	-
Total transactions with owners	8	-	(28,992)	(364)	274	29,420	215	28	589
At 31 December 2010	1,494	22,975	-	364	(3,205)	29,420	2,208	(21,414)	31,842

Consolidated and Company statement of cash flows
For the year ended 31 December 2010

	Notes	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Cash flow from operating activities	30	**(3,318)**	(10,425)	**(3,419)**	(9,540)
Interest received		**190**	406	**76**	296
Interest paid		**(639)**	(1,802)	**(478)**	(1,649)
Tax received		**261**	1,614	**192**	1,553
Net cash outflow from operating activities		**(3,506)**	(10,207)	**(3,629)**	(9,340)
Cash flow from investing activities					
Dividends received from associated undertakings		**159**	48	-	-
Purchase of plant, property and equipment		**(837)**	(254)	**(830)**	(233)
Purchase of intangible assets		**(200)**	(86)	**(199)**	(86)
Loans granted to available-for-sale investments		**(402)**	(891)	**(26)**	(379)
Deferred consideration paid in respect of the acquisition of businesses		**(505)**	(1,069)	-	-
Deferred consideration paid in respect of the acquisition of subsidiaries net of cash acquired		**(73)**	(480)	**(73)**	(480)
Net cash outflow from investing activities		**(1,858)**	(2,732)	**(1,128)**	(1,178)
Cash flow from financing activities					
Proceeds from share issue		-	18,461	-	18,461
New bank loans		**4,750**	-	**4,750**	-
Bank loan repayments		-	(10,000)	-	(10,000)
Other loan repayments		**(15)**	(142)	**(15)**	(142)
Finance lease repayments		**(65)**	(759)	**(58)**	(610)
Net cash inflow from financing activities		**4,670**	7,560	**4,677**	7,709
Net decrease in cash, cash equivalents and bank overdrafts		**(694)**	(5,379)	**(80)**	(2,809)
Cash, cash equivalents and bank overdrafts at beginning of year		**1,946**	7,573	**521**	3,330
Effects of foreign exchange		**(64)**	(248)	-	-
Cash, cash equivalents and bank overdrafts at end of year	20	**1,188**	1,946	**441**	521
Consisting of:					
Cash at bank		**1,428**	2,321	**441**	521
Overdraft		**(240)**	(375)	-	-
		1,188	1,946	**441**	521

Notes forming part of the accounts

1 **Accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated, and are also applicable to the parent Company

Basis of accounting
The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations ('IFRS') as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of available-for-sale investments As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented for the Company The Company's loss for the year was £7,074,000 (2009 loss £35,564,000)

Going concern
The current economic environment remains uncertain and the Group reported an operating loss in 2010 albeit at a much lower level than in the previous two years Notwithstanding this, following a share issue and the re-negotiation of banking facilities in October 2009 the Company has sufficient available financial resources The Group's bank borrowings are subject to quarterly financial covenants based upon EBITDA (excluding exceptional items) and debtor cover The Group expects to satisfy these tests As a consequence, the Directors believe that the Company and the Group is well placed to manage its business risks successfully They, therefore, continue to adopt the going concern basis of accounting in preparing the annual financial statements

Adoption of new and revised Standards
At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective

IFRS 9	Financial Instruments effective for annual periods beginning on or after 1 January 2013 The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria It also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories (not yet endorsed by the EU)
IAS 32	Classification of Rights Issues effective for annual periods beginning on or after 1 February 2010 The amendment addresses the accounting for rights issues offered for a fixed amount of foreign currency
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments effective for annual periods beginning on or after 1 July 2010 The IFRIC addresses the accounting for issues of equity instruments in order to settle, in full or in part, a financial liability
IFRIC 14	(Amended) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction effective 1 January 2011, Prepayments of a Minimum Funding Requirement - The amendment permits the benefit of early payment of contributions paid to cover minimum funding requirements to be treated as an asset
IAS 24	Related Party Disclosures effective for annual periods beginning on or after 1 January 2011 The revised standard simplifies the disclosure requirements for government-related entities, requires commitments outstanding at the balance sheet date to be disclosed and clarifies the definition of a related party
IFRS 7	(Amended) Financial Instruments Disclosures - Transfers of Financial Assets effective for annual periods beginning on or after 1 July 2011 - the amendments will require improved disclosures of transfers of financial assets, including explaining the possible effects of any risks that may remain with the entity that transferred the assets The amendments also require additional disclosures if a disproportionate amount of transfers are undertaken around the end of a reporting period (not yet endorsed by the EU)
	Annual improvements 2010

There were no Standards and Interpretations which were in issue but not effective at the date of authorisation of these financial statements, including the above, that the Directors anticipate will have a material impact on the financial statements of the Group or the Company

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year Control is achieved where the Company has power to govern the financial and operating policies of the investee entity so as to obtain benefits from its activities

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein The interests of non-controlling shareholders are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company

All intra-Group transactions, balances, income and expenses are eliminated on consolidation

Subsidiaries
Subsidiaries acquired during the year are consolidated using the acquisition method Their results are incorporated from the date that control passes The consideration transferred on acquisition is measured as the aggregate of the fair values at the date of exchange, of assets given, contingent consideration and liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the acquisition The acquiree's identifiable assets, liabilities and contingent liabilities assumed in a business combination are recognised at their fair values at the date of acquisition, except for non-current assets that are classified as held for sale, which are recognised and measured at fair value less costs to sell

The aggregate consideration transferred on acquisition over and above the Group's interest in the net fair value of identifiable net assets acquired is recorded as goodwill If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill Other changes in contingent consideration are recognised through profit or loss, unless the contingent consideration is classified as equity In such circumstances, changes are recognised within equity

Costs attributable to the acquisition are expensed as incurred

In the Company accounts investments in subsidiaries are stated at cost less any provisions for impairment

Associates
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies Investments in associates are accounted for using the equity method The consolidated income statement includes the Group's share of profit after tax of the associate undertakings Investments in associates are carried on the Statement of Financial Position at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments

Any excess of cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired of the associate at the date of acquisition is recognised as goodwill The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss

Where a Group company transacts with an associate of the Group, profit and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment

In the Company accounts, investments in associates are stated at cost less any provisions for impairment

Revenue
Revenue, which excludes value added tax, represents the value of services rendered Fees in respect of clients' property transactions are recognised as earned on unconditional exchange of contract In the case of long-term developments and other professional services fees are recognised when they are earned

Operating loss/profit
Operating loss/profit consists of revenues and other operating income less operating expenses Operating loss/profit excludes share of profits in associates, impairment of associates and net finance costs

Exceptional items
Exceptional items consists of items which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view Items that management consider to fall into this category are presented separately in the income statement

Segmental reporting
An operating segment is identified on the basis of internal reports about the components within the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance

Borrowing costs
Borrowing costs are recognised in the income statement in the period in which they are incurred

Foreign currency
Transactions in foreign currencies are recorded at the exchange rate ruling on the date of the transaction Assets and liabilities denominated in foreign currencies are translated into sterling at the relevant rates of exchange ruling at the reporting date Foreign exchange differences arising on translation are recognised in the income statement

On consolidation, the assets and liabilities of the Group's foreign operations are translated at the exchange rates prevailing on the reporting date Income and expense items are translated at the average exchange rates for the period Exchange differences arising are recognised in other comprehensive income

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

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree Acquisition-related costs are recognised in profit or loss as incurred

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year

Goodwill
Goodwill arising on consolidation represents the excess cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or joint venture at the date of acquisition

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain

Goodwill is not amortised but is reviewed for impairment at least annually For the purpose of impairment testing, goodwill is allocated to each of the Group's three cash generating units (United Kingdom, Spain and Ireland) expected to benefit from the synergies of the combination If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit Any impairment is immediately recognised in the income statement

On disposal of a subsidiary, associate or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amount subject to being tested for impairment at that date Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal

Other intangible assets
Intangible assets acquired separately are capitalised at cost and amortised on a straight line basis Intangible assets acquired as part of a business combination are capitalised at fair value at the date of acquisition and are amortised using the straight line method

Amortisation charges are spread over their useful life as follows

Computer software	over 4 years
Customer related intangibles	over 1 to 10 years

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over the expected useful life as follows

Short leasehold premises	Straight line over the remaining life of the lease (or 10% per annum straight line if the remaining life of the lease exceeds 10 years)
Fixtures, fittings, equipment and motor cars	10% - 25% per annum straight line

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement

Available-for-sale financial investments
Available-for-sale financial investments are initially recognised at fair value including direct and incremental transaction costs They are subsequently held at fair value based on the current market value of the underlying assets Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses which are recognised in the income statement Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in equity is included in profit and loss for the period

Assets held for sale
Assets and disposal groups are classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use This condition is regarded as met only when the sale is highly probable, management is committed to a sale plan, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification These assets are measured at the lower of carrying value and fair value less costs to sell

Taxation
The tax currently payable is based on taxable profit for the year Taxable profit differs from reported profit because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit Deferred tax liabilities are generally recognised for all taxable temporary differences Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient short term taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination In the case of a business combination, the tax effect is included in the accounting for the business combination

Financial instruments
Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less, and bank overdrafts Bank overdrafts are shown within current liabilities on the balance sheet

Trade and loan receivables
Trade and loan receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment Interest income is recognised using the effective interest rate, which discounts estimated future cash receipts through the effective life of the financial asset

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges and direct issue costs are accounted for on an accrual basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

Trade payables
Trade payables are initially measured at fair value, and subsequently measured at amortised cost using the effective interest rate method

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs

Derivative financial instruments
The Group uses financial instruments such as interest rate swaps and caps to hedge risks associated with changes in interest rates Such derivative financial instruments are recognised at fair value on the contract date and are re-measured to fair value at subsequent reporting dates Receipts and payments arising from derivatives which hedge interest rate exposure are included within finance costs

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating leases Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability

Rental payments made under the operating leases are charged to the income statement on a straight-line basis over the period of the lease Any incentives to enter into the operating lease are also spread on a straight-line basis over the lease term

Employee share ownership plan ('ESOP')
Investment in the Company's own Shares which are held by the Trustees of the Group's ESOP for the benefit of participants in the Company's nil-cost option scheme are shown as a deduction from equity Similarly, obligations in respect of Shares to be issued to satisfy obligations under the nil-cost option scheme and other long term incentives are included in equity Other assets and liabilities of the ESOP are recognised as assets and liabilities of the Company and of the Group

Share-based payments
The cost of equity-settled share options granted under the Group's nil-cost option scheme is based on the fair value on the date of grant Fair value is calculated using the Black-Scholes option pricing model for non-market based vesting conditions, and the trinomial model for market related vesting conditions The fair value of each award is recognised as an expense over the vesting period on a straight-line basis, after adjusting for the estimated number of options that may not eventually vest The level of vesting is reviewed annually and the charge is adjusted to reflect actual and estimated levels of vesting

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to the present value where the effect is material

Contingent liabilities
Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur They may arise from uncertainty as to the existence of a liability or represent a liability in respect of which the amount cannot be reliably measured Contingent liabilities are not recognised in the Statement of Financial Position but are reported in the relevant notes to the financial statements unless settlement is remote

Retirement benefit costs
Payments to defined contribution pension schemes are charged as an expense to the income statement as they fall due

Assets held within the Group's defined benefit pension scheme are measured at fair value and scheme liabilities are measured on an actuarial basis, using the projected unit method, and discounted at an interest rate equivalent to the current return on high quality corporate bonds of equivalent term to scheme liabilities

The annual service cost of providing pension benefits to employees who are scheme members is charged to the income statement Actuarial gains and losses, that may arise from differences between the expected return and the actual return from scheme assets arising from differences between assumptions used for actuarial purposes and actual experience, and from changes in actuarial assumptions used to calculate scheme liabilities, are recognised in other comprehensive income

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation reduced by the fair value of the scheme assets

Impairment of property, plant and equipment and intangible assets excluding goodwill
At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted

Critical accounting estimates and management judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts The estimates and associated assumptions are based on historical experience and other factors that are considered relevant Actual results may differ from these estimates Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are detailed below

Post-employment benefits
The Group operates a defined benefit pension scheme described in note 35 The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using various assumptions including the discount rate Any changes in these assumptions will impact on the carrying amount of the pension obligations The principal assumptions used are also detailed in note 35

Impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the goodwill note above Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit (CGU) The value in use calculation requires the entity to estimate future cash flows expected to arise from the CGU and to apply a suitable discount rate in order to calculate the present value Actual outcomes could vary significantly from these estimates

Income taxes
The Group is subject to income taxes in several jurisdictions Judgment is required in determining the provision for income taxes There are transactions and calculations for which the ultimate tax determination is uncertain Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Provision for trade receivables impairment

The provision for trade receivables impairment is based upon several factors including ageing profile and a specific analysis of the recoverability of each account During the course of time, these factors may change which will cause the provision to be adjusted accordingly

2 Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focussed on the geographical segments within the Group The principal categories of these segments are the UK, Spain and Ireland

Information regarding the Group's reportable segments is presented below

	2010				2009			
	UK	**Spain**	**Ireland**	**Total**	UK	Spain	Ireland	Total
Income Statement	**£000**	**£000**	**£000**	**£000**	£000	£000	£000	£000
Revenue	**62,442**	**1,787**	**1,698**	**65,927**	53,986	2,683	1,225	57,894
Operating (loss)/profit	**(2,108)**	**(729)**	**(51)**	**(2,888)**	(9,258)	34	(830)	(10,054)
Reorganisation and rebranding costs	**(1,890)**	**(148)**	**-**	**(2,038)**	(1,843)	-	-	(1,843)
Provision against loans and other receivables	**(466)**	**-**	**-**	**(466)**	(843)	-	-	(843)
Other exceptional items	**(666)**	**(328)**	**-**	**(994)**	645	-	-	645
Impairment of goodwill	**-**	**-**	**-**	**-**	(24,111)	-	-	(24,111)
Share of trading losses in associates	**(71)**	**-**	**-**	**(71)**	(197)	-	-	(197)
Share of exceptional losses in associates	**(623)**	**-**	**-**	**(623)**	-	-	-	-
Impairment of loans receivable and investment in associates	**-**	**-**	**-**	**-**	(1,145)	-	-	(1,145)
Finance income	**206**	**28**	**-**	**234**	385	64	-	449
Finance costs	**(1,561)**	**-**	**(37)**	**(1,598)**	(2,479)	(2)	(60)	(2,541)
(Loss)/profit before taxation	**(7,179)**	**(1,177)**	**(88)**	**(8,444)**	(38,846)	96	(890)	(39,640)
Income tax (charge)/credit	**(34)**	**(306)**	**(53)**	**(393)**	863	(35)	-	828
(Loss)/profit for the financial year	**(7,213)**	**(1,483)**	**(141)**	**(8,837)**	(37,983)	61	(890)	(38,812)

Revenue reported above represents revenue generated from external clients There was £87,000 of inter-segment sales in the year (2009 £nil) No single external client generated 10% or more of the total revenue in the UK and Ireland segments for the current or prior years In the Spain segment there was 1 client (2009 4) who contributed more than 10% of the total revenue

2 **Segmental information** (continued)

BALANCE SHEET	**2010 UK £000**	**2010 Spain £000**	**2010 Ireland £000**	**2010 Total £000**	2009 UK £000	2009 Spain £000	2009 Ireland £000	2009 Total £000
ASSETS								
Non-current segment assets	**37,191**	**83**	**391**	**37,665**	37,440	108	525	38,073
Current segment assets	**21,504**	**1,354**	**420**	**23,278**	20,950	3,138	346	24,434
Associates	**653**	**-**	**-**	**653**	1,506	-	-	1,506
Consolidated total assets	**59,348**	**1,437**	**811**	**61,596**	59,896	3,246	871	64,013
LIABILITIES								
Consolidated total liabilities	**29,483**	**365**	**3,007**	**32,855**	24,192	639	3,000	27,831
Other information								
Capital additions	**824**	**5**	**8**	**837**	236	7	11	254
Depreciation and impairment	**1,072**	**31**	**124**	**1,227**	1,299	30	39	1,368
Amortisation	**357**	**3**	**-**	**360**	424	1	-	425

The accounting policies of the reportable segments are the same as the Group's accounting policy as described in note 1

The total liabilities of Ireland shown above include €2 1m due to the parent company For further details see note 32

3 **Exceptional items**

As presented on the consolidated income statement	**2010 £000**	2009 £000
Reorganisation and rebranding costs	**(2,038)**	(1,843)
Provision against loans and other receivables	**(466)**	(843)
Other exceptional items	**(994)**	645
Impairment of goodwill	**-**	(24,111)
	(3,498)	(26,152)

Reorganisation and rebranding costs

	2010 £000	2009 £000
Staff termination and reorganisation costs	**(1,410)**	(1,457)
Rebranding	**(628)**	-
Onerous lease expense	**-**	(386)
	(2,038)	(1,843)

3 **Exceptional items** (continued)

Provision against loans and receivables

The Group has made a provision against loans and receivables of £466,000 (2009 £843,000) where the recoverability of the loan is uncertain

The provision was made against

	2010 £000	2009 £000
Non-current loans and receivables	(419)	(571)
Interest receivable	(47)	(272)
	(466)	(843)

Other exceptional items

	2010 £000	2009 £000
Share-based payment (charge)/credit	(517)	111
Commercial litigation costs (a)	(420)	-
Impairment of available-for-sale investments (b)	(57)	(255)
Net critical illness insurance claim proceeds (c)	-	519
Net VAT reclaim proceeds (d)	-	270
	(994)	645

(a) In October 2010, the Commercial Court in Madrid awarded damages of €295,000 against Colliers International UK plc and Colliers Real Estate SL in respect of an alleged breach of the Unfair Competition Act at the time of the establishment of the Group's Spanish subsidiary operation in March 2006 These damages and the related legal costs associated with this judgement, which is now subject to appeal, have been treated as exceptional items

(b) Due to a decrease in the underlying net assets of the Group's available-for-sale investments, impairment losses of £57,000 (2009 £255,000) were recognised in the income statement

(c) During the year ended 31 December 2009 Skandia Life accepted a claim under the Group's critical illness insurance policy, with the effect that it paid sums totalling £1,060,000 to the Company on account of Andrew Graham's incapacity The Company agreed to pay £541,000 (approximately half of the proceeds) to Andrew Graham due to his directorship of and employment by the Company ceasing on account of his ill health

(d) During 2009 the Group received a net refund of £451,000 in respect of overpaid VAT prior to the introduction of the current three year cap Specialist fees and other costs associated with the claim amounted to £181,000

Impairment of goodwill
During 2009 an impairment loss relating to the United Kingdom goodwill of £24,111,000 was recognised in the income statement

4 **Employees and directors**

	2010	2009
	£000	£000
Staff costs (ıncludıng Executıve Dırectors)		
Wages and salanes	**37,330**	39,349
Socıal secunty costs	**3,741**	3,834
Pensıon costs	**2,628**	2,248
Share-based payments	**517**	(111)
	44,216	45,320

The average number of employees of the Group dunng the year was	Number	Number
Unıted Kıngdom	**696**	714
Spaın	**19**	19
Ireland	**25**	26
	740	759

Remuneration of key management personnel

The Board of Dırectors represent the Group's key management personnel Theır remuneratıon, ıncludıng those who resıgned ın the year up to the date of theır resıgnatıon, ıs summansed below

	2010	2009
	£000	£000
Emoluments	**441**	703
Socıal secunty costs	**67**	76
Pensıon costs	**24**	73
Share-based payments	**55**	-
	587	852

The number of Dırectors to whom retırement benefits are accruıng under	Number	Number
Defined benefit scheme	**1**	2
Defined contnbutıon schemes	**1**	2

The remuneratıon for the hıghest paıd Dırector ıs as follows

	2010	2009
	£000	£000
Emoluments	**143**	196
Pensıon contnbutıons	**17**	13
Accrued pensıon at year end	**49**	28
Transfer value of accrued pensıon	**707**	371

The hıghest paıd Dırector ın 2010 was Gareth Jones and ın 2009 was Davıd Izett Further detaıls are set out ın the Remuneratıon Report on page 23

5 **Other operating income**

	2010 £000	2009 £000
Net rental income	278	163
Other income	323	270
	601	433

6 **Operating loss**

	2010 £000	2009 £000
Group operating loss is arrived at after charging		
Staff costs (note 4)	44,216	45,320
Auditor's remuneration (see below)	184	238
Operating lease rentals		
Hire of plant and machinery	117	253
Other operating leases	3,766	4,375
Depreciation and impairment - owned assets	1,121	1,047
Depreciation - leased assets	106	479
Amortisation of intangible assets	360	425
Dilapidations provision	150	-
Foreign exchange losses	84	121

During 2010 net revaluation gains of £237,000 relating to available-for-sale financial assets (2009 net gains of £208,000) have been recognised in other comprehensive income

Auditor's remuneration	2010 £000	2009 £000
Fees payable to the Company's auditor for the audit of the Group's and Company's annual accounts	91	91
Fees payable to the Company's auditor for other services		
The audit of the Company's subsidiaries pursuant to legislation	30	38
Other services relating to taxation - compliance and general tax advice	48	48
Other services Services supplied pursuant to such legislation	15	28
Corporate finance services	-	25
All other services	-	8
	184	238
Fees in respect of the Group's pension scheme	12	12
	196	250

7 **Finance income**

	2010 £000	2009 £000
Bank interest	30	128
Other interest	204	321
	234	449

8 Finance costs

	2010 £000	2009 £000
Interest on bank loans and overdrafts	584	1,069
Amortisation of facility fees	558	544
Pension interest	379	637
Finance lease interest	14	122
Unwinding of discounts on deferred consideration	22	100
Other interest	41	69
	1,598	2,541

9 Taxation

	2010 £000	2009 £000
Current tax:		
Corporation tax on Group loss for the year	-	35
Adjustments in respect of previous periods	393	(836)
Total current tax credit	393	(801)
Deferred tax		
Origination and reversal of temporary differences (note 18)	-	(27)
Total taxation credit - effective rate -4.7% (2009 2.1%)	393	(828)

The income tax expense for the year is based on the UK statutory rate of 28% Overseas tax is calculated at the rates prevailing in the respective jurisdictions

Factors affecting the tax credit for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28%

	2010 £000	2009 £000
Loss on ordinary activities before tax	(8,444)	(39,640)
Less share of trading losses in associates	71	197
Less share of exceptional losses in associates	623	-
Group loss on ordinary activities before tax	(7,750)	(39,443)
Group loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	(2,170)	(11,044)
Effects of		
Expenses not deductible for tax purposes	293	6,993
Non-taxable income	(20)	(16)
Depreciation on non-qualifying assets	4	93
Different tax rate in foreign country	8	136
Movement in unprovided losses	1,490	3,760
Unprovided deferred tax assets	250	179
Impact of share-based payments	145	(66)
Adjustments in respect of previous years	393	(836)
Income tax charge/(credit)	393	(801)

9 **Taxation** (continued)

Tax items (charged)/credited to equity	**£000**	£000
Deferred tax on actuarial loss on defined benefit pension scheme	-	420
Deferred tax on share-based payments	-	(20)
Deferred tax assets not recognised	-	(2,139)
	-	(1,739)

10 **Dividends**

Since the Company does not have any distributable reserves, the Directors are unable to recommend the payment of a dividend (2009 nil)

11 **Earnings per share**

	2010 **£000**	2009 £000
Loss attributable to equity holders of the parent Company	**(8,115)**	(38,503)
	Number	Number
Weighted average number of shares	**'000**	'000
Total number of shares in issue in the year	**149,137**	67,342
Less average number of shares held by ESOP trust	**(3,740)**	(3,968)
Weighted average number of shares for basic earnings per share	**145,397**	63,374
Dilutive effect of share options	**-**	-
Weighted average number of shares for diluted earnings per share	**145,397**	63,374
Basic loss per share (p)	**(5 58)**	(60 76)
Diluted loss per share (p)	**(5 58)**	(60 76)

The effect of contingently issuable shares was not included in the calculation of diluted earnings per share as they are anti-dilutive for the current and prior period

The weighted average number of dilutive shares for 2010 that could potentially dilute basic earnings per share in the future was 3,901,000 (2009 4,749,000)

12 Goodwill

	Group £000	Company £000
Cost		
At 1 January 2009 and 2010	56,824	44,438
Transfer from Investments on hive up (note 16)	-	2,005
At 31 December 2010	**56,824**	**46,443**
Impairment		
At 1 January 2009	3,161	-
Impairment for the 2009 year	24,111	21,142
At 31 December 2009 and 2010	**27,272**	**21,142**
Net book value		
At 31 December 2010	**29,552**	**25,301**
At 31 December 2009	29,552	23,296
At 1 January 2009	53,663	44,438

The goodwill balance of £29,552,000 (2009 £29,552,000) relates to the United Kingdom only

The Group tests for impairment of goodwill annually or more frequently if there are indications that the cash-generating unit (CGU) might be impaired (the UK operating segment is considered to be one CGU for the purposes of impairment testing) The recoverable amount of the CGU is determined from value in use calculations

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and cash flow forecasts derived from the most recent financial budgets and forecasts approved by management covering a five-year period Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2 25% which is based on the average long term growth rate for the country The pre-tax discount rates are based on the Group's weighted average cost of capital The rate used to discount the forecast cash flows is 10%

The trade and assets of Locum Destination Consulting were hived up to the company on 1 July 2010 As the substance of the transaction was merely to reorganise the Group's operations, the value of the investment has been reallocated as goodwill This has created goodwill of £2,005,000 in the Company's Statement of Financial Position and has no effect on the Group Statement of Financial Position

If the revenues used in the value in use calculation had been 5% lower at 31 December 2010, the recoverable amount would still exceed the carrying amount of the Group's goodwill (2009 the Group would have recognised a further impairment of £16,038,000)

During 2009 an impairment loss of the United Kingdom goodwill of £24,111,000 was recognised in the income statement as an exceptional item

13 Other intangible assets

	Group			Company
	Customer relationships and contracts	Computer Software	Total	Computer software
	£000	£000	£000	£000
Cost				
At 1 January 2009	867	1,673	2,540	1,658
Additions	-	86	86	86
At 31 December 2009	867	1,759	2,626	1,744
Additions	-	200	200	199
At 31 December 2010	**867**	**1,959**	**2,826**	**1,943**
Amortisation				
At 1 January 2009	623	920	1,543	918
Amortisation charge	119	306	425	302
At 31 December 2009	742	1,226	1,968	1,220
Amortisation charge	53	307	360	302
At 31 December 2010	**795**	**1,533**	**2,328**	**1,522**
Net book value				
At 31 December 2010	**72**	**426**	**498**	**421**
At 31 December 2009	125	533	658	524
At 1 January 2009	244	753	997	740

The amortisation charge is included in operating expenses in the income statement

14 **Property, plant and equipment**

Group	Short leasehold improvements £000	Fixtures, fittings and equipment £000	Motor cars £000	Total £000
Cost				
At 1 January 2009	4,395	8,044	9	12,448
Additions	43	211	-	254
Exchange differences	(56)	(40)	-	(96)
At 31 December 2009	4,382	8,215	9	12,606
Additions	40	797	-	837
Disposals	-	(3)	(9)	(12)
Exchange differences	(23)	(16)	-	(39)
At 31 December 2010	**4,399**	**8,993**	**-**	**13,392**
Accumulated depreciation and impairment				
At 1 January 2009	1,893	5,403	9	7,305
Charge for the year	384	984	-	1,368
Impairment loss for the year	158	-	-	158
Exchange differences	(13)	(17)	-	(30)
At 31 December 2009	2,422	6,370	9	8,801
Charge for the year	408	819	-	1,227
Disposals	-	(3)	(9)	(12)
Exchange differences	(8)	(12)	-	(20)
At 31 December 2010	**2,822**	**7,174**	**-**	**9,996**
Net book value				
At 31 December 2010	**1,577**	**1,819**	**-**	**3,396**
At 31 December 2009	1,960	1,845	-	3,805
At 1 January 2009	2,502	2,641	-	5,143

The net book value of fixtures, fittings and equipment above includes £279,000 (2009 £399,000) in respect of assets held under finance leases, and the related depreciation charge for the year in respect of those assets was £106,000 (2009 £479,000)

During 2009, the Group recognised an impairment of £158,000 in respect of leasehold improvements in vacant leasehold properties

Depreciation and impairment charges are included in operating expenses in the income statement

14 Property, plant and equipment (continued)

Company	Short leasehold improvements £000	Fixtures, fittings and equipment £000	Motor cars £000	Total £000
Cost				
At 1 January 2009	3,700	7,462	9	11,171
Additions	42	191	-	233
At 31 December 2009	3,742	7,653	9	11,404
Additions	32	798	-	830
Disposals	-	(3)	(9)	(12)
At 31 December 2010	**3,774**	**8,448**	**-**	**12,222**
Accumulated depreciation and impairment				
At 1 January 2009	1,733	5,155	9	6,897
Charge for the year	318	877	-	1,195
Impairment loss for the year	158	-	-	158
At 31 December 2009	2,209	6,032	9	8,250
Charge for the year	345	718	-	1,063
Disposals	-	(3)	(9)	(12)
At 31 December 2010	**2,554**	**6,747**	**-**	**9,301**
Net book value				
At 31 December 2010	**1,220**	**1,701**	**-**	**2,921**
At 31 December 2009	1,533	1,621	-	3,154
At 1 January 2009	1,967	2,307	-	4,274

There net book value of fixtures, fittings and equipment held under finance leases included above is £nil (2009 £7,000), and the related depreciation charge for the year in respect of those assets was £7,000 (2009 £366,000)

During 2009, the Company recognised an impairment of £158,000 in respect of leasehold improvements in vacant leasehold properties

Depreciation and impairment charges are included in operating expenses in the income statement

15 Investments in associates

Group	£000
At 1 January 2009	1,751
Share of loss after tax	(197)
Dividends received	(48)
At 31 December 2009	1,506
Share of loss after tax (excluding exceptional items)	(71)
Share of exceptional losses	(623)
Dividends received	(159)
At 31 December 2010	**653**

Investments in associated undertakings represents the Company's 23 59% interest in the ordinary share capital of Paladin Group Limited which carries on a residential property management business and the Group's 25% interest in the ordinary share capital of Colliers International Belfast Limited which carries on a property consultancy business

In the course of preparing the results for their year ended 31 March 2010, the directors of Paladin became aware that certain assets had been overstated and certain liabilities understated in one of Paladin's trading divisions The impact of correcting these issues, together with a consequent material goodwill impairment charge, has resulted in the Group recognising an exceptional charge of £623,000 being the Group's share of these losses

The country of incorporation and voting rights of the associates are as follows

Name of company	Country of incorporation	Ownership and voting rights
Paladin Group Limited	England & Wales	23 59%
Colliers International Belfast Limited	Northern Ireland	25%

The Company also holds 40% of the issued units in the Wessex Property Fund, a Jersey Property Unit Trust

The Group's shareholding in Paladin increased from 20 42% to 23 59% during the year as a consequence of Paladin purchasing some of its own shares during the year for cancellation

The Group's share of the assets, liabilities, revenues and profits for these associates were as follows

	2010 £000	2009 £000
Total assets	**2,389**	3,472
Total liabilities	**(2,133)**	(2,363)
Net assets	**256**	1,110
Revenue	**4,106**	5,010
Loss for the year	**(694)**	(197)

Company	2010 £000	2009 £000
Cost		
At 1 January 2009, 31 December 2009 and 2010	**263**	263

16 Other investments

Group - Available-for-sale investments	2010 £000	2009 £000
At 1 January	**947**	994
Additions	**1**	-
Fair value gain recognised in equity	**237**	208
Impairment recognised in the income statement	**(57)**	(255)
At 31 December	**1,128**	947

Company	Subsidiary companies at cost £000	Available-for-sale investments at fair value £000	Total £000
Fair value or cost			
At 1 January 2009	46,918	746	47,664
Fair value loss reversed in equity	-	250	250
Impairment recognised in the income statement	-	(54)	(54)
At 31 December 2009	46,918	942	47,860
Additions	-	1	1
Part disposal of subsidiary	(71)	-	(71)
Transfer from Investments on hive up (note 12)	(2,005)	-	(2,005)
Fair value gain in equity	-	237	237
Impairment recognised in the income statement	-	(57)	(57)
At 31 December 2010	**44,842**	**1,123**	**45,965**
Provision against investments			
At 1 January 2009 and 31 December 2009	4,708	-	4,708
Part disposal of subsidiary	(71)	-	(71)
At 31 December 2010	**4,637**	-	**4,637**
Net book value			
At 31 December 2010	**40,205**	**1,123**	**41,328**
At 31 December 2009	42,210	942	43,152
At 1 January 2009	42,210	746	42,956

J S (City) Limited issued new shares to local directors during February 2010 which reduced the Group's shareholding to 58 75% The investment in J S (City) Limited was fully provided against in 2008 The impact on the Group, being a change in the non-controlling interest and a gain on the deemed disposal of £26,000, has been accounted for through the Statement of Changes in Equity

The trade and assets of Locum Destination Consulting were hived up to the Company on 1 July 2010 and the value of the investment has been reallocated as goodwill

The fair value of available-for-sale investments is based on the current market values of the underlying assets Current market values have been determined through professional valuations or Director's valuations where appropriate

An impairment loss has been recognised on available for sale investments as a result of falling asset values within non-current asset investment vehicles

The remaining ownership participations in the Group's foreign subsidiaries are anticipated to remain at their current levels

16 **Other investments** (continued)

As at 31 December 2010 the Company had the following principal subsidiary undertakings

Name of company		**Nature of business**	**Ownership and voting rights**
Colliers Capital UK Limited		Property fund management	100%
Deanwater Estates Limited	#	Property co-investment	100%
Colliers Godfrey Vaughan Limited		West End & City Property Specialists	100%
J S (City) Limited *(trading as Colliers International)*		Property consulting	58 75%
Colliers Real Estate SL *(trading as Colliers International)*		Property consulting	51%
Colliers Servicos Technicos SL *(trading as Colliers International)*	*	Property consulting	60%

= indirectly held
* = indirectly held through Colliers Real Estate SL

All subsidiaries are registered in England and Wales with the exception of

J S (City) Limited	Registered in Ireland
Colliers Real Estate SL	Registered in Spain
Colliers Servicos Technicos SL	Registered in Spain

The Group has restricted the information to the above principal subsidiaries only as full compliance with Schedule 4 1 of the statutory instrument 410/2008 would result in a statement of excessive length

17 **Loans receivable**

	Group		**Company**	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Loan to available-for-sale investments	**2,879**	2,899	**952**	1,297
Loan to associates	**212**	212	**212**	212
	3,091	3,111	**1,164**	1,509

The Group has granted loans to entities in which the Group also has an equity participation The fair value of the equity participation element is disclosed within available-for-sale investments Interest on loans receivable is charged at commercial arm's length rates

Movement in the provision against loans receivable are as follows

	2010	2009
	£000	£000
At 1 January	**1,096**	-
Additional provision for loans and receivables impairment	**466**	1,096
At 31 December	**1,562**	1,096

18 Deferred income tax assets

The movement in the deferred tax account is shown below

Group	Accelerated capital allowances £000	Share based payment £000	Retirement obligations £000	Intangibles £000	Available-for-sale investments £000	Other £000	Total £000
At 1 January 2009	(227)	67	1,670	(68)	-	270	1,712
Credit/(charge) to income	83	(47)	49	33	-	(91)	27
Charge to equity	-	(20)	(1,719)	-	-	-	(1,739)
At 31 December 2009	(144)	-	-	(35)	-	179	-
Credit/(charge) to income	59	-	-	15	-	(74)	-
At 31 December 2010	**(85)**	**-**	**-**	**(20)**	**-**	**105**	**-**

Company	Accelerated capital allowances £000	Share based payment £000	Retirement obligations £000	Available-for-sale investments £000	Other £000	Total £000
At 1 January 2009	(227)	67	1,670	-	263	1,773
(Charge)/credit to income	83	(47)	49	-	(119)	(34)
Credit to equity	-	(20)	(1,719)	-	-	(1,739)
At 31 December 2009	(144)	-	-	-	144	-
Credit/(charge) to income	59	-	-	-	(59)	-
At 31 December 2010	**(85)**	**-**	**-**	**-**	**85**	**-**

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient short term taxable profits will be available to allow all or part of the asset to be recovered

Deferred income tax assets not recognised at year end

	Group		**Company**	
	2010	2009	**2010**	2009
Relating to	**£000**	£000	**£000**	£000
Revenue related tax losses	**4,580**	3,760	**3,419**	3,452
Retirement obligations	**1,311**	1,528	**1,311**	1,528
Share based payments	**230**	123	**230**	123
Other	**64**	130	**91**	165
	6,185	5,541	**5,052**	5,268

19 Trade and other receivables

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Trade receivables	**16,754**	15,213	**15,203**	12,344
Amounts owed by Group undertakings	**-**	-	**11,436**	11,532
Amounts owed by associated undertakings	**147**	124	**147**	124
Other receivables	**319**	329	**239**	307
Prepayments and accrued income	**4,608**	5,721	**4,496**	5,653
Corporation tax	**22**	726	**22**	283
	21,850	22,113	**31,543**	30,243

The carrying value of trade and other receivables approximates to their fair value due to their short term nature At 31 December 2010, £20,882,000 (2009 £20,238,000) of receivables were denominated in sterling, and £1,341,000 (2009 £1,830,000) in euro The Group held no collateral against these receivables at year end

At the year end, trade receivables after impairment represented 90 days (2009 99 days) of revenue

The trade receivables balance is presented net of an impairment provision Further detail of this allowance for doubtful debts is included in note 26

20 Cash and cash equivalents

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Cash and cash equivalents per statement of financial position	**1,428**	2,321	**441**	521
Bank overdrafts (note 23)	**(240)**	(375)	**-**	-
Cash and cash equivalents	**1,188**	1,946	**441**	521

The carrying amounts of the Group's and Company's cash and cash equivalents are denominated in the following currencies

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Sterling	**582**	617	**387**	517
Euro	**564**	1,329	**12**	4
US Dollar	**42**	-	**42**	-
	1,188	1,946	**441**	521

Cash and cash equivalents comprises cash held by the Group and short term bank deposits with an original maturity of three months or less The interest rate on sterling short term deposits was 0 2% The interest rate on euro short term deposits was between 2 0% - 2 5% The carrying amount of cash and cash equivalents approximates to their fair value

21 Trade and other payables

	Group 2010 £000	2009 £000	Company 2010 £000	2009 £000
Trade payables	**1,875**	1,049	**1,629**	632
Amounts owed to Group undertakings	**-**	-	**40,672**	40,391
Amounts owed to associated undertakings	**16**	1	**16**	1
Other taxation and social security	**3,280**	2,849	**2,997**	2,410
Accruals and deferred income	**4,965**	4,457	**4,848**	4,308
Deferred consideration payable (note 25)	**495**	651	**-**	143
Other payables	**1,069**	710	**921**	574
	11,700	9,717	**51,083**	48,459

Trade and other payables principally comprise amounts outstanding in respect of trade purchases, annual bonus accruals, deferred consideration and other on-going costs The average credit period taken for trade purchases is 33 days (2009 20 days) The carrying amount of the trade and other payables approximates to their fair values At 31 December 2010 £10,686,000 (2009 £8,715,000) of payables were denominated in sterling, and £1,014,000 (2009 £1,002,000) in euro

22 Obligations under finance leases

Group	**Minimum lease payments** 2010 £000	2009 £000	**Present value of lease payments** 2010 £000	2009 £000
Amounts payable under finance leases				
Within one year	**270**	253	**257**	231
In second to fifth years	**-**	106	**-**	102
	270	359	**257**	333
Less future finance charges	**(13)**	(26)		
Present value of lease obligations	**257**	333		

Company	**Minimum lease payments** 2010 £000	2009 £000	**Present value of lease payments** 2010 £000	2009 £000
Amounts payable under finance leases				
Within one year	**-**	68	**-**	58
In second to fifth years	**-**	-	**-**	-
	-	68	**-**	58
Less future finance charges	**-**	(10)		
Present value of lease obligations	**-**	58		

22 **Obligations under finance leases** (continued)

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Current	**257**	231	-	58
Non-current	-	102	-	-
Total obligations under finance leases	**257**	333	-	58

The Group's lease obligations are denominated in the following currencies

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Sterling	-	58	-	58
Euro	**257**	275	-	-
	257	333	-	58

For the year ended 31 December 2010, the average effective borrowing rate under finance leases was 5 15% (2009 5 51%) Interest rates are fixed at the contract date The fair value of the Group's lease obligations approximates to their carrying value The Group's obligations under finance leases are secured on the related assets The net book value of the secured leased assets is disclosed in note 14 The weighted average term of the finance leases remaining at 31 December 2010 is 8 months (2009 1 year)

The euro denominated finance lease obligation entered into by the Ireland subsidiary was due to be repaid during 2011 No capital repayments were made during 2010 by agreement with the lessor The terms were renegotiated after year end and the lease is now due to be repaid by April 2013

23 **Bank overdrafts and loans**

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Bank overdrafts	**240**	375	-	-
Bank loans	**13,951**	9,216	**13,750**	9,000
Other loans	-	15	-	15
	14,191	9,606	**13,750**	9,015
Current	**240**	390	-	15
Non-current	**13,951**	9,216	**13,750**	9,000
Total bank overdrafts and loans	**14,191**	9,606	**13,750**	9,015

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the Group The carrying amounts of the borrowings approximates to their fair value

The sterling revolving credit facility, under which £13,750,000 was drawn at 31 December 2010, is due to expire in September 2012 The bank loan of £201,000 is repayable over three years

Further details on the maturity profile of borrowings are disclosed in note 26

23 **Bank overdrafts and loans** (continued)

Analysis of borrowings by currency

Group	**Sterling £000**	**Euro £000**	**Total £000**
31 December 2010			
Bank overdrafts	-	**240**	**240**
Bank loans	**13,750**	**201**	**13,951**
	13,750	**441**	**14,191**
31 December 2009			
Bank overdrafts	-	375	375
Bank loans	9,000	216	9,216
Other loans	15	-	15
	9,015	591	9,606

The effective interest rates were as follows

	Group		**Company**	
	2010 £000	2009 £000	**2010 £000**	2009 £000
Bank loans (3 25% over LIBOR)	**13,750**	9,000	**13,750**	9,000
Bank loans (2% over EURIBOR)	**201**	216	-	-
Bank overdraft (2% over EURIBOR)	**240**	375	-	-
Other loans (fixed rate)	-	15	-	15
	14,191	9,606	**13,750**	9,015

The weighted average interest rate implicit in the Group's bank loans at 31 December 2010 was 3 82% (2009 3 69%) and the weighted average period to maturity was 1 8 years (2009 2 7 years)

The weighted average interest rate implicit in other loans at 31 December 2009 was 7 50% and the weighted average period to maturity was 0 3 years

The Group had undrawn committed borrowing facilities available as at 31 December 2010 expiring as follows

	Group and Company	
	2010 £000	2009 £000
Less than one year	**1,000**	1,000
Beyond one year	**4,250**	9,000
	5,250	10,000

24 **Provisions**

	Group		**Company**	
	2010 £000	2009 £000	**2010 £000**	2009 £000
Dilapidations	**150**	-	**150**	-

24 **Provisions** (continued)

	Group 2010 £000	2009 £000	Company 2010 £000	2009 £000
At 1 January	-	-	-	-
Charged during the period	150	-	150	-
At 31 December	**150**	-	**150**	-

The Group may need to carry out remedial dilapidation works on certain leased properties if those properties are vacated at the end of the lease term The property dilapidation provision represents the estimated costs of dilapidation repairs which have arisen over the period of the Group's occupation A provision for such costs has been made where a legal obligation is identified and the liability can be reasonably quantified

25 **Deferred consideration**

Deferred consideration on past acquisitions is settled either by cash or the issue of shares The last instalment was paid on 5 April 2011

	Group 2010 £000	2009 £000	Company 2010 £000	2009 £000
Current (note 21)	495	651	-	143
Non-current	-	473	-	-
Total deferred consideration payable	495	1,124	-	143

The movement in the deferred consideration balance is shown below

	Group £000	Company £000
At 1 January 2010	1,124	143
Unwinding of the discount	22	3
Payments made	(578)	(73)
Shares issued	(73)	(73)
At 31 December 2010	**495**	-

26 **Financial instruments and risk management**

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity balance

The capital structure of the Group consists of net debt (as detailed in note 31 comprising of cash and cash equivalents less bank overdrafts, bank loans and finance leases) and equity of the Group (as detailed in the statement of changes in equity comprising issued share capital, reserves, retained earnings and non-controlling interests) The structure is managed to minimise the Group's cost of capital and to provide ongoing returns to shareholders and service debt obligations

26 **Financial Instruments and risk management** (continued)

The capital structure is as follows

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Equity	**28,741**	36,182	**31,842**	37,490
Cash and cash equivalents	**1,428**	2,321	**441**	521
Bank overdraft	**(240)**	(375)	-	-
Debt	**(14,208)**	(9,564)	**(13,750)**	(9,073)
Net debt	**(13,020)**	(7,618)	**(13,309)**	(8,552)

Debt is defined as long and short term borrowings, including bank loans, other loans and finance leases (see note 31) Equity includes all capital and reserves of the Group/Company (as disclosed in notes 27, 28 and 29)

Colliers Capital UK Limited is FSA regulated and is subject to a capital requirement based on 13-week's expenditure The current capital requirement is £209,000 (2009 £231,000) The Group is not subject to any further externally imposed capital requirements

Financial risk management

The Group finances its activities through a combination of equity and bank and other borrowings The Group also enters into derivative transactions (principally interest rate swaps and caps) An internal committee that includes two Directors and external advisers monitors all derivative activity No speculative treasury transactions are undertaken

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign exchange

Foreign currency risk
The Group's main currency risk is limited to exposure to movements in the sterling euro exchange rate when translating its two overseas subsidiaries The Group does not hedge the foreign exchange risks arising from the translation of overseas business results due to their non-cash nature and high costs associated with such hedging

The Group also undertakes certain transactions denominated in foreign currencies with a number of its clients The Group's sensitivity to a 30% decrease or increase in the sterling euro exchange rate at the end of the year would result in an impact on equity of £263,000 (2009 £509,000) The sensitivity rate of 30% is that used when reporting foreign currency risk internally to key management personnel (although higher sensitivity rates are also tested) and represents management's assessment of a reasonably possible change in this particular exchange rate

Interest rate risk
The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates The Group's policy is, when considered appropriate, to hedge interest rate risk exposure on its net borrowings through the use of a range of derivatives including option-based products

If interest rates had been 1% higher or lower, and all other variables were held constant, the Group's profit for the year ended 31 December 2010 and its equity at 31 December 2010 would decrease or increase by £142,000 (2009 £96,000) This calculation assumes that the Group's borrowings at 31 December 2010 were outstanding for the whole year Management currently use a 2% increase when reporting interest rate risk internally to key management personnel as this represents their assessment of a reasonably possible change

Cash flow hedges
The Group has used interest rate caps, which settle on a quarterly basis, to hedge the interest rate risk associated with floating rate borrowings

As at 31 December 2010, the Group had protected £4,500,000 (2009 £9,000,000) of total debt at interest rates of 6% or lower

26 **Financial Instruments and risk management** (continued)

The following table details the notional principal amounts and the effective period of each interest rate swap and cap contract

Period	Average contract fixed interest rate		Notional principal amount		Fair value	
	2010	2009	**2010**	2009	**2010**	2009
			£000	£000	**£000**	£000
Interest rate caps						
Jun 2008 - Jun 2010	-	6 00%	-	4,500	-	-
Jun 2009 - Jun 2011	**6 00%**	6 00%	**4,500**	4,500	-	-
					-	-

The fair value of interest rate caps have been valued at the middle of the spread between buying and selling options at prices prevailing on the reporting date and reflect the value of the caps at that date The average interest rate is based on the outstanding balances at the end of the financial year

The fair value of these cash flow hedges as at 31 December 2010 was £nil (2009 £nil)

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by regularly monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities The Group maintains medium term facilities to ensure the Group has sufficient funds available for its operations and for future expansion

The Group has an £18,000,000 revolving credit facility which is due to expire on 30 September 2012

The undiscounted contractual cash flows for the Group's financial liabilities, including interest payments, are as follows

2010	**Less than one year £000**	**Between one and two years £000**	**Between two and five years £000**	**In more than five years £000**	**Total £000**
Bank loans and other loans	246	13,757	202	-	14,205
Finance leases	270	-	-	-	270
Trade and other payables	2,091	-	-	-	2,091
Other liabilities	508	785	150	-	1,443
Total financial liabilities	**3,115**	**14,542**	**352**	-	**18,009**

2009	**Less than one year £000**	**Between one and two years £000**	**Between two and five years £000**	**In more than five years £000**	**Total £000**
Bank loans and other loans	396	6	9,001	216	9,619
Finance leases	253	106	-	-	359
Trade and other payables	1,372	-	-	-	1,372
Other liabilities	588	508	785	-	1,881
Total financial liabilities	**2,609**	**620**	**9,786**	**216**	**13,231**

Interest on floating rate borrowings is estimated using 2010 year end interest rates

26 Financial Instruments and risk management (contınued)

Credit nsk

Credıt nsk represents the nsk that a counterparty wıll default on ıts oblıgatıons resultıng ın financıal loss to the Group and pnncıpally relates to the Group's trade receıvables

The Group's financıal assets by category are shown below

	2010 £000	2009 £000
Avaılable-for-sale ınvestments	**1,128**	947
Cash and cash equıvalents	**1,428**	2,321
Trade and other receıvables	**17,181**	15,617
Loans and receıvables	**3,091**	3,111
	22,828	21,996

The carryıng amount of financıal assets recorded ın the financıal statements represents the Group's maxımum exposure to credıt nsk at the year end The Group's financıal assets and lıabılıtıes are all held at amortısed cost wıth the exceptıon of avaılable-for-sale ınvestments (see note 16) whıch are carned at faır value

The Group has categonsed ıts financıal ınstruments usıng the faır value hıerarchy as follows

Level 1 reflects financıal ınstruments quoted ın an actıve market,
Level 2 reflects financıal ınstruments that have pnces that are observable eıther dırectly or ındırectly, and
Level 3 reflects financıal ınstruments that are not based on observable market data

All of the financıal ınstruments held by the Group are categonsed as Level 3

The Group's normal polıcy ıs for sales ınvoıces to be due for payment 'on presentatıon' The followıng table ıllustrates financıal assets past due as at year end

2010	**Total £000**	**Up to 30 days £000**	**30 days+ £000**	**60 days+ £000**	**90 days+ £000**
UK	17,959	11,197	2,024	1,006	3,732
Spaın	527	440	4	42	41
Ireland	528	203	66	41	218
	19,014	11,840	2,094	1,089	3,991

2009	**Total £000**	**Up to 30 days £000**	**30 days+ £000**	**60 days+ £000**	**90 days+ £000**
UK	16,346	8,286	3,256	742	4,062
Spaın	1,113	1,092	-	1	20
Ireland	484	154	57	23	250
	17,943	9,532	3,313	766	4,332

26 **Financial Instruments and risk management** (continued)

The movement in the trade receivables impairment provision during the year was as follows

	2010 £000	2009 £000
At 1 January	**2,606**	2,664
Additional provision for receivables impairment	**417**	654
Receivables written off during the year	**(971)**	(712)
At 31 December	**2,052**	2,606

The movement in the provision against loans receivable is disclosed in note 17

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period The concentration of credit risk is limited due to the client base being large and unrelated

Trade receivables comprise a large number of clients, spread across diverse industries and geographic areas Executive management receives monthly reports summarising trade receivable balances and their ageing profile and appropriate action is taken to manage any significant items A provision for impairment is made if considered necessary

As at 31 December 2010, no client represented more than 5% of the Group's total trade receivables (2009 none) Having considered the significance of this, the Board has concluded that no further impairment provision is considered necessary beyond the normal course of business provision for bad and doubtful debts

27 **Issued capital**

	Group and Company	
	2010 £000	2009 £000
Ordinary share capital	**1,494**	1,486
Deferred share capital	**22,975**	22,975
Share premium	-	28,992
	24,469	53,453

Issued ordinary and deferred share capital comprises

	Group and Company	
	2010 £000	2009 £000
Authorised		
200,000,000 (2009 200,000,000) Ordinary Shares of 1p (2009 1p) each	**2,000**	2,000
46,888,119 (2009 46,888,119) Deferred Shares of 49p (2009 49p) each	**22,975**	22,975
Allotted, issued and fully paid		
149,409,048 (2009 148,556,879) Ordinary Shares of 1p (2009 1p) each	**1,494**	1,486
46,888,119 (2009 46,888,119) Deferred Shares of 49p (2009 49p) each	**22,975**	22,975

27 Issued capital

A reconciliation of the movement in issued share capital is as follows

Date	Name	Number of ordinary shares 000s	Number of deferred shares 000s	Total ordinary share capital £000	Total deferred share capital £000	Total share premium £000	Value per share
	At 1 January 2009	**46,355**	**-**	**23,177**	**-**	**11,045**	
Jan 2009	Godfrey Vaughan Limited	533	-	267	-	97	68p
Jun 2009	Change in nominal value and issue of deferred shares	-	46,888	(22,975)	22,975	-	
Jun 2009	Locum Consulting Group Limited	617	-	6	-	144	24p
Jun 2009	Huthwaite (CBS) Limited	279	-	3	-	71	26p
Jun 2009	Dodson Jones Limited	11	-	-	-	21	195p
Oct 2009	Share placing	100,000	-	1,000	-	19,000	20p
	Share issue costs	-	-	-	-	(1,538)	
Dec 2009	Jansons Limited	762	-	8	-	152	21p
	At 31 December 2009	**148,557**	**46,888**	**1,486**	**22,975**	**28,992**	
Apr 2010	Godfrey Vaughan Limited	533	-	5	-	358	68p
May 2010	Huthwaite (CBS) Limited	319	-	3	-	70	23p
Dec 2010	Cancellation of the Share Premium account	-	-	-	-	(29,420)	
	At 31 December 2010	**149,409**	**46,888**	**1,494**	**22,975**	**-**	

All of the shares issued during 2010 were issued as part consideration for the respective acquistions noted above

By an Order of the High Court of Justice made on 1 December 2010, the Company's Share Premium Account was cancelled and an amount of £29,420,000 was transferred to a Special Reserve To the extent that shares are subsequently issued at a premium an amount equal to the nominal value plus any premium on such share issues may be transferred from the Special Reserve to retained earnings

In June 2009, each 50p Ordinary Share in issue was sub-divided into one New 1p Ordinary Share and one 49p Deferred Share The New Ordinary Shares retained all the rights attaching to the 50 pence Ordinary Shares in respect of dividends and votes The Deferred Shares have no voting rights, no rights to dividends and negligible rights on a return of capital They are not listed on any stock exchange and are not capable of transfer

In October 2009 the Company raised £20,000,000 (approximately £18,462,000 net of expenses) through the placing of, and subscription for, 100,000,000 New Ordinary Shares at a price of 20p per New Ordinary Share

28 Other equity and reserves

Share capital to be issued
As part of the Godfrey Vaughan sale and purchase agreement dated 5 April 2008, 1,600,000 shares (fair value of 68 2p each) were to be issued in three equal instalments in January 2009, April 2010 and April 2011 In January 2009 and April 2010 533,333 new ordinary shares were allotted in respect of the first and second anniversary tranche of the deferred consideration shares

Special reserve
As mentioned above (note 27), the Company's Share Premium Account was cancelled on 1 December 2010 and the balance was transferred to a Special Reserve

To the extent that shares are subsequently issued at a premium an amount equal to the nominal value plus any premium on such share issues may be transferred from the Special Reserve to retained earnings

28 Other equity and reserves (continued)

Other reserves

An analysis of other reserves is shown below

The Group	Share-based payment reserve £000	Translation reserve £000	Other reserve £000	Total other reserves £000
At 1 January 2009	2,197	333	334	2,864
Exercised options	(66)	-	-	(66)
Vested options lapsed	(361)	-	-	(361)
Share-based payment	(111)	-	-	(111)
Foreign exchange translation	-	(70)	-	(70)
At 31 December 2009	1,659	263	334	2,256
Exercised options	(278)	-	-	(278)
Vested options lapsed	(24)	-	-	(24)
Share-based payment	517	-	-	517
Foreign exchange translation	-	(16)	-	(16)
At 31 December 2010	1,874	247	334	2,455

Company	Share-based payment reserve £000	Other reserve £000	Total other reserves £000
At 1 January 2009	2,197	334	2,531
Exercised options	(66)	-	(66)
Vested options lapsed	(361)	-	(361)
Share-based payment	(111)	-	(111)
At 31 December 2009	1,659	334	1,993
Exercised options	(278)	-	(278)
Vested options lapsed	(24)	-	(24)
Share-based payment	517	-	517
At 31 December 2010	1,874	334	2,208

The share based payment reserve relates to share options granted to employees under the employee share option plan (see note 34)

The other reserve of £334,000 resulted from the ESOP trustee placing its rights to subscribe for new shares in the market and thus realising a gain in 2006

Retained earnings

Included within Group retained earnings as at 31 December 2010 is £506,000 of non-distributable reserves relating to the fair value gain on available-for-sale investments (31 December 2009 £269,000 and 1 January 2009 £61,000)

Included within Company retained earnings as at 31 December 2010 is £518,000 of non-distributable reserves relating to the fair value gain on available-for-sale investments (31 December 2009 £281,000 and 1 January 2009 £31,000)

29 **Own shares held by ESOP**

	ESOP Trust £000
At 1 January 2009	**(3,535)**
Exercised options	56
At 31 December 2009	**(3,479)**
Exercised options	274
At 31 December 2010	**(3,205)**

As part of the acquisition of Milner Consultancies Holdings Limited in 2001, the Group inherited an employee share ownership plan ('ESOP') The ESOP was set up to fulfil and discharge obligations under the nil-cost option scheme and involves the purchase of Shares in the Company for the benefit of eligible employees Shares are distributed to employees as they become entitled to them under the terms and conditions of each scheme The related costs are charged to the income statement

At 31 December 2010, the ESOP held 3,667,279 (2009 3,941,972) shares which had been acquired at a total cost of £3,205,000 (2009 £3,479,000) The investment in the Company's own Shares, which are held for the benefit of participants in the nil-cost option scheme and other long term incentives, are shown as a deduction from equity

At 31 December 2010, outstanding options over 487,282 (2009 549,123) shares had been granted by the Trustees of the ESOP of which had all vested in 2008 and before

30 **Notes to the consolidated and company statement of cash flows**

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Loss before taxation	**(8,444)**	(39,640)	**(7,171)**	(13,264)
Adjustments for				
Finance costs	**1,598**	2,541	**1,579**	2,327
Finance income	**(234)**	(449)	**(281)**	(330)
Share of trading losses in associates	**71**	197	**-**	-
Share of exceptional losses in associates	**623**	-	**-**	-
Impairment of loans receivable and investment in associates	**-**	1,145	**-**	-
Impairment of goodwill	**-**	24,111	**-**	-
Provision against loans and receivables	**466**	843	**416**	252
Impairment of available-for-sale investments	**57**	255	**57**	54
Share based payment charge/(credit)	**517**	(111)	**517**	(111)
Depreciation and impairment of plant, property and equipment	**1,227**	1,526	**1,063**	1,353
Amortisation of intangible assets	**360**	425	**302**	302
Pension costs	**(862)**	(463)	**(862)**	(463)
Operating cash flows before movement in working capital	**(4,621)**	(9,620)	**(4,380)**	(9,880)
(Increase)/decrease in receivables	**(633)**	2,604	**(1,561)**	2,633
Increase/(decrease) in payables	**1,936**	(3,409)	**2,522**	(2,293)
Cash outflow from operating activities	**(3,318)**	(10,425)	**(3,419)**	(9,540)

31 Analysis of changes in net debt

Net debt consists of cash at bank and bank overdrafts less bank loans, other loans and finance leases

Group	1 January 2010	Cashflow	Reclassification to maturity	Other non-cash changes	31 December 2010
	£000	£000	£000	£000	£000
Cash and cash equivalents	2,321	(824)	-	(69)	1,428
Bank overdrafts	(375)	130	-	5	(240)
	1,946	(694)	-	(64)	1,188
Bank loans due after one year	(9,216)	(4,750)	-	15	(13,951)
Other loans due within one year	(15)	15	-	-	-
Finance leases due within one year	(231)	65	(98)	7	(257)
Finance leases due after one year	(102)	-	98	4	-
	(7,618)	**(5,364)**	-	**(38)**	**(13,020)**

Other non-cash changes of £37,000 relate to foreign exchange translation movements on the Group's euro-denominated term loan, finance leases and overdraft

Company	1 January 2010	Cashflow	31 December 2010
	£000	£000	£000
Cash and cash equivalents	521	(80)	441
Bank loans due after one year	(9,000)	(4,750)	(13,750)
Other loans due within one year	(15)	15	-
Finance leases due within one year	(58)	58	-
	(8,552)	**(4,757)**	**(13,309)**

32 Related party transactions and interests of Directors

Group

During the year, the Group traded with two of its associated undertakings, Colliers International Belfast Limited and Paladin Group Limited Fee income earned from associates totalled £31,000 (2009 £56,000) and the balance due from associates at the end of the year was £147,000 (2009 £124,000) There were no re-charges made to associates (2009 £nil) Fees payable to associates totalled £40,000 (2009 £46,000) and the balance due to associates at the end of year was £16,000 (2009 £1,000)

The Wessex Property Fund owed the Group £1,145,000 as at 31 December 2010 (2009 £1,145,000) This is repayable by 1 January 2013 but, since the fund's senior debt provider now enjoys the benefit of a 'full cash sweep' until 31 December 2012, and the fund currently has net liabilities, the Company made full provision against all sums receivable from the fund as at 31 December 2009 The Group earned fees of £41,000 from the Wessex Property Fund during the year (2009 £26,000)

Loans and receivables due from available-for-sale investments and associates are disclosed in note 17

The Company paid £60,000 (2009 £60,000) to Creditincome Limited, a company in which Sir John Ritblat and his family have a controlling interest, in respect of office, secretarial and support services provided to Sir John Ritblat in his capacity as Chairman

There were no other material related party transactions during the year No Director had an interest in any material contracts entered into by the Group during the year

32 **Related party transactions and interests of Directors** (continued)

Company

At 31 December 2010, J S (City) Limited owed €2,100,000 (2009 €1,900,000) to the Company under the terms of an intra-Group loan agreement The loan carries interest at 1 25% above EURIBOR and the accrued interest balance is €137,000 (2009 €94,000) At 31 December 2010 the Company is carrying a provision against the intra-Group loan and related interest receivable as the recoverability of this amount is uncertain

33 **Operating lease commitments**

At 31 December 2010, the Group had the following outstanding commitments for future minimum lease payments under non-cancellable operating leases

	2010			2009		
	Land and buildings	**Other**	**Total**	Land and buildings	Other	Total
	£000	**£000**	**£000**	£000	£000	£000
The Group						
Within one year	**3,397**	**440**	**3,837**	3,585	593	4,178
In the second to fifth years	**8,358**	**206**	**8,564**	11,632	607	12,239
After five years	**3,151**	**-**	**3,151**	3,308	-	3,308
At 31 December	**14,906**	**646**	**15,552**	18,525	1,200	19,725
The Company						
Within one year	**3,056**	**360**	**3,416**	3,207	492	3,699
In the second to fifth years	**7,246**	**136**	**7,382**	10,261	459	10,720
After five years	**-**	**-**	**-**	41	-	41
At 31 December	**10,302**	**496**	**10,798**	13,509	951	14,460

Operating lease payments relating to land and buildings represents rent payable by the Group for its various offices The Group enters into occupational property arrangements for a variety of terms ranging from tenancies at will cancellable upon giving short notice to formal leases for periods up to 25 years In the majority of cases, occupational leases are subject to rent reviews on the fifth anniversary of inception and five-yearly thereafter Where appropriate, the Group also negotiates options to determine leases at dates prior to the normal expiry date The average unexpired term of the Group's various occupational arrangements at 31 December 2010 was 4 4 years (2009 5 0 years)

34 **Share options**

The Company operates a nil-cost option scheme for certain employees of the Group A large portion of nil-cost options are subject to performance criteria based on absolute EBITDA and earnings per share (EPS) growth The vesting periods for options granted range from one to five years after the date of grant All options are settled by way of issue of new Shares or an allocation of own Shares and can be exercised up to ten years after the date of grant Options are usually forfeited if the employee leaves the Company before the options vest

The fair value of options granted with non-market based vesting conditions has been calculated using the Black-Scholes option pricing model The following assumptions were used in calculating the fair value of the options granted

	2010	2009
Historical volatility	**20.0%**	20 0%
Risk free rate	**3 9%**	4 5%
Dividend yield	**2 1%**	3 0%
Expected life	**7 years**	7 years

Volatility is based on the historic volatility of the Company's share price over the period 2005 to 2010

34 **Share options** (continued)

In March 2010, as a consequence of the dilutive effect of the October 2009 share subscription and placing, the number of options in each existing grant was supplemented by 12 5% The terms and assumptions used in calculating the fair value of the supplementary options were identical to those applicable to the pre-existing options

In 2008 the Company issued certain share options that were subject to market conditions based on the share price of Colliers International UK plc At the beginning of 2010 the terms of these options were varied and the closing-market price required for the share options to vest was lowered The modification resulted in an incremental fair value increase of £151,000 These options were also supplemented by 12 5% in March 2010

ESOP scheme

Prior to 1 January 2005, all options granted under the nil-cost option scheme were granted in respect of Shares held by the Company's ESOP In addition, further options were granted over Shares held by the ESOP in May 2007

The number of ESOP granted share options outstanding during the year was as follows

	2010 '000s	2009 '000s
Outstanding at 1 January	**549**	688
Granted (12 5% supplement)	**67**	-
Exercised	**(190)**	(42)
Lapsed	**(19)**	(97)
Outstanding at 31 December	**407**	549
Exercisable at 31 December	**407**	549

The weighted average share price at the date of exercise for options exercised during the year was 22 4p (2009 28 1p) The options outstanding at 31 December 2010 had a weighted average exercise price of nil (2009 nil), and a weighted average remaining contractual life of 2 0 years (2009 2 8 years) The weighted average fair value of the options granted during 2010 was 24 0p (2009 no grants)

Company scheme

Subsequent grants under the nil-cost option scheme were made directly by the Company, details of these share options outstanding during the year are as follows

	2010 '000s	2009 '000s
Outstanding at 1 January	**5,098**	3,800
Granted	**4,523**	4,765
Exercised	**(88)**	(14)
Lapsed	**(2,400)**	(3,453)
Outstanding at 31 December	**7,133**	5,098
Exercisable at 31 December	**873**	1,001

The weighted average share price at the date of exercise for options exercised during the year was 23 0p (2009 23 2p) The options outstanding at 31 December 2010 had a weighted average exercise price of nil (2009 nil), and a weighted average remaining contractual life of 8 0 years (2009 8 8 years) The weighted average fair value of the options granted during 2010 was 19 4p (2009 22 3p)

In 2010, the Group recognised an expense £517,000 (2009 credit of £111,000) in relation to equity-settled share based payment transactions

35 **Retirement benefits**

The Group operates two pension schemes, a defined benefit scheme and a defined contribution scheme The assets of each scheme are held separately from those of the Group The Group also contributes to a group personal pension plan and certain other personal pension plans

As at 31 December 2010, there were 66 active members (2009 73) of the defined benefit scheme (which has been closed to new joiners since April 2001), 302 active members (2009 300) of the defined contribution scheme and, in addition, the Group was contributing to personal pension plan arrangements for a further 39 employees (2009 45)

The pension cost charged to operating profit can be analysed as follows

	2010	2009
	£000	£000
Defined benefit scheme - current service cost	**685**	431
Defined contribution scheme - contributions	**1,579**	1,423
Personal pension plans - contributions	**364**	394
	2,628	2,248

£282,000 was payable to the various pension schemes as at 31 December 2010 (2009 £244,000)

Contributions to the defined benefit scheme are charged to the income statement so as to spread the cost of pensions over employees' working lives with the Group The contributions are determined by a qualified actuary on the basis of formal triennial actuarial valuations Employer's contributions were 16 6% of pensionable pay and employees' contributions were 10 0% until 31 March 2010 On 1 April 2010, employer's contributions increased to 18 0% and employees' contributions increased to 10 5% of pensionable pay The Company expects to contribute an additional £0 8m in 2011 as provided in the agreed recovery plan following the 31 March 2009 actuarial triennial valuation Employer contributions payable into the scheme during 2011 are, therefore, estimated to be £1 8m

An actuarial valuation was carried out at 31 December 2010 by SBJ Benefit Consultants Limited (trading as Bluefin), a qualified independent actuary The principal assumptions used by the actuary were

	2010	2009
Rate of increase in salaries	3 50%	3 50%
Rate of increase in pensions in payment	3 30%	3 40%
Discount rate	5 40%	5 70%
Inflation assumption	3 00%	3 50%

The mortality tables used in the actuarial valuation imply life expectancy at the age 65 years for typical members as follows

	2010	2009
Male member currently aged 65	22 3 years	22 2 years
Male member currently aged 45	24 3 years	24 1 years
Female member currently aged 65	24 7 years	24.6 years
Female member currently aged 45	26 6 years	26 5 years

35 **Retirement benefits** (continued)

The assets in the Scheme and the expected rate of return (net of expenses) were

	2010			2009		
	Long term expected rate of return	**Market value £000**	**Asset allocation**	Long term expected rate of return	Market value £000	Asset allocation
Equities & Property	**7.20%**	**24,117**	**66%**	7 50%	21,644	67%
Bonds	**4 90%**	**11,693**	**32%**	5 30%	10,337	32%
Cash	**0 50%**	**731**	**2%**	0 50%	323	1%
Total market value of assets		**36,541**	**100.0%**		32,304	100 0%
Present value of scheme liabilities		**(43,098)**			(39,944)	
Pension liability		**(6,557)**			(7,640)	

The expected long term rate of return on assets is determined by considering the current level of expected returns on risk free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested and expectations for future returns of each asset class

Amounts charged to operating expenses in the income statement in respect of the defined benefit scheme were as follows

	2010 £000	2009 £000
Analysis of the amount charged to operating profit		
Current service cost	**685**	431
Analysis of the amount charged to interest payable		
Expected return on pension scheme assets	**1,929**	1,432
Interest on pension liabilities	**(2,308)**	(2,069)
Net loss	**(379)**	(637)

The actual return on plan assets for the year was £3,363,000 (2009 return of £4,730,000)

Amounts included in other comprehensive income were as follows

	2010 £000	2009 £000
Actuarial losses brought forward	**(7,979)**	(6,478)
Net gains/(losses) for the year	**600**	(1,501)
Accumulated actuarial losses	**(7,379)**	(7,979)

35 **Retirement benefits** (continued)

Movements in the present value of defined benefit obligations were as follows

	2010	2009
	£000	£000
At 1 January	**39,944**	32,777
Current service cost	**685**	431
Interest cost	**2,308**	2,069
Employee contributions	**313**	364
Actuarial losses	**834**	4,799
Benefits paid	**(986)**	(496)
At 31 December	**43,098**	39,944

Movements in fair value of scheme assets were as follows

	2010	2009
	£000	£000
At 1 January	**32,304**	26,812
Expected return on plan assets	**1,929**	1,432
Actuarial gain	**1,434**	3,298
Employer contributions	**1,547**	894
Employee contributions	**313**	364
Benefits paid	**(986)**	(496)
At 31 December	**36,541**	32,304

The history of experience adjustments is as follows

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Present value of defined benefit obligations	**(43,098)**	(39,944)	(32,777)	(36,889)	(35,742)
Fair value of scheme assets	**36,541**	32,304	26,812	32,716	29,146
Net deficit	**(6,557)**	(7,640)	(5,965)	(4,173)	(6,596)
Experience adjustments on scheme liabilities	**210**	2,199	(831)	-	1,630
Percentage of scheme liabilities	**0%**	-6%	3%	0%	5%
Experience adjustments on scheme assets	**1,434**	3,298	(9,213)	(75)	382
Percentage of scheme assets	**4%**	10%	-34%	0%	1%

Five year record

	IFRS 2010 £000	IFRS 2009 £000	IFRS 2008 £000	IFRS 2007 £000	IFRS 2006 £000
Revenue	65,927	57,894	78,041	117,474	93,856
Operating expenses	(69,416)	(68,381)	(83,503)	(108,599)	(84,228)
Other operating income	601	433	531	379	445
Operating (loss)/profit	(2,888)	(10,054)	(4,931)	9,254	10,073
(Loss)/profit margin	-4%	-17%	-6%	8%	11%
Exceptional items	(3,498)	(26,152)	(5,054)	2,759	-
	(6,386)	(36,206)	(9,985)	12,013	10,073
Net finance costs	(1,364)	(2,092)	(512)	(188)	(836)
Share of (loss)/profit in associates	(71)	(197)	187	338	477
Share of exceptional losses in associates	(623)	-	-	-	-
Impairment of loans receivable and investment in associates	-	(1,145)	(799)	-	-
(Loss)/profit on ordinary activities before tax	(8,444)	(39,640)	(11,109)	12,163	9,714
Income tax (expense)/credit	(393)	828	1,140	(4,247)	(3,268)
Effective tax rate	-4 65%	2 09%	10 26%	34 92%	33 64%
Non-controlling interests	722	309	775	(801)	(266)
(Loss)/profit attributable to equity shareholders	(8,115)	(38,503)	(9,194)	7,115	6,180
Basic (loss)/earnings per share (p)	(5 58)	(60 76)	(22 12)	16 25	18 54
Diluted (loss)/earnings per share (p)	(5 58)	(60 76)	(22 12)	15 34	17 16
Dividends paid and proposed per share (p)	-	-	-	5 00	4 55