Charles Stanley
GROUP PLC

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5 November 2002

RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002

- **Acquisition of Robson Cotterell Limited**
- **Major expansion of corporate finance and corporate broking teams**
- **Turnover maintained at £ 27.0 million**
- **Profit before tax and goodwill £1.5 million (Sept 2001: £4.4 million)**
- **Profit before tax £1.0 million (Sept 2001: £4.2 million)**
- **Earnings per share 1.51p (Sept 2001: 7.01p)**
- **Dividend 1.00p (Sept 2001: 1.00p)**

Charles Stanley is pleased to announce that, despite difficult market conditions, it has maintained its turnover at £26.98 million in the latest six months, partly due to acquisitions during the past year. This compares with £26.96 million in the first half of 2001-02. This has been achieved against a background of a general decline of around 15% in private client stock exchange transactions. Our own level of transactions, on a like-for-like basis, has declined by a similar figure.

For the majority of the six months we were winding down the back office operations of both the recent acquisitions and were therefore carrying additional non-recurring operating costs in the period of £255,000. The acquisitions contributed an additional £1.7 million of revenue but only broke even at the operating level. We are looking for an improvement in this position in the second half of the year. In addition the charge for amortisation of goodwill (written off over 10 years) was £487,000 compared to £180,000 for the same period last year.

Market conditions remain extremely difficult. World share prices have been in decline for two and a half years now – an unusually long period of time. The strength of Charles Stanley's balance sheet has allowed us to pursue our traditional strategy in bear markets of building the company. This is reflected in our results for the half-year ended 30 September 2002.

The interim dividend will be maintained at 1.00p net per share.

Acquisitions

The acquisition of Torrie & Co was completed on 18 February 2002, just before the start of the latest half-year. This prestigious Edinburgh-based business has been successfully integrated with Charles Stanley. However the integration has been a major project, with the operations being substantially re-shaped to reflect current market conditions.

As part of the process "Fastrade", the internet share-dealing service of Torrie & Co, was merged with Charles Stanley's "Xest" service, and it now trades successfully out of Edinburgh under the "Fastrade" label. We have been delighted to welcome our new Scottish colleagues to the Charles Stanley team.

Charles Stanley has continued its policy of investing in growth during adverse market conditions:

- In December 2001, as previously reported, we opened a new branch office in Tunbridge Wells. This has enjoyed an excellent first nine months.

- In June this year we completed the acquisition of Robson Cotterell Limited, our principal and much-respected competitor on the South Coast. All four branch offices have joined us. This has been another very successful integration, but again has involved extensive re-shaping of the business. The acquisition, under the Charles Stanley banner, has got off to a good start.

- In June, also, we were joined by a long-established team of brokers in Brighton and Hove, who are working out of our Lewes office until our new premises in Hove are ready.

- A number of individual brokers have joined us during the period. Furthermore, since the half-year end we have been joined by a well-regarded corporate finance and corporate broking team in our London office.

These acquisitions have added substantially to the breadth and depth of the services offered by Charles Stanley, and are in line with the strategy outlined to shareholders in my previous statements.

Operations

Despite the subdued background Charles Stanley continues to win new business, and all areas of the company have performed well. In July, for example, we reached our highest level, ever, for the inward flow of transfers of PEPs and ISAs -- Personal Equity Plans and Individual Savings Accounts.

Fee income continues to rise as a proportion of turnover. At £9.06 million for the latest half-year this now represents 33.6% of total income (first half 2001-02: £7.57 million, representing 28.1%).

I have previously notified shareholders of awards that we have received:

- Investors Chronicle “Best Medium Stockbroker” in 1999

- Investors Chronicle “Best Dealing-Only Stockbroker” in 2000

- Shares Magazine UK Equities Awards “Best Stockbroker’s Research/Information Service” in 2002

I am now delighted to tell you that we have won the Investors Chronicle “Best Advisory/Discretionary Broker” Award for 2002.

These awards are evidence of our commitment to the quality of service that we seek to offer to our clients.

Broadening our base

Charles Stanley is one of the largest domestic private client stockbroking companies in the UK. This will continue to be the mainstay of our business. But we have been steadily diversifying the range of services that we offer, and the clients that we act for.

In recent years we have built a successful corporate finance and corporate broking arm, acting for about thirty-five fully-listed and AIM companies in new issue work and advising on mergers and acquisitions. Despite the general decline in levels of corporate activity in recent months this division has been busy during the latest half-year, with funds raised successfully for several major client companies.

We are now taking this a stage further with the acquisition of a ten-strong team of corporate finance, corporate broking and smaller company research experts. Their focus will be primarily small and mid-market-capitalisation AIM and Official List stocks. This represents a major expansion in our capacity in this important area of the market, and fits neatly with the rest of our stockbroking business and our already substantial institutional business.

Dividend

It is proposed to pay a dividend of 1.00p per share, net of tax, on 13 December 2002 to shareholders registered on 15 November 2002**.**

Outlook

The economic background is dull, with lower projections for growth in the UK, stagnant conditions in parts of Europe, and uncertainty about consumer demand in the USA. Latest figures suggest that the US was in recession for the first three quarters of 2001, and after a brief bounce the American economy may be turning down again. But this is only part of the story. The concern over spectacular bankruptcies – Enron and Worldcom are the best-known examples – has generated exaggerated fears over the reliability of corporate accounting and corporate governance and has severely damaged investor confidence. The market hates nothing more than uncertainty. The threat of war with Iraq is compounding this.

But beneath the surface the fundamentals are sound. Western economies remain robust (few more so than our own), inflation is under control and unemployment in the UK is low. Much of the corporate sector has performed well despite the increase in its tax and pension burden. The sharp falls in the market have caused a spiralling effect, for example with insurance companies having to liquidate their portfolios in order to maintain their statutory solvency margins. So declines in the Index have become self-feeding in the absence of any buying pressure whilst the outlook remains so uncertain. At some point the market will find a floor and this spiral will be reversed. But none of us can be sure of the timing.

Stockbroking is a cyclical business, though the cycles are rarely as pronounced as this. Our strategy is to take the long view, to build the business when conditions are poor, and to build cash when trading levels are buoyant. Thanks to this we have a strong balance sheet, with net cash of £28 million and shareholders' funds of more than £40 million, and a tried and tested formula for acquiring and integrating good-quality businesses.

Our results reflect trading conditions in the market. We have performed creditably, against a difficult background. For the future we are taking a bold view. Whilst continuing to carefully manage our cost base, we believe that, as investors return to the market, our strategy of building the business will prove to be amply justified.

Sir David Howard Bt.

Chairman

Consolidated Profit and Loss Account

Six months ended 30 September 2002

Notes		***Half-year to 30.9.02 £'000***	*Half-year to 30.9.01 £'000*	*Year to 31.3.02 £'000*
	TURNOVER			
2	Continuing operations	**25,216**	26,632	53,518
	Acquisitions	**1,760**	332	1,095
		26,976	26,964	54,613
	Operating expenses	**(26,413)**	(23,550)	(48,919)
	OPERATING PROFIT			
	Continuing operations	***545***	*3,339*	*5,616*
	Acquisitions	***18***	*75*	*78*
		563	3,414	5,694
	(Loss)/profit on sale of investments – continuing operations	**(19)**	-	581
		544	3,414	6,275
	Interest receivable	**559**	885	1,560
3	Interest payable	**(67)**	(52)	(123)
	Profit on ordinary activities before goodwill amortisation and profit on sale of investments	***1,542***	*4,427*	*7,586*
	Goodwill amortisation	***(487)***	*(180)*	*(455)*
		1,055	*4,247*	*7,131*
	(Loss)/profit on sale of investments	***(19)***	*-*	*581*
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**1,036**	4,247	7,712
4	Tax on profit on ordinary activities	**(400)**	(1,295)	(2,445)
	PROFIT FOR THE PERIOD	**636**	2,952	5,267
5	Dividends	**(421)**	(421)	(1,897)
	PROFIT RETAINED FOR THE PERIOD	**215**	2,531	3,370

Notes	***Half-year to 30.9.02***	*Half-year to 30.9.01*	*Year to 31.3.02*
Earnings per share 6			
Basic	**1.51p**	7.01p	12.50p
Diluted	**1.51p**	7.01p	12.26p
Excluding goodwill			
Basic	**2.66p**	7.44p	13.58p
Diluted	**2.66p**	7.44p	14.42p

Statement of Total Recognised Gains and Losses

	£'000	*£'000*	*£'000*
Profit for the period	**636**	2,952	5,267
Unrealised (losses)/gains on investments	**(847)**	486	1,075
Total recognised gains and losses relating to the period	**(211)**	3,438	6,342

Note of Historical Cost Profits and Losses

	£'000	*£'000*	*£'000*
Reported profit on ordinary activities before taxation	**1,036**	4,247	7,712
Realisation of investment revaluation gains of previous years	**-**	-	807
Historical cost profit on ordinary activities before taxation	**1,036**	4,247	8,519
Historical cost profit for the year after taxation and dividends	**215**	2,531	4,177

Consolidated Balance Sheet
30 September 2002

	30.9.02 £'000	30.9.01 £'000	31.3.02 £'000
Notes			
FIXED ASSETS			
Intangible – Goodwill	**8,439**	2,353	7,516
Tangible	**5,766**	6,429	6,212
Investments	**3,118**	4,025	3,987
	17,323	12,807	17,715
CURRENT ASSETS			
Debtors	**134,450**	145,734	144,120
Listed investments	**105**	109	152
Cash at bank and in hand	**27,977**	31,880	26,148
	162,532	177,723	170,420
CREDITORS amounts falling due within one year	**(139,432)**	(150,278)	(146,934)
NET CURRENT ASSETS	**23,100**	27,445	23,486
TOTAL ASSETS LESS CURRENT LIABILITIES	**40,423**	40,252	41,201
CREDITORS: amounts falling due after more than one year	**(131)**	(756)	(277)
Minority Interests	**(44)**	(44)	(44)
NET ASSETS	**40,248**	39,452	40,880
CAPITAL AND RESERVES			
Called up share capital	**10,537**	10,537	10,537
7			
Revaluation reserve	**2,490**	3,555	3,337
Profit and loss account	**27,221**	25,360	27,006
EQUITY SHAREHOLDERS' FUNDS	**40,248**	39,452	40,880

Consolidated Cash Flow Statement
Six months ended 30 September 2002

	Half-year to 30.9.02 £'000	*Half-year to 30.09.01 £'000*	*Year to 31.3.02 £'000*
Notes			
Cash flow from operating activities 8	**5,595**	3,620	4,650
Returns on investments and servicing of finance	**487**	780	1,380
Taxation	**(863)**	(1,086)	(3,626)
Capital expenditure and financial investment	**(799)**	(730)	(373)
Acquisitions	**(160)**	-	(4,008)
Equity dividends paid	**(1,475)**	(1,370)	(1,791)
Cash inflow/(outflow) before financing	**2,785**	1,214	(3,768)
Financing			
Decrease in debt	**(956)**	(823)	(1,573)
Increase/(decrease) in cash in the period	**1,829**	391	(5,341)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(decrease) in cash in the period	**1,829**	391	(5,341)
Cash outflow from change in debt and lease financing	**956**	823	1,573
	2,785	1,214	(3,768)
Convertible debt	**-**	-	(1,500)
New finance leases	**(43)**	(7)	(46)
Movement in net funds in the period	**2,742**	1,207	(5,314)
Net funds at start of period	**23,222**	28,536	28,536
Net funds at close of period	**25,964**	29,743	23,222

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 19 and 20 of Charles Stanley Group PLC's Annual Report and Financial Statements for the year ended 31 March 2002. The unaudited interim financial statements should therefore be read in conjunction with the 2002 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 2002 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

	30 Sep 2002 £'000	*30 Sep 2001 £'000*	*31 Mar 2002 £'000*
Commission	**17,919**	19,396	38,408
Investment management fees	**7,285**	6,693	13,958
Corporate finance fees	**1,772**	875	2,247
	26,976	26,964	54,613

3 INTEREST PAYABLE

On bank loans and overdrafts	**21**	20	59
On convertible debt	**28**	-	-
Finance lease interest	**18**	32	64
	67	52	123

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

Current period:			
UK corporation tax at 30%	**446**	1,295	2,213
Adjustments in respect of previous periods	**(46)**	-	232
	400	1,295	2,445

5 DIVIDENDS

Proposed interim of 1.00p per share (2002: 1.00p)	**421**	421	421
Final of 3.50p per share	**-**	-	1,476
	421	421	1,897

Notes to the Financial Statements (continued)

6 EARNINGS PER SHARE

	30 Sep 2002 No.	*30 Sep 2001 No.*	*31 Mar 2002 No.*
Weighted average number of shares in issue in the period	**42,149,378**	42,110,148	42,129,763

	£'000	£'000	£'000
Profit for the year before goodwill	**1,123**	3,132	5,722
Goodwill amortisation	**(487)**	(180)	(455)
Profit for the period	**636**	2,952	5,267

7 CALLED UP SHARE CAPITAL

	30 Sep 2002 £'000	*30 Sep 2001 £'000*	*31 Mar 2002 £'000*
Authorised:			
80,000,000 ordinary shares of 25p each	**20,000**	20,000	20,000
Allotted and fully paid:			
42,149,378 ordinary shares of 25p each	**10,537**	10,537	10,537

On 30 September 2002 the following options have been granted and remain outstanding in respect of ordinary shares of 25p in the company under the company's Save As You Earn Scheme.

	No of shares	Option price
Grant dated 11 July 2001	1,146,549	£2.87

Options are exercisable during the six months commencing 1 September 2006.

8 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating profit	**563**	3,414	5,694
Provision made against fixed asset investment	**91**	76	9
Depreciation charges	**1,200**	1,204	2,341
Goodwill amortised	**487**	180	455
(Profit)/Loss on sale of fixed asset investments	**-**	(30)	6
Decrease in debtors	**9,717**	28,695	30,266
Decrease in creditors	**(6,463)**	(29,919)	(34,121)
Net cash inflow from operating activities	**5,595**	3,620	4,650

Independent Review Report to Charles Stanley Group PLC

We have been instructed by the Company to review the financial information set out above which comprises the profit and loss account, balance sheet, cash flow statement, statement of recognised gains and losses and the related notes. 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 Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which 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 for use in the United Kingdom. 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 United Kingdom 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 2002.

SAFFERY CHAMPNESS
Chartered Accountants
London

5 November 2002

Financial Calendar

5 November 2002	Results announced
13 November 2002	Ex-dividend date for interim dividend
15 November 2002	Record date for interim dividend
13 December 2002	Interim dividend paid
June 2003	Final results announced

FOR FURTHER INFORMATION PLEASE CONTACT

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