GoIndustry-DoveBid plc / Market: AIM / Epic: GOI / Sector: Support Services

18 June 2009

GoIndustry-DoveBid plc ("the Group")
Preliminary results

GoIndustry-DoveBid plc, the global provider of asset advisory, disposition and valuations services, announces its preliminary results for the year ended 31 December 2008.

Financial & Group Highlights

- Completed the transformational acquisition of DoveBid, Inc. and successfully integrated the enlarged business
- Gross asset sales (GAS) of £115 million (2007: £96 million)
- Online sales accounted for 59% of GAS (2007: 37%)
- Share of direct profit attributable to corporate forward flow accounts more than doubled from 15% to 38%
- Subsequent to year-end renegotiated the Group's banking facilities, issued £5 million of new 2011 convertible loan notes and redeemed the outstanding £3 million 2009 convertible loan notes

Summary of Results

In thousands of pounds	**2008**	2007
Direct profit	**23,217**	17,772
Adjusted (loss) / profit before taxation	**(4,339)**	652
Exceptional items	**(23,758)**	(369)
Other charges	**(788)**	(866)
Loss before taxation	**(28,885)**	(583)
Adjusted (loss) / earnings per share	**(1.0p)**	0.2p
Loss per share basic and fully diluted	**(6.9p)**	(0.3p)

Chairman Neville Davis said: "While undoubtedly the Group has suffered in tandem with the global economic downturn, I am confident that we are in a good position to make advances in 2009 and prosper in the coming years. With our new CEO, Jack Reinelt, at the helm, I look forward to working with him to continue to develop the business and deliver sound profitable growth in the medium and long term."

For further information, visit www.go-dove.com or contact:

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Chairman's Statement

2008 proved to be a very challenging year for GoIndustry-DoveBid.

Financial Performance

The Group suffered an adjusted loss before tax* of £4.3 million (2007: adjusted profit before tax* £0.7 million) on direct profit of £23.2 million (2007: £17.8 million) and gross asset sales of £115 million (2007: £96 million). Adjusted loss per share* was 1.0p (2007: adjusted earnings per share* 0.2p). Exceptional charges of £23.8 million (2007: £0.4 million) related principally to the impairment of goodwill, inventories and receivables, as well as restructuring costs; other charges of £0.8 million (2007: £0.9 million) were recorded for the amortisation of acquisition-related intangibles and share-based payments.

In February 2008 we completed the acquisition of DoveBid, Inc., our largest direct competitor. This transaction was strategically key: materially strengthening our business with corporate customers, transforming our position in the North American market, giving us real global scale and cementing our position as market leader in this sector. The business was successfully integrated during the first half and we were able to achieve cost savings in line with our expectations, but the acquisition did adversely impact first quarter revenues.

Although not at anticipated levels, revenues in the second and third quarters were reasonable. However, the dramatic events in the global financial markets in October had a material impact on our business with both asset prices and demand for equipment declining substantially. This led to fourth quarter revenues being materially below our expectations.

In the light of market conditions, we took action to reduce our headcount and operating expenses, cutting over £6 million of annualised cost during the first quarter of 2009. We also instigated profit enhancement initiatives in areas such as auction sales.

Board Changes

There have been some recent changes to the Board of Directors:

On 31 March 2009 David MacNamara resigned from his position as a Non-Executive Director having been on the board for over 3 years. Our thanks to David for his valuable input and wise counsel.

On 6 May 2009 John Allbrook stepped down from his position as Chief Executive Officer. John held this position for over 4 years, during which period he contributed substantively to the development of the business. Our thanks to John for his commitment and achievements.

On 6 May 2009 Jack Reinelt was appointed CEO. Jack has an outstanding track record of building revenue, profitability, and enterprise value in B2B businesses. He joins with 30 years of management and executive responsibility in the Information Technology industry, including software, Internet, database and services companies. Most recently, he was Managing Director and COO, EMEA at TeleAtlas, a global leader in providing digital data to the automotive, Internet, consumer electronics, wireless and enterprise markets. Under his leadership over a four-year period, this business grew revenues from €78million to €217million and EBITDA from €6million to €110million.

Employee Contribution

Our employees have dealt professionally and skilfully with the major changes that have taken place in our company and markets over the last 15 months. They have remained focussed on the business and customers and have achieved much. On behalf of the board, and the shareholders, I would like to thank them for their commitment, tenacity, enthusiasm and energy. They will be a key component in our future success.

Current Position

The year to 31 December 2009 began with continuing market difficulties affecting revenue during January and February, but in March trading improved and has remained satisfactory since then. The board believes the return to normal trading levels, when combined with the lower cost structure as a result of costs taken out both following the DoveBid acquisition and in the first quarter of 2009, should result in an improvement in the Group's performance over the final three quarters of 2009 and beyond.

We have renegotiated our banking facilities and replaced the £3 million convertible loan notes with £5 million of new convertible loan notes that mature in 2011.

The board continues to review the Group’s funding needs and is exploring various possibilities to strengthen the balance sheet.

Outlook

Our business and the market opportunity for our services remain strong. Our customers include many of the world’s leading corporations, financial institutions, corporate advisors and business recovery and bankruptcy professionals. We conduct valuations in over 30 industrial sectors and 70 different countries around the world, drawing upon the experience and asset intelligence of tens of thousands of appraisals and transactions. Our auction reach and competence is unparalleled based upon global coverage, extensive experience and outstanding technology. Our asset management service for major organisations draws upon all of our capabilities to provide a range of comprehensive, compelling and effective solutions.

We believe that market conditions have now stabilised and we are optimistic that opportunities for GoIndustry-DoveBid will improve. The business is tactically well placed to exploit these opportunities.

Strategically, the business is very well positioned: we are clear global market leaders in our sector, but we only have a small share of a very fragmented market. We believe our approach, scale, coverage, experience and expertise ideally place us to strongly grow our share of this market. The board is confident that, under the leadership of our new Chief Executive, the Group can take advantage of these opportunities and deliver sound profitable growth in the medium and long term.

Neville Davis
Non-executive Chairman

* Adjusted loss/profit before tax and adjusted loss/earnings per share are before exceptional items and other charges (see note 4).

Business review

2008 was a demanding year for GoIndustry-DoveBid. The transformational acquisition of DoveBid, Inc was completed on 25 February 2008 enlarging the Group and creating the leading industrial capital asset auctioneer in the world. It also significantly expanded the Group's ongoing corporate relationships and presence in the U.S. market. The acquisition, which was followed by a significant period of successful integration activity, adversely impacted revenues in the first quarter due to the demands placed on the business by the transaction, but revenues in the second and third quarters held up well, with relatively stable levels of demand and healthy market pricing.

The unprecedented turmoil in the global financial markets early in the fourth quarter proved to be challenging for the Group. The significant decline in asset prices coupled by a drop in demand for surplus industrial equipment, most likely driven by the liquidity squeeze experienced in the financial markets in October, had a major impact on fourth quarter trading. While business improved in November and December, it did not return to expected levels. As a result, the volume and value of business in the fourth quarter was materially behind expectations causing the Group to suffer a substantial operating loss in the fourth quarter and for the year as a whole.

During the fourth quarter and since the end of the financial year we have taken aggressive actions to reduce both headcount and operating expenses, cutting over £6 million of annualised costs in the aggregate. We have also taken steps to improve the profitability of auction sales.

Review of Business Performance

As expected, following the DoveBid acquisition the mix of direct profit by geography and by revenue type has improved significantly. DoveBid was the market leader in North America, and our direct profit in that region has trebled from £3.5 million to £11 million, with its share of total direct profit growing from 20% to 47%. The DoveBid acquisition did not have much impact on the European business, as its presence was nominal compared to the old GoIndustry business. In Europe, we saw a reduction in the volume of business, particularly in Germany, where we selectively reduced our presence in part of the insolvency market which had not been profitable for us. Direct profit in Asia was flat year-on-year.

By Geography	2008	2007	Variance
	£000s	£000s	
North America	10,984	3,548	210%
Europe	9,257	11,276	-18%
Asia	2,976	2,948	1%
Group	23,217	17,772	31%

Direct profit by revenue type also shows the impact of the DoveBid acquisition, with strong growth in both commission and fees. Commission business generated 69% of direct profit, up from 63% in 2007, whilst fee-based services (principally valuations) generated 21% of direct profit, up from 17% in 2007. The relative performance of the principal business has therefore fallen sharply, from 20% in 2007 to less than 10% in 2008, and this decline has been most marked in Europe.

By Revenue Type	2008	2007	Variance
	£000s	£000s	
Commission	16,081	11,116	45%
Principal	2,215	3,612	-39%
Fees	4,921	3,044	62%
Group	23,217	17,772	31%

Review of the DoveBid Acquisition

The acquisition of DoveBid was intended to strategically strengthen the Group and much progress was made in 2008 to achieve the synergies and benefits that were anticipated. We successfully integrated our sales, operational and financial resources to present a unified GoIndustry-DoveBid to our customers, competitors and the market as a whole. There is more to be achieved, and the directors remain firmly of the opinion that the acquisition of DoveBid was the right strategic move for the business.

In the circular published to shareholders at the time of the acquisition, the directors set out seven areas in which the acquisition of DoveBid was expected to benefit the Group. Our performance against those seven areas is set out below:

- Complementing the Group's geographical footprint and expanding the valuation services business has been achieved. The enlarged Group is the number one player in its markets in North America, Europe and Asia, and in particular the North American business now represents the largest geographic segment at 47% of the Group. The valuation business has grown by 62% over 2007.
- Consolidating the Group's position as the largest company in the auction of surplus industrial machinery and equipment worldwide has been achieved. GoIndustry had been the largest and DoveBid the second largest in the surplus industrial machinery and equipment market, and they were the only two to have a truly global presence. The combined entity is the undisputed global leader in this market.
- Providing opportunities for the Group to scale up the business it generates from large multinational corporations has been partially achieved, keeping in mind that the benefits of the acquisition in this regard are ongoing. The Group signed 18 new corporate forward flow contracts in 2008, including Honeywell, Motorola and Renault-Nissan and more than doubled the share of direct profit attributable to corporate forward flow business from 15% to 38%.

- Creating significant cost synergies has been partially achieved. The restructuring activities carried out in the immediate post-acquisition period resulted in 109 employees leaving the combined business and £4.1 million of annualised savings in salary and benefit costs, at a cost of £1.7 million in termination payments and associated professional fees. However, changes to sales compensation plans and certain investment hires that were made prior to the sharp decline in the business in the fourth quarter mean that the full value of these savings was not realised. DoveBid's head office in Los Angeles was closed at the beginning of July, giving further annualised savings of £0.2 million, although we have been unable to dispose of or sublet the premises, resulting in an onerous lease charge of £0.3 million
- Providing increasing scale to the Group to allow further acquisitions has been achieved. While the acquisition has provided increased scale, other factors which have affected the business, such as severity of the economic downturn in 2008, have rendered this objective irrelevant in the near term.
- Improving the Group's operational gearing has not been achieved. This is due however, to the speed and severity of the economic downturn in 2008 rather than the acquisition of DoveBid.
- Creating a business of considerably greater critical mass, market presence and international reach has been achieved. Despite the disappointing financial results for the year, the Group still grew its direct profit by 30%, strengthened its position in the corporate market and reduced its exposure to the more volatile and capital-intensive principal business.

Financial Review

As noted above, direct profit for 2008 increased by £5.4 million or 31% over 2007, which includes the results of DoveBid for 10 months. However, despite the actions taken to remove £4.1 million of annualised staff costs, the Group's administrative expenses before exceptional items and other charges increased by £10.5 million or 62% over 2007 (total expenses including restructuring costs and asset impairments increased by £33.7 million or 188%). This resulted in the Group suffering an operating loss of £4 million before exceptional items (2007: operating profit £1 million) and a £28.5 million total operating loss (2007: £0.2 million). The significant movement in exchange rates of both the Euro and US dollar against Sterling exacerbated the reported loss.

In light of the economic conditions caused by the global financial turmoil, we undertook a thorough exercise to assess the fair value of the assets held on the Group's balance sheet, in particular goodwill, inventories and receivables. This led to exceptional administrative expenses of £23.8 million (2007: £0.4 million), comprising £19.4 million of goodwill impairment, £3.7 million of restructuring costs, £1.2 million of other asset impairments and a foreign exchange gain of £0.5 million arising from the $3.3 million working capital adjustment received from the vendors of DoveBid in December 2008. The goodwill impairment must be considered in light of changing foreign exchange rates, which resulted in an increase to goodwill in the year of £8.5 million, which was recorded directly to equity on the Statement of Recognised Income and Expense. Total recognised expense for the year is £21.8 million (2007: £1.1 million) compared to a loss for the year of £30.2 million (2007: £0.8 million).

As a result, the Group is showing a loss before taxation, exceptional items and other charges of £4.3 million (total loss before taxation of £28.9million) and a loss per share of 6.6p.

Turning to the Group's liquidity and capital resources, the Group ended the year with bank borrowings of £6.7 million against bank facilities totalling £9.2 million. With convertible and subordinated loan notes, total Group debt stood at £10.5 million. Since year-end we have redeemed the £3 million 2009 convertible loan notes with part of the proceeds of a new £5 million convertible loan note that matures at the end of 2011. Additionally, we have re-negotiated our main banking facilities: the £2 million overdraft facility with Barclays Bank has been replaced with a £1 million facility that will be repaid before the end of 2009; the $10 million facilities with PNC Bank in the United States have been renewed. Facilities with both banks were negotiated on normal commercial banking terms.

Taking the loss before taxation, exceptional items and other charges of £4.3 million, adding back depreciation and amortisation of £1 million and deducting the exceptional restructuring costs of £3.7 million results in a net cash outflow of £7 million which is in line with the £7.4 million net cash used in operating activities shown on the consolidated cash flow statement.

Consolidated income statement

For the year ended 31 December 2008

In thousands of pounds	Note	**Before exceptional items and other charges**	**Exceptional items (note 3)**	**Other charges (note 4)**	**2008 Total**	Before exceptional items and other charges	Exceptional items (note 3)	Other charges (note 4)	2007 Total
Revenue	2	**36,898**	**-**	**-**	**36,898**	29,105	-	-	29,105
Cost of sales		**(13,681)**	**-**	**-**	**(13,681)**	(11,333)	-	-	(11,333)
Direct profit		**23,217**	**-**	**-**	**23,217**	17,772	-	-	17,772
Administrative expenses		**(27,200)**	**(23,758)**	**(788)**	**(51,746)**	(16,749)	(369)	(866)	(17,984)
Operating (loss) / profit		**(3,983)**	**(23,758)**	**(788)**	**(28,529)**	1,023	(369)	(866)	(212)
Finance costs									
Finance income		**369**	**-**	**-**	**369**	405	-	-	405
Finance costs		**(698)**	**-**	**-**	**(698)**	(776)	-	-	(776)
Share of loss of associate		**(27)**	**-**	**-**	**(27)**	-	-	-	-
(Loss) / profit before income tax		**(4,339)**	**(23,758)**	**(788)**	**(28,885)**	652	(369)	(866)	(583)
Income tax expense	5	**(73)**	**-**	**-**	**(73)**	(233)	-	-	(233)
(Loss) / profit for the year from continuing operations		**(4,412)**	**(23,758)**	**(788)**	**(28,958)**	419	(369)	(866)	(816)
Loss for the year from discontinued operations	6				**(1,303)**				-
Loss for the year					**(30,261)**				(816)
Attributable to:									
Equity holders of the company					**(30,323)**				(795)
Minority interests					**62**				(21)
					(30,261)				(816)

Loss per share from continuing operations attributable to equity holders of the company during the year (expressed in pence per share)

	Note	2008	2007
Basic	7	**(6.6p)**	(0.3p)
Diluted	7	**(6.6p)**	(0.3p)

Loss per share attributable to equity holders of the company during the year (expressed in pence per share)

	Note	2008	2007
Basic	7	**(6.9p)**	(0.3p)
Diluted	7	**(6.9p)**	(0.3p)

Consolidated statement of recognised income and expense

For the year ended 31 December 2008

In thousands of pounds	**2008**	2007 (restated)
Exchange losses on translation of foreign subsidiaries	**8,043**	(67)
Actuarial gains / (losses) on defined benefit pension scheme	**430**	(226)
Net income / (expense) recognised directly in equity	**8,473**	(293)
Loss for the year	**(30,261)**	(816)
Total recognised income and expense for the year	**(21,788)**	(1,109)
Attributable to		
Equity holders of the company	**(21,850)**	(1,088)
Minority interest	**62**	(21)
	(21,788)	(1,109)

Consolidated balance sheet

As at 31 December 2008

In thousands of pounds	Note	2008	2007 (restated)
Non-current assets			
Property, plant and equipment		**1,429**	1,158
Intangible assets	9	**35,750**	25,066
Investment in associate		**28**	-
		37,207	26,224
Current assets			
Inventories		**2,743**	888
Trade and other receivables		**10,853**	10,002
Cash and cash equivalents		**18,037**	14,797
		31,633	25,687
Total assets		**68,840**	51,911
Current liabilities			
Trade and other payables	10	**27,803**	14,438
Borrowings	11	**6,722**	3,092
Convertible loan notes	11	**2,990**	-
Subordinated loan notes	11	**258**	-
		37,773	17,530
Non-current liabilities			
Trade and other payables	10	**1,094**	-
Convertible loan notes	11	**-**	2,990
Subordinated loan notes	11	**546**	-
Retirement benefit obligations		**2,898**	3,519
		4,538	6,509
Total liabilities		**42,311**	24,039
Net assets		**26,529**	27,872
Equity			
Ordinary shares	12	**23,583**	13,250
Share premium	12	**18,872**	9,578
Shares to be issued		**542**	-
Own shares held		**(974)**	(1,042)
Other reserves		**56,207**	47,991
Accumulated losses		**(71,882)**	(41,989)
Capital and reserves attributable to equity holders of the company		**26,348**	27,788
Minority interests		**181**	84
Total equity		**26,529**	27,872

Consolidated cash flow statement

For the year ended 31 December 2008

In thousands of pounds	**2008**	2007 (restated)
Cash flows from operating activities		
Loss before income tax	**(28,885)**	(583)
Adjustments for:		
Depreciation	**360**	240
Amortisation	**672**	25
Goodwill impairment charge	**19,378**	-
Net interest expense	**329**	371
Share based payments	**241**	866
Net retirement benefit cost	**176**	126
Share of loss of associate	**27**	-
Changes in working capital:		
(Increase) / decrease in inventories	**(1,855)**	195
Decrease / (increase) in accounts receivable	**1,785**	(773)
Increase in accounts payable	**1,209**	563
Decrease in provisions	**(367)**	(548)
Operating cash flows before interest and taxes	**(6,930)**	482
Interest paid	**(698)**	(776)
Income and corporation taxes paid	**(108)**	(170)
Interest received	**369**	405
Net cash used in operating activities	**(7,367)**	(59)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(471)**	(432)
Purchases of intangible assets	**(1,786)**	(153)
Loan granted to associate	**(55)**	-
Disposal of subsidiary	**(129)**	-
Acquisition of subsidiary net of cash acquired (note 8)	**(7,044)**	-
Net cash used in investing activities	**(9,485)**	(585)
Cash flows from financing activities		
Proceeds on issue of shares	**17,461**	6,577
Increase / (decrease) in bank loans and overdrafts	**3,379**	(846)
Repayment of mortgage	**-**	(63)
Subsidiary company dividend paid to minority shareholder	**-**	(71)
Net cash from financing activities	**20,840**	5,597
Net increase in cash and cash equivalents	**3,988**	4,953
Cash and cash equivalents at beginning of year	**14,797**	9,911
Effect of foreign exchange rate changes	**(748)**	(67)
Cash and cash equivalents at end of year	**18,037**	14,797

Notes to the consolidated financial statements

1. Basis of accounting

The financial information contained in this document does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the year ended 31 December 2008 have been extracted from the unaudited financial statements for the year ended 31 December 2008, which have been prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with the standing interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The figures for the year ended 31 December 2007 have been extracted from the audited statutory accounts for that year which have been filed with the Registrar of Companies and received an unqualified auditor's report which did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

The accounting policies used in preparing this announcement are consistent with those previously used by the Group, as disclosed in the Annual Report and Accounts 2007, except that the Group has determined that it does enjoy the full economic benefits of auction sale proceeds and therefore cash and the corresponding amount due to clients (included within trade and other payables) that had been previously excluded from the consolidated balance sheet have now been included. As a result, the balances reported for cash and trade and other payables has increased by £4,848 thousand.

2. Segmental analysis – geographical origin

For management purposes the group was organised in 2008 into three geographical divisions; Europe, North America, and Asia. These divisions are the basis upon which the group reports its primary segment information.

In thousands of pounds	Europe	North America	Asia	Unallocated	2008 Consolidated
Revenue	**16,140**	**16,380**	**4,378**	**-**	**36,898**
Segment result	**(2,706)**	**(879)**	**(398)**	**-**	**(3,983)**
Other charges	**(314)**	**(373)**	**(101)**	**-**	**(788)**
Exceptional items	**(4,817)**	**(16,389)**	**(3,074)**	**522**	**(23,758)**
Operating (loss) / profit	**(7,837)**	**(17,641)**	**(3,573)**	**522**	**(28,529)**
Finance income /(costs) - net	**43**	**(152)**	**20**	**(240)**	**(329)**
Share of loss of associate	**-**	**(27)**	**-**	**-**	**(27)**

(Loss) / profit before income tax	**(7,794)**	**(17,820)**	**(3,553)**	**282**	**(28,885)**
Income tax expense					**(73)**
Loss for the year from continuing operations					**(28,958)**
Depreciation and amortisation	**(395)**	**(447)**	**(190)**	**-**	**(1,032)**
Segment assets	**49,023**	**15,197**	**4,620**	**-**	**68,840**
Segment liabilities	**15,730**	**18,445**	**5,146**	**-**	**39,321**
Unallocated liabilities:					
Convertible loan notes	**-**	**-**	**-**	**2,990**	**2,990**
Total liabilities	**15,730**	**18,445**	**5,146**	**2,990**	**42,311**
Capital expenditure:					
Property, plant and equipment	**144**	**102**	**100**	**-**	**346**
Intangible assets	**142**	**169**	**46**	**-**	**357**

In thousands of pounds	Europe	North America	Asia	Unallocated	2007 Consolidated
Revenue	19,778	5,423	3,904	-	29,105
Segment result	272	18	733	-	1,023
Other charges	-	-	-	(866)	(866)
Exceptional items	-	-	-	(369)	(369)
Operating profit / (loss)	272	18	733	(1,235)	(212)
Finance costs - net	4	(134)	(1)	(240)	(371)

Profit / (loss) before income tax	276	(116)	732	(1,475)	(583)
Income tax expense					(233)
Loss for the year					(816)
Depreciation and amortisation	(188)	(24)	(53)	-	(265)
Segment assets (restated)	42,700	6,866	2,345	-	51,911
Segment liabilities (restated)	13,408	6,996	645	-	21,049
Unallocated liabilities: Convertible loan notes	-	-	-	2,990	2,990
Total liabilities	13,408	6,996	645	2,990	24,039
Capital expenditure:					
Property, plant and equipment	272	58	102	-	432
Intangible assets	124	20	9	-	153

The loss for the year of £1,303 thousand (2007: Nil) from discontinued operations is attributable to the Europe segment.

Segmental analysis – class of business

Divisional management information is also analysed by class of business, which represents the nature of the relationship between the company and its client. Commission revenue is derived from those sales where ownership of the asset remains with the client and the company receives its revenue as a percentage commission or buyer's premium based upon the hammer price. Principal revenue relates to sales where the company owns the assets sold or guarantees a minimum sale price. Professional services are valuations and other asset management activities where the company typically charges an appropriate fee for its services. Class of business is the basis for the presentation of the secondary segmental analysis.

2008

In thousands of pounds	**Commission**	**Principal**	**Professional services**	**Total**
Revenue	**22,836**	**8,047**	**6,015**	**36,898**
Segment assets	**47,681**	**6,567**	**14,592**	**68,840**
Capital expenditure:				
Property, plant and equipment	**240**	**33**	**73**	**346**
Intangible assets	**247**	**34**	**76**	**357**

In thousands of pounds	Commission	Principal	Professional services	2007 Total
Revenue	15,126	10,341	3,638	29,105
Segment assets (restated)	34,283	9,567	8,061	51,911
Capital expenditure:				
Property, plant and equipment	270	88	74	432
Intangible assets	96	31	26	153

3. Exceptional items

In thousands of pounds	**2008**	2007
Reorganisation costs	**3,726**	369
Impairment of trade receivables	**354**	-
Impairment of inventory	**822**	-
Impairment of goodwill	**19,378**	-
Gain on translation of foreign currency	**(522)**	-
	23,758	369

Reorganisation costs arise from the restructuring of global operations following the acquisition of DoveBid, Inc. and its subsidiaries. The impairment of trade receivables and inventory is due to a reduction in the market value of assets following the downturn in global economic activity in the fourth quarter of 2008.

The basis for the impairment of goodwill is detailed in note 9.

The gain on the translation of foreign currency relates to the appreciation in the value of the United States Dollar against the Pound Sterling over the period between the initial acquisition of DoveBid, Inc. and the subsequent adjustment of the consideration amount.

4. Other charges

In thousands of pounds	**2008**	2007
Equity settled share based payments	**241**	866
Amortisation of customer relationships and brand acquired (note 9)	**547**	-
	788	866

5. Income tax expense

In thousands of pounds	**2008**	2007
Current tax:		
Adjustments to prior year tax charges	**19**	(2)
Overseas corporation tax on profits in the year	**54**	235
	73	233

In thousands of pounds	**2008**	2007
Loss before income tax	**(28,885)**	(583)
Tax at the UK corporation tax rate of 28% (2006: 30%)	**(8,088)**	(175)
Effect of lower income tax rate of other countries	**(70)**	(10)
Adjustment in respect of current income tax of previous years	**19**	(2)
Deferred tax not recognised	**(197)**	51
Tax losses not utilised	**2,659**	84
Share based payments expense not deductible	**76**	166
Expenditure not allowable for income tax purposes	**221**	119
Goodwill amortisation and impairment	**5,453**	-
	73	233

Deferred tax assets arising from cumulative taxable losses of £37,292 thousand (2007: £23,516 thousand) and from other temporary differences of £886 thousand (2007: £1,387 thousand) have not been recognised as it is not sufficiently foreseeable that they will be recoverable against future taxable profits.

6. Discontinued operation

On 26 June 2008 the group decided to dispose of GoIndustry Benelux NV, its subsidiary operation in Belgium. The business was sold for consideration of £1.

Financial information relating to GoIndustry Benelux NV for the period is set out below. The income statement and cash flow statement distinguish discontinued operations from continuing operations. The amounts recognised in the income statement are as set out below:

In thousands of pounds	**2008**	2007
Revenue	**229**	409
Expenses	**(335)**	(354)
(Loss) / profit before income tax from discontinued operation	**(106)**	55
Tax	**-**	(55)
Loss after income tax from discontinued operation	**(106)**	-
Loss on disposal of discontinued operation	**(1,197)**	-
Loss from discontinued operation	**(1,303)**	-

The cash-flows associated with the discontinued operation are not disclosed separately as they are immaterial.

7. Earnings per share

The calculation of the average number of shares in issue has been made having deducted those shares held in trust for the company. Loss per share from continuing operations has been calculated on a loss of £28,958 thousand (2007: £795 thousand) and as a result there are no dilutive ordinary shares.

Loss per share from continuing operations:

	2008	2007
Loss from continuing operations attributable to equity holders of the company (thousands of pounds)	**(28,958)**	(795)
Weighted average number of ordinary shares in issue (thousands)	**437,834**	237,994

Basic loss per share (pence per share)	**(6.6p)**	(0.3p)

Loss per share from continuing and discontinued operations:

	2008	2007
Loss attributable to equity holders of the company (thousands of pounds)	**(30,323)**	(795)
Weighted average number of ordinary shares in issue (thousands)	**437,834**	237,994
Basic loss per share (pence per share)	**(6.9p)**	(0.3p)

(Loss) / earnings per share from continuing operations before exceptional items and other charges:

	2008	2007
(Loss) / profit after tax before exceptionals and other charges (thousands of pounds)	**(4,412)**	419
Weighted average number of ordinary shares in issue (thousands)	**437,834**	237,994
Adjusted basic (loss) / earnings per share (pence per share)	**(1.0p)**	0.2p

8. Acquisition

On 25 February 2008 the company completed its acquisition of 100% of the share capital of DoveBid, Inc., the group's largest global competitor. The acquisition was funded through a combination of cash and equity, and details of the goodwill arising are set out in the table below:

In thousands of pounds	
Cash paid	**11,655**
Immediate share consideration (21,660,000 5p ordinary shares)	**2,166**
Deferred share consideration (5,420,000 5p ordinary shares)	**542**
Direct costs relating to the acquisition	**1,148**

Total purchase consideration	**15,511**
Fair value of assets acquired (see below)	**(2,939)**
Goodwill	**18,450**

The fair value of the share consideration was determined by the market value on the date of acquisition.

The goodwill is attributable to the significant cost savings and synergies to the enlarged group created by the acquisition and integration of DoveBid, Inc. into the group.

The carrying amount and fair value of the assets and liabilities arising from the acquisition are as follows:

In thousands of pounds	Acquiree's carrying amount	**Fair value**
Cash and cash equivalents	5,759	**5,759**
Property, plant and equipment	309	**309**
Brand	-	**768**
Customer relationships	-	**2,369**
Trade and other receivables	2,724	**2,724**
Trade and other payables	(12,515)	**(13,814)**
Subordinated loan notes	(1,054)	**(1,054)**
Net identifiable liabilities acquired	(4,777)	**(2,939)**

Outflow of cash to acquire business, net of cash acquired:	
Cash consideration	**11,655**
Direct costs relating to acquisition	**1,148**
Cash and cash equivalents in subsidiary acquired	**(5,759)**
	7,044

Fair value adjustments of £1.3 million have been made to trade and other payables to record liabilities not recognised in the acquisition balance sheet.

Under IFRS 3, 'Business combinations', the group is required to disclose the profit or loss of DoveBid, Inc. included in the consolidated results since the acquisition date, unless disclosure would be impracticable. The board’s strategic plan was always to integrate the operations of

DoveBid, Inc. with those of GoIndustry in order to achieve operational efficiencies. As a result of this integration the required disclosure is impracticable. If the acquisition had occurred on 1 January 2008, consolidated revenue for 2008 would have been £39.9 million, but it is impracticable to disclose the consolidated profit or loss.

9. Intangible assets

In thousands of pounds	Goodwill	Acquired customer relationships (note 8)	Acquired brands (note 8)	Software and systems development	Total
Cost:					
At 1 January 2007	24,900	-	-	1,989	26,889
Exchange differences	-	-	-	16	16
Additions	-	-	-	153	153
At 1 January 2008	**24,900**	**-**	**-**	**2,158**	**27,058**
Exchange differences	**8,508**	**877**	**283**	**554**	**10,222**
Additions	**-**	**-**	**-**	**362**	**362**
Additions through acquisition (note 8)	**18,450**	**2,369**	**768**	**-**	**21,587**
Disposals	**(1,147)**	**-**	**-**	**-**	**(1,147)**
At 31 December 2008	**50,711**	**3,246**	**1,051**	**3,074**	**58,082**
Accumulated amortisation:					
At 1 January 2007:	-	-	-	1,954	1,954
Charge for the year	-	-	-	25	25
Exchange differences	-	-	-	13	13
At 1 January 2008	**-**	**-**	**-**	**1,992**	**1,992**
Exchange differences	**-**	**-**	**-**	**290**	**290**
Charge for the year	**-**	**413**	**134**	**125**	**672**
Impairment of goodwill	**19,378**	**-**	**-**	**-**	**19,378**
At 31 December 2008	**19,378**	**413**	**134**	**2,407**	**22,332**
Net book value:					
At 31 December 2008	**31,333**	**2,833**	**917**	**667**	**35,750**

At 1 January 2008	24,900	-	-	166	25,066
At 1 January 2007	24,900	-	-	35	24,935

Acquired intangible assets are being amortised over a period of one to ten years.

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. Following the acquisition of DoveBid, Inc. and its integration into the group, both the goodwill acquired during the year and the previous balance of goodwill arising from the reverse acquisition of GoIndustry AG by GoIndustry-DoveBid plc in 2006 and the acquisitions by GoIndustry AG of its subsidiaries in 2000-01 were reallocated to the CGUs as follows:

In thousands of pounds	**2008**	2007
Europe	**8,717**	9,833
North America	**16,673**	8,488
Asia	**5,943**	6,579
	31,333	24,900

The group tests annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. Value in use was determined by discounting future cash flows generated from the cash generating units and was based on the following assumptions:

- Cash flows for 2009 were projected based on the budget for 2009;
- Cash flows for 2010-11 were extrapolated using conservative revenue growth rates at 5% in 2010 and 7.5% in 2011, and expense growth rates of 3.4% in 2010 and 4.3% in 2011, based on management's view on likely trading and growth;
- Cash flows beyond 2011 are extrapolated using a long-term growth rate of 2.25%;
- Central overheads are borne by the CGUs where deemed appropriate by management and allocated based on management's best estimates;
- Cash flows were discounted using the group's weighted average cost of capital of 10%

The amortisation and impairment charge for the year is included within administrative expenses.

10. Trade and other payables

In thousands of pounds	**2008**	2007 (restated)
Current		
Trade payables	**4,707**	2,476
Amounts due to clients	**16,179**	7,819

Social security and other taxes	**1,539**	1,094
Accrued expenses	**5,378**	3,049
	27,803	14,438

In thousands of pounds	**2008**	2007
Non-current		
Social security and other taxes	**704**	-
Provisions	**390**	-
	1,094	-

11. Borrowings

In thousands of pounds	**2008**	2007
Current		
Bank loans and overdrafts	**6,722**	3,067
Mortgage secured over property	**-**	25
Convertible loan notes	**2,990**	-
Subordinated loan notes	**258**	-
	9,970	3,092
Non-current		
Convertible loan notes	**-**	2,990
Subordinated loan notes	**546**	-
	546	2,990

The group's borrowings are split between fixed and floating rate as set out below:

In thousands of pounds	**2008**	2007
Floating rate:		
Expiring within one year	**6,722**	3,092
Fixed rate:		
Expiring within one year	**3,248**	-
Expiring beyond one year	**546**	2,990

	10,516	6,082

The currency profile of the group’s borrowings is analysed below:

In thousands of pounds	**2008**	2007
Pounds sterling	**5,226**	3,290
Euros	**-**	25
United States dollar	**5,290**	2,767
	10,516	6,082

The fair value of current and non-current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 8% (2007: 8%).

Bank loans and overdrafts at 31 December 2008 were held by GoIndustry USA Inc. (£4,442 thousand; 2007: £2,767 thousand), GoIndustry UK Limited (£300 thousand; 2007: £300 thousand), and GoIndustry-DoveBid plc (£1,980 thousand; 2007: nil). These loans are used to fund principal transactions and working capital. The GoIndustry USA Inc. loan is secured by a charge over the assets of that company and a parent company guarantee from GoIndustry-DoveBid plc for up to £2,073 thousand (2007: £1,500 thousand). It bears floating interest at 0.75% above US Prime Rate. GoIndustry UK Limited and GoIndustry-DoveBid plc facilities bear floating interest at 2.5% above Base Rate and are secured by a guarantee over the assets of those companies.

The convertible loan notes mature on 9 May 2009 and bear interest at 8% per annum, payable quarterly in arrears. The notes are convertible at any time into 5p Ordinary shares at a price of 21p per share. The notes may be redeemed by the company at face value from 5 May 2008. As disclosed in note 13, subsequent to the balance sheet date the convertible loan notes were redeemed and replaced with £5,000 thousand of new 2011 convertible loan notes.

The subordinated loan notes are held by DoveBid, Inc. and do not bear interest. The loan notes are unsecured, subordinated to other debt of the group and are repayable in 60 monthly instalments commencing March 2008.

12. Share capital and premium

The movement in issued share capital is set out below:

In thousands of pounds	**Number of shares Thousands**	**Ordinary shares**	**Share premium**

At 1 January 2007	199,133	9,957	4,962
Placing of 5p ordinary shares Proceeds from shares issued Less: cost of placing	 40,000	 2,000	 4,800 (239)
Issue of 5p Ordinary shares to satisfy deferred consideration payable	25,760	1,288	44
Share options exercised	105	5	11
At 1 January 2008	264,998	13,250	9,578
Issue of share capital to finance the acquisition of DoveBid Inc. Proceeds from shares issued Less: cost of share issue Shares issued as consideration for the acquisition of DoveBid, Inc.	 **185,000** **21,660**	 **9,250** **1,083**	 **9,250** **(1,039)** **1,083**
At 31 December 2008	**471,658**	**23,583**	**18,872**

As disclosed in note 13, subsequent to the balance sheet date the company sub-divided its issued share capital into one new 1p ordinary share and one effectively worthless 4p redeemable deferred share.

The authorised share capital is set out in the table below.

In thousands of pounds	**2008**	2007
Authorised ordinary shares of 5p each 700,000 thousand (2007: 330,000 thousand)	**35,000**	16,500
Equity ordinary shares to be issued of 5p each 5,420 thousand - note 8 (2007: Nil)	**542**	-

13. Events after the balance sheet date

On 2 January 2009, the shareholders approved a capital reorganisation whereby each existing 5p ordinary share was sub-divided into one new ordinary share of 1p and one effectively worthless redeemable deferred share of 4p. Each unissued share of 5p was sub-divided into 5 new ordinary shares of 1p. The new ordinary shares retain all the rights attached to the existing ordinary shares in respect of dividends and votes and will rank ahead of the redeemable deferred shares on a winding up, such that the redeemable deferred shares will only rank for repayment of their nominal value once all sums due on the ordinary shares have been paid and £1 million (plus the amount paid up thereon) has been paid in respect of each ordinary share.

During January 2009, the company issued new 2011 convertible loan notes with a principal amount of £5,000 thousand, generating £4,805 thousand of net proceeds and redeemed the 2009 convertible loan notes of £2,990 thousand. The 2011 convertible loan notes bear interest at 12% per annum and are repayable on 31 December 2011. The company may redeem the 2011 convertible loan notes at par at any time after 31 December 2010 or prior to that date subject to certain premium payments being made. The 2011 convertible loan notes may be converted into 1p ordinary shares of the company at any time at a conversion price of 3.62p per share.