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# CHARLES STANLEY

GROUP PLC

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7 November 2000

THE COMPANY TODAY ANNOUNCED ITS RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2000

- Pre-tax profit up 47% at £7.2 million
- Earnings per share up 46% to 11.77p
- Net assets up 34.1% at £31.9 million
- Turnover up 29% at £34.9 million
- Dividend up 50% at 0.75p

Charles Stanley Group PLC, a leading UK stockbroking company, is pleased to announce a further significant increase in turnover, profits and net assets for the half year ended 30 September 2000. Profit before tax was £7.19m (first half of 1999/2000: £4.90m), an increase of 46.6%. Turnover climbed by 29.2% from £26.99m to £34.86m.

Net assets were 34.1% higher at 30 September 2000, at £31.99 m compared with £23.86m at 31 March 2000. Of this increase in assets approximately £3m represents the valuation for the first time of the Group's holding in the London Stock Exchange.

Charles Stanley is one of the more broadly based stockbrokers trading on the London Stock Exchange. We have continued to grow our market share of agency stockbroking during the first half of the year, building organically on our existing structure and our network of branches.

Traditional advisory and discretionary stockbroking business in the first half of the year has improved over the same period last year with revenues up 28%. The total value of agency business transacted on the London Stock Exchange during the period was some 26% higher than in the corresponding period last year – some of this increase having been generated by new entrants to the market. Yet Charles Stanley has outperformed this. The large growth in volumes witnessed at the time of the TMT bubble in the second half of last year is unlikely to be repeated this year, but we are confident in the overall growth in the depth and quality of the business as demonstrated by the 40% increase in fee income.

Our institutional and corporate finance businesses have experienced strong growth in the first half. We now have approximately thirty corporate finance clients producing a good range of retainer and transaction related revenue.

Our execution only business has had a good first half with volumes up by 66%. Our internet dealing service, Xest, continues to make progress in an increasingly competitive market and the experience gained from this area has wider applications for our broader business. The Xest internet trading service for Egg was launched successfully in July, and this is gaining a steady flow of customers and transactions.

As part of a constant upgrading and expansion of our technology the Group has invested a further £1.7 million in hardware and support systems during the period.

In August 2000 approximately 1.6 million shares were issued to employees on maturity of the group's 5-year Save-As-You-Earn scheme. Following shareholder approval at the Annual General Meeting on 14 July 2000 a similar new 5-year scheme has now been established, and options were granted to employees on 18 October 2000 in respect of 569,139 shares at an exercise price of 507p per share.

The group has declared an interim dividend of 0.75p per share, net of tax. This represents an increase of 50% compared with the dividend of 0.50p net per share declared in respect of the first half year of 1999/2000. The latest dividend will be paid on 28 November 2000 to shareholders registered on 17 November 2000.

Market conditions have been volatile throughout the latest six months, and look set to continue to be so. Your company has performed strongly in this period, and whilst remaining cautious we look to the next six months with some confidence.

David H S Howard  
CHAIRMAN

## Consolidated Profit and Loss Account

Six months ended 30 September 2000

	Notes	Half-year to <b>30.9.00</b> £'000s	Half-year to 30.9.99 £'000s	Year to 31.3.00 £'000s
TURNOVER	2	<b>34,863</b>	26,986	69,372
Operating expenses		<b>(28,229)</b>	(22,398)	(54,979)
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OPERATING PROFIT		<b>6,634</b>	4,588	14,393
Interest receivable		<b>740</b>	452	1,074
Interest payable	3	<b>(186)</b>	(137)	(307)
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PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<b>7,188</b>	4,903	15,160
Tax on profit on ordinary activities	4	<b>(2,300)</b>	(1,632)	(5,510)
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PROFIT FOR THE PERIOD		<b>4,888</b>	3,271	9,650
Dividends	5	<b>(316)</b>	(202)	(1,317)
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PROFIT RETAINED FOR THE PERIOD		<b>4,572</b>	3,069	8,333
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EARNINGS PER SHARE	6	<b>11.77p</b>	8.08p	23.82p
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EARNINGS PER SHARE – DILUTED	6	<b>11.77p</b>	7.76p	22.90p
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There were no differences between the results on a historical cost basis and those reflected above.

## Statement of Total Recognised Gains and Losses

Profit for the period	4,888	3,271	9,650
Unrealised gains on investments	3,283	63	115
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Total recognised gains and losses relating to the period	8,171	3,334	9,765
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## Consolidated Balance Sheet

30 September 2000

	<i>Notes</i>	<b>30.9.00</b> <b>£'000s</b>	<b>30.9.99</b> <b>£'000s</b>	<b>31.3.00</b> <b>£'000s</b>
<b>FIXED ASSETS</b>				
Intangible – Goodwill		<b>1,755</b>	1,698	1,890
Tangible		<b>5,612</b>	4,297	4,305
Investments		<b>3,980</b>	508	577
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		<b>11,347</b>	6,503	6,772
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<b>CURRENT ASSETS</b>				
Debtors		<b>300,915</b>	215,286	448,835
Listed investments		<b>910</b>	599	1,292
Cash at bank and in hand		<b>25,823</b>	21,396	25,083
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CREDITORS amounts falling due within one year		<b>327,648</b> <b>(305,073)</b>	237,281 (222,593)	475,210 (455,986)
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NET CURRENT ASSETS		<b>22,575</b>	14,688	19,224
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TOTAL ASSETS LESS CURRENT LIABILITIES		<b>33,922</b>	21,191	25,996
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CREDITORS: amounts falling due after more than one year		<b>(1,879)</b>	(2,609)	(2,097)
Minority Interests		<b>(44)</b>	(44)	(44)
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NET ASSETS		<b>31,999</b>	18,538	23,855
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<b>CAPITAL AND RESERVES</b>				
Called up share capital	7	<b>10,537</b>	2,532	10,130
Share premium account	8	-	409	-
Revaluation reserve		<b>3,398</b>	63	115
Profit and loss account		<b>18,064</b>	15,534	13,610
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EQUITY SHAREHOLDERS' FUNDS		<b>31,999</b>	18,538	23,855
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**Consolidated Cash Flow Statement**  
Six months ended 30 September 2000

	<i>Notes</i>	<b>Half-year to 30.9.00 £'000s</b>	<i>Half-year to 3.09.99 £'000s</i>	<i>Year to 31.3.00 £'000s</i>
Cash flow from operating activities	9	<b>5,854</b>	4,556	14,333
Returns on investments and servicing of finance		<b>554</b>	(11)	438
Taxation	*	<b>(2,623)</b>	77	(3,716)
Capital expenditure and financial investment		<b>(1,499)</b>	(562)	(1,152)
Acquisitions		-	-	(1,427)
Equity dividends paid		<b>(1,114)</b>	(633)	(835)
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Cash inflow before financing		<b>1,172</b>	3,427	7,641
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Financing				
Issue of ordinary share capital		<b>288</b>	8	9
Decrease in debt		<b>(720)</b>	(215)	(743)
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		<b>(432)</b>	(207)	(734)
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Increase in cash in the period		<b>740</b>	3,220	6,907
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RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS				
Increase in cash in the period		<b>740</b>	3,220	6,907
Cash outflow from change in debt and lease financing		<b>720</b>	215	743
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		<b>1,460</b>	3,435	7,650
New finance leases		<b>(632)</b>	(48)	(368)
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Movement in net funds in the period		<b>828</b>	3,387	7,282
Net funds at start of period		<b>21,537</b>	14,255	14,255
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Net funds at close of period		<b>22,365</b>	17,642	21,537
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\* Taxation paid during the period reflects the change from annual to quarterly payments of corporation tax.

## Notes to the Financial Statements

### 1 BASIS OF PREPARATION

The interim results have been prepared on a basis consistent with the accounting policies set out on pages 20 and 21 of Charles Stanley Group PLC's Annual Report and Financial Statements for the year ended 31 March 2000. The unaudited interim financial statements should therefore be read in conjunction with the 2000 annual report and financial statements.

The financial information as set out in this report is unaudited and does not comprise statutory accounts for the purposes of Section 240 of the Companies Act 1985. The Auditors have carried out a review and their report is set out below.

The comparative figures for the year ended 31 March 2000 have been taken from, but do not constitute, the Company's statutory financial statements for that financial year. Those financial statements have been reported on by the Company's auditors and delivered to the Registrar of Companies. Their report was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

A copy of this statement is being forwarded to all shareholders and will be available for members of the public at the Company's registered office, 25 Luke Street, London EC2A 4AR.

### 2 TURNOVER

	<b>30 Sep 00</b>	<b>30 Sep 99</b>	<b>31 Mar 00</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Commission	<b>27,257</b>	21,572	57,369
Fees	<b>7,606</b>	5,414	12,003
	<b>34,863</b>	26,986	69,372

### 3 INTEREST PAYABLE

On bank loans and overdrafts	<b>171</b>	126	273
Finance lease interest	<b>15</b>	11	34
	<b>186</b>	137	307

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

Current period:

Based on the profit for the period:

UK corporation tax at 30%	<b>2,300</b>	1,632	5129
Prior periods:			
Corporation tax	-	-	381
	<b>2,300</b>	1,632	5,510

### 5 DIVIDENDS

Proposed interim of 0.75p per share (2000: 0.50p)	<b>316</b>	202	202
Final of 2.75p per share	-	-	1,115
	<b>316</b>	202	1,317

## Notes to the Financial Statements (continued)

### 6 EARNINGS PER SHARE

The calculation of earnings per share and diluted earnings per share is based on the profit for the period of £4,888,000 (1999: £3,271,000; 2000: £9,650,000). For the basic earnings per share the weighted average number of actual shares of 41,525,134 in issue (1999 :40,491,764; 2000: 40,503,490) is used. For the diluted earnings per share the weighted average number of actual and potential shares of 41,525,134 (1999:42,164,544; 2000: 42,139,070) is used.

### 7 CALLED UP SHARE CAPITAL

	<b>30 Sep 00</b>	<b>30 Sep 99</b>	<b>31 Mar 00</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Authorised:			
80,000,000 (1999 21,000,000) ordinary shares of 25p each	<b>20,000</b>	5,250	20,000
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Allotted and fully paid:			
42,149,378 (1999: 10,128,768; 2000: 40,519,894) ordinary shares of 25p each	<b>10,537</b>	2,532	10,130
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During the period 1,629,484 ordinary shares were issued as fully paid following the exercise of options by employees for a total consideration of £288,555.

### 8 SHARE PREMIUM ACCOUNT

1 April	-	404	404
Premium on shares issued during the period	-	5	5
Bonus issue	-	-	(409)
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	-	409	-
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### 9 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating profit	<b>6,634</b>	4,588	14,393
Release of provision made against fixed asset investment	-	-	<b>84</b>
Depreciation charges	<b>727</b>	1,103	1,773
Goodwill amortised	<b>135</b>	113	348
(Profit)/loss on sale of fixed asset investments	<b>(23)</b>	72	(17)
Decrease/(increase) in debtors	<b>148,302</b>	(14,438)	(248,681)
(Decrease)/increase in creditors	<b>(149,921)</b>	13,118	246,433
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Net cash inflow from operating activities	<b>5,854</b>	4,556	14,333
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# Independent Review Report to Charles Stanley Group PLC

## Introduction

We have been instructed by the company to review the financial information set out above and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## Review Conclusion

On the basis of our review we are not aware of any material modification that should be made to the financial information as presented for the six months ended 30 September 2000.

SAFFERY CHAMPNESS  
*Chartered Accountants*  
London

7 November 2000

## Financial Calendar

7 November 2000	Results announced
13 November 2000	Ex-dividend date for interim dividend
17 November 2000	Record date for interim dividend
28 November 2000	Interim dividend paid
June 2001	Final results announced

FOR FURTHER INFORMATION PLEASE CONTACT

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