

8 November 2007

## CHARLES STANLEY GROUP PLC INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

Charles Stanley Group PLC, one of the UK's leading independent full service stockbroking, corporate finance and investment management groups, announces its interim results for the six months ended 30 September 2007.

### Highlights:

- Revenue up 10% at £52.5 million
- Private client fee income up 22% at £19.2 million
- Underlying profit before one-off costs up 21% at £9.2 million
- Interim dividend up 14% at 2.10p
- Total funds under management and administration £11.5 billion (March 2007: £10.6 billion)
- Acquisition of Garrison Investment Analysis Ltd

Summary	Sep 07	Sep 06	Change
	£m	£m	%
<b>Revenue</b>	<b>52.5</b>	<b>47.6</b>	<b>10%</b>
<b>Underlying profit</b>	<b>9.2</b>	<b>7.6</b>	<b>21%</b>
One-off costs	(2.2)	(0.4)	
Profit on disposal of investments	0.2	0.5	
Reported profit	7.2	7.7	(6%)
Underlying EPS	14.83p	12.77p	16%
Reported EPS	11.59p	13.00p	(11%)
Interim dividend	2.10p	1.85p	14%

### Sir David Howard, Chairman, commented:

"I am pleased to report another strong set of results for Charles Stanley Group PLC for the six months ended 30 September 2007. Despite a turbulent market background this has been a busy half-year for us, characterised by significant acquisition activity.

Subject to the market coping with further shocks as robustly as it has done so far, I look forward with confidence to the second half-year."

### For further information please contact:

**Charles Stanley Group PLC**  
Sir David Howard, Chairman  
Peter A Hurst, Finance Director  
Phone: 020 7739 8200  
Fax: 020 7953 2948

**Landsbanki Securities Ltd**  
Simon Bridges  
Managing Director  
Phone: 020 7426 9000

**Hudson Sandler**  
Fran Read  
Account Manager  
Phone: 020 7796 4133

## **Chairman's Statement**

I am pleased to report another strong set of results for Charles Stanley Group PLC for the six months ended 30 September 2007. Despite a turbulent market background this has been a busy half-year for us, characterised by significant acquisition activity. Our income for the period was 10% higher than for the first six months of the previous year, at £52.5 million (2006-7: £47.6 million). While our reported pre-tax profit of £7.2 million was some 6% lower than for the equivalent period of the previous year (£7.7 million), this figure includes expenses of £2.2 million relating to recent acquisitions and profit on disposal of investments of £0.2 million. If these are excluded from the comparison, the pre-tax profit has risen by 21% to £9.2 million.

Over the six month period our clients' funds for which we provide investment management or fee-based administration services rose from £10.6 billion to £11.5 billion. Within this figure the funds under discretionary management have risen from £2.3 billion a year ago to £2.6 billion at 31 March 2007 and to £2.9 billion at the end of the latest six months.

Within the overall income figure, our commission income rose by 6% from £28.3 million to £30.0 million, and our fee income rose by 18% from £18.9 million to £22.4 million. Approximately 43% of our income comes from fees.

The directors propose an increase of 14% in the interim dividend from 1.85p to 2.10p per share. This will be paid on 12 December 2007 to shareholders registered on 16 November 2007.

## **Review of operations**

In recent full-year, half-year and quarterly statements I have described the way in which the group has continued to move ahead against a background of dull market conditions. Charles Stanley is one of the largest independently-owned UK stockbroking and wealth management companies, providing a personal investment service, so our fortunes are intimately linked to the financial markets.

The latest six months have been anything but dull, with some major shocks to the system. While private client trading volumes have remained flat, our income from private client transactions has moved ahead by 8% compared with the first six months of the previous year. Investment management and administration fees generated from private clients have increased by 22% over the same period. Consequently our private client division registered an overall increase in income of 14% from £38.8 million to £44.1 million.

Within our private client division, our financial planning department increased its income by 44% from £2.5 million to £3.6 million. This increase includes £0.7 million contributed by Garrison Investment Analysis Ltd during the period. We have also seen the addition of 218 new SIPPs, and £30m of transfers and new contributions.

Charles Stanley Securities, our specialist small and mid-cap advisory and institutional broking division, has again performed well against a backdrop of more difficult market conditions. Revenues for the half year were broadly similar with last year at £7.2 million (2006-7: £7.5 million).

The corporate finance and broking team enjoyed a number of new client wins and the retained client list has now increased to 55 companies. The general reduction in IPO activity has been well documented. However Charles Stanley Securities completed three IPOs during the period, as planned, and in addition the team advised on a number of transactions valued at £280 million. Notwithstanding market conditions, the division has made an encouraging start as we enter the second half, in terms of existing mandates and of the pipeline.

Throughout the group, we have continued to invest significantly in our IT infrastructure and systems to improve our overall efficiency and client service.

## **Acquisitions**

This has been a very busy few months for the group, with a series of important acquisitions. We opened new branches in Exeter and in Guildford and we have been joined by a major broking team in London that specialises in Court of Protection and personal injury awards investment management. In Exeter we acquired an entire branch of a well-established stockbroking business with effect from 1 April 2007, and this has made a useful contribution to our half-year results. The Guildford and London teams have joined us in stages during and following the latest half-year.

On 14 June 2007 we announced the acquisition of Garrison Investment Analysis Ltd, a leading financial intermediary based in Beverley, East Yorkshire. Garrison markets unit trusts, open-ended investment company units and packaged financial products to private clients, both directly and in wrappers such as ISAs and pensions. The business fits neatly into the range of services provided by the group, and we see considerable scope for adding value both to Garrison and to the rest of the group by working together. We acquired 75.1% of Garrison for approximately £6 million, satisfied by a mixture of cash and loan notes, and we have agreed to purchase the balance of 24.9% for a further £2 million in June 2009.

We also plan to open an office in Bristol in the current quarter.

Our shareholders will be aware of our conservative attitude to building and maintaining substantial cash reserves. One of the reasons has been to have resources available for carefully focussed acquisitions to help build the business of the group. The recent level of acquisition activity has been funded almost entirely from our own resources, but the cash balances maintained by the group, after paying for the acquisitions, remain at a substantial figure in relation to the needs of the business.

## **Regulation**

Much of the focus of management, over the past year or so, has been directed to the raft of major changes emanating primarily from the European Commission and its promotion of the Financial Services Action Plan. Some of the changes to our business are quite fundamental, and have involved extensive preparation, lobbying, trade association involvement at a senior level, and comprehensive re-programming of our systems. This has been an outstanding team effort throughout the group, echoed by the excellent response from our very large client base to the explanatory material that we have issued.

No one can be quite sure of the effects of the more fundamental European Directives – the Capital Requirements Directive (which came into force on 1 January 2007) and the Markets in Financial Instruments Directive (which came into force on 1 November 2007) – but we believe that we are as well placed as any financial company to weather these significant changes. This gives me an opportunity to express my warmest thanks both to all the staff involved, and to our clients for responding so promptly and with no loss of their support and good humour.

## Outlook

The recent significant shocks to the market have, until now, been confined to particular financial sector companies and particular types of (primarily wholesale) financial instruments. But the effects are beginning to ripple out into the broader economy. So far this has followed a sadly familiar cycle – cheap credit, over-priced asset classes, and risks being poorly understood and under-priced. It is too early to assess how broad, deep or long-lasting the consequent retrenchment will be. Many of the most reliable indicators point to the continuing underlying strength of the economy. Maybe the “credit crunch” will turn out to be a blip, with much of the damage limited to the wholesale financial markets. Or maybe the after-shocks will spread further into the retail sector. It is too early to tell.

As personal wealth expands, demand will continue to grow for the very specialised and personal investment service that we offer. So I believe that we can look beyond the uncertainties of current market conditions, and the unpredictable consequences of the sweeping legislative changes in financial services, to the strong fundamentals and the record of growth of our business. Subject to the market coping with further shocks as robustly as it has done so far, I look forward with confidence to the second half-year.

**Sir David Howard Bt.**

**Chairman**

**8 November 2007**

<b>Funds under management and administration</b>	<i>30 Sep 2007 £ billion</i>	<i>30 Sep 2006 £ billion</i>	<i>31 Mar 2007 £ billion</i>
<b>Discretionary managed services</b>			
In Group's nominee or crest membership	2.9	2.3	2.6
<b>Advisory managed services</b>			
In Group's nominee or crest membership	2.6	2.2	2.5
Not held in Group's nominee	0.5	0.6	0.5
	3.1	2.8	3.0
<b>Total managed services</b>	6.0	5.1	5.6
<b>Advisory dealing services</b>			
In Group's nominee or crest membership	2.5	2.3	2.4
<b>Execution only services</b>			
In Group's nominee or crest membership	2.6	2.3	2.6
Not held in Group's nominee	0.4	-	-
	3.0	2.3	2.6
<b>Total administered services</b>	5.5	4.6	5.0
<b>Total funds under management and administration</b>	11.5	9.7	10.6

## Financial Calendar

8 November 2007	Results announced
14 November 2007	Ex-dividend date for interim dividend
16 November 2007	Record date for interim dividend
12 December 2007	Interim dividend paid
June 2008	Final results announced

**Charles Stanley Group PLC**  
**Consolidated Income Statement**  
Six months ended 30 September 2007

	<i>Notes</i>	<b>Unaudited Half-year to 30.9.07 £'000</b>	<i>Restated Unaudited Half-year to 30.9.06 £'000</i>	<i>Audited Year to 31.3.07 £'000</i>
<b>Continuing operations</b>				
Revenue	1	<b>52,483</b>	47,612	98,179
Administrative expenses		<b>(46,390)</b>	(41,393)	(84,672)
<hr/>				
Operating profit		<b>6,093</b>	6,219	13,507
Interest payable and similar charges	2	<b>(46)</b>	(62)	(46)
Interest receivable	2	<b>1,001</b>	1,020	2,151
Profit on disposal of available for sale (AFS) investments	2	<b>163</b>	527	1,974
<hr/>				
Profit before tax	3	<b>7,211</b>	7,704	17,586
Tax on profit on ordinary activities	5	<b>(2,283)</b>	(2,210)	(5,235)
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Profit for the period from continuing operations		<b>4,928</b>	5,494	12,351
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Profit attributable to minority interest		-	-	(22)
Profit attributable to equity shareholders		<b>4,928</b>	5,494	12,373
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		<b>4,928</b>	5,494	12,351
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**Earnings per Share**

<b>Based on profit for the period</b>				
Basic	6	<b>11.59p</b>	13.00p	29.25p
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Diluted	6	<b>11.17p</b>	12.50p	28.16p
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**Charles Stanley Group PLC**  
**Statement of Recognised Income and Expense**  
Six months ended 30 September 2007

	<b>Unaudited</b>	<i>Restated</i>	<i>Audited</i>
	<b>Half-year to</b>	<i>Unaudited</i>	<i>Year to</i>
	<b>30.9.07</b>	<i>Half-year to</i>	<i>31.3.07</i>
	<b>£'000</b>	<i>£'000</i>	<i>£'000</i>
Profit for the period	<b>4,928</b>	5,494	12,351
Revaluation of AFS investments taken to income statement on disposal	<b>(163)</b>	(527)	(1,974)
Revaluation of AFS investments	<b>196</b>	(818)	(463)
Deferred tax on revaluation of financial assets	<b>(12)</b>	407	771
Retirement benefit scheme actuarial gain	-	-	825
Deferred tax on retirement benefit scheme actuarial gain	-	-	(303)
Net gains/(losses) not recognised in the income statement	<b>21</b>	(938)	(1,144)
<b>Total recognised income for the period</b>	<b>4,949</b>	4,556	11,207
Attributable to minority interest	-	-	(22)
Attributable to equity shareholders	<b>4,949</b>	4,556	11,229
	<b>4,949</b>	4,556	11,207

**Charles Stanley Group PLC**  
**Consolidated Balance Sheet**  
30 September 2007

	<i>Notes</i>	<i>Unaudited</i> <b>30.9.07</b> £'000	<i>Unaudited</i> 30.9.06 £'000	<i>Audited</i> 31.3.07 £'000
<b>Assets</b>				
Non-current assets				
Goodwill	8	<b>23,318</b>	15,603	15,434
Intangible assets	9	<b>3,138</b>	-	3,169
Property, plant and equipment	10	<b>7,065</b>	5,537	6,128
Available for sale investments	11	<b>4,792</b>	6,000	4,942
		<b>38,313</b>	27,140	29,673
Current assets				
Trade and other receivables	12	<b>219,660</b>	253,076	267,474
Held for trading investments	13	<b>2,001</b>	98	1,234
Cash and cash equivalents	14	<b>28,263</b>	46,479	42,305
		<b>249,924</b>	299,653	311,013
<b>Liabilities</b>				
Current liabilities				
Financial liabilities	15	<b>(536)</b>	(963)	(881)
Trade and other payables	16	<b>(213,670)</b>	(262,631)	(271,214)
Current tax liabilities		<b>(2,288)</b>	(2,449)	(3,011)
		<b>(216,494)</b>	(266,043)	(275,106)
Net current assets		<b>33,430</b>	33,610	35,907
Non-current liabilities				
Financial liabilities	15	<b>(1,411)</b>	(74)	(97)
Retirement benefit liability		<b>(1,521)</b>	(2,429)	(1,521)
Deferred tax liabilities		<b>(170)</b>	(97)	(36)
Other non-current liabilities	16	<b>(1,992)</b>	(100)	-
		<b>(5,094)</b>	(2,700)	(1,654)
<b>Net assets</b>		<b>66,649</b>	58,050	63,926
<b>Shareholders' equity</b>				
Ordinary shares	17	<b>10,638</b>	10,580	10,592
Share premium	18	<b>742</b>	336	379
Other reserves	18	<b>2,311</b>	2,962	2,289
Retained earnings	18	<b>52,861</b>	43,992	50,569
Total shareholders' equity	18	<b>66,552</b>	57,870	63,829
Minority interest in equity		<b>97</b>	180	97
<b>Total equity</b>		<b>66,649</b>	58,050	63,926

**Charles Stanley Group PLC**  
**Consolidated Cash Flow Statement**  
Six months ended 30 September 2007

	<i>Notes</i>	<b>Unaudited Half-year to 30.9.07 £'000</b>	<i>Unaudited Half-year to 30.9.06 £'000</i>	<i>Audited Year to 31.3.07 £'000</i>
<b>Cash flows from operating activities</b>				
Cash (outflows)/inflows from operations	19	(513)	3,263	4,386
Interest received		1,001	1,020	2,151
Interest paid		(46)	(62)	(95)
Tax paid		(2,898)	(2,860)	(5,323)
<b>Net cash (outflows)/inflows from operating activities</b>		<b>(2,456)</b>	1,361	1,119
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries and other businesses	20	(4,776)	-	(313)
Acquisition of intangible assets		(2,119)	-	(1,169)
Proceeds from sale of property, plant and equipment		-	-	27
Purchase of property, plant and equipment		(1,670)	(1,250)	(3,066)
Proceeds from sale of investments		434	916	2,229
Purchase of investments		(767)	(737)	(1,869)
Dividends received		75	302	371
<b>Net cash used in investing activities</b>		<b>(8,823)</b>	(769)	(3,790)
<b>Cash flows from financing activities</b>				
Net proceeds from issue of ordinary share capital		80	354	152
Cash outflow from change in debt and lease financing		(187)	(320)	(245)
Dividends paid to shareholders		(2,656)	(2,255)	(3,039)
<b>Net cash used in financing activities</b>		<b>(2,763)</b>	(2,221)	(3,132)
<b>Net decrease in cash and cash equivalents</b>		<b>(14,042)</b>	(1,629)	(5,803)
Cash and cash equivalents at start of period		42,305	48,108	48,108
Cash and cash equivalents at end of period		28,263	46,479	42,305

## General information

The interim financial information for the six months ended 30 September 2007 has been prepared under International Financial Reporting Standards ("IFRS") as adopted by the EU. These interim accounts are presented in accordance with IAS 34 Interim Financial Reporting. The interim accounts have been prepared on the basis of the accounting policies set out in the Group's consolidated accounts for the year ended 31 March 2007. These unaudited interim financial statements should therefore be read in conjunction with the 2007 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 2007 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 is unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

The comparative figures for the six months ended 30 September 2006 have been restated to show profit on disposal of investments in the income statement, instead of being recognised directly in equity, as it had previously been. This is consistent with the preparation of the financial statements for the year ended 31 March 2007, and the note that is included on page 41 of the 2007 statements.

In the current financial year, the group will adopt IFRS 7 "Financial Instruments: Disclosures". As this is a disclosure standard, there is no impact on the half-year financial report.

### *Principal risks and uncertainties*

The principal risks and uncertainties facing the group are described in detail on pages 13 and 14 of the 2007 Annual Report and Financial Statements. Their impact on the six months to 30 September 2007 and for the remainder of the financial year is discussed in the chairman's statement above.

### *Related party transactions*

Related party transactions are described in detail on page 67 of the 2007 Annual Report and Financial Statements. No transactions took place during the six months to 30 September 2007 that would materially affect the financial position or performance of the group during the period.

## 1 Revenue

	<i>Private Clients £'000</i>	<i>Charles Stanley Securities £'000</i>	<i>Other £'000</i>	<i>Total £'000</i>
<b>6 months ended 30 September 2007</b>				
Commission	24,811	4,035	1,199	30,045
Fees				
Investment management	9,130	-	-	9,130
Administration	10,119	-	-	10,119
Corporate finance	-	3,114	-	3,114
	<u>19,249</u>	<u>3,114</u>	<u>-</u>	<u>22,363</u>
Other income	-	-	75	75
<b>Total for 6 months ended 30 September 2007</b>	<b>44,060</b>	<b>7,149</b>	<b>1,274</b>	<b>52,483</b>
Allocated administrative expenses	(28,573)	(5,551)	(681)	(34,805)
	<u>15,487</u>	<u>1,598</u>	<u>593</u>	<u>17,678</u>
Unallocated administrative expenses				(11,585)
Operating profit				<u>6,093</u>
<b>6 months ended 30 September 2006</b>				
Commission	22,960	4,488	886	28,334
Fees				
Investment management	7,612	-	-	7,612
Administration	8,217	-	-	8,217
Corporate finance	-	3,026	-	3,026
	<u>15,829</u>	<u>3,026</u>	<u>-</u>	<u>18,855</u>
Other income	-	-	423	423
<b>Total for 6 months ended 30 September 2006</b>	<b>38,789</b>	<b>7,514</b>	<b>1,309</b>	<b>47,612</b>
Allocated administrative expenses	(24,188)	(5,558)	(812)	(30,558)
	<u>14,601</u>	<u>1,956</u>	<u>497</u>	<u>17,054</u>
Unallocated administrative expenses				(10,835)
Operating profit				<u>6,219</u>
<b>12 months ended 31 March 2007</b>				
Commission	48,796	8,737	1,873	59,406
Fees				
Investment management	16,268	-	-	16,268
Administration	16,993	-	-	16,993
Corporate finance	-	5,114	-	5,114
	<u>33,261</u>	<u>5,114</u>	<u>-</u>	<u>38,375</u>
Other income	-	-	398	398
<b>Total for 12 months ended 31 March 2007</b>	<b>82,057</b>	<b>13,851</b>	<b>2,271</b>	<b>98,179</b>
Allocated administrative expenses	(50,233)	(10,796)	(1,732)	(62,761)
	<u>31,824</u>	<u>3,055</u>	<u>539</u>	<u>35,418</u>
Unallocated administrative expenses				(21,911)
Operating profit				<u>13,507</u>

## 2 Finance income – net

	<b>30 Sep 2007 £'000</b>	<b>30 Sep 2006 £'000</b>	<b>31 Mar 2007 £'000</b>
Interest expense:			
Interest payable on bank borrowings	(6)	(23)	(32)
Interest payable on other loans	(34)	(33)	(3)
Interest payable on finance leases	(6)	(6)	(11)
Interest and similar charges payable	<b>(46)</b>	(62)	(46)
Interest income	<b>1,001</b>	1,020	2,151
Profit on disposal of AFS investments	<b>163</b>	527	1,974
Finance income – net	<b>1,118</b>	1,485	4,079

## 3 Profit before tax

The following items have been included in arriving at profit before tax:

Depreciation of property, plant and equipment:			
- owned assets	<b>1,084</b>	1,173	2,283
- assets held under finance leases	<b>21</b>	20	108
Amortisation of intangibles	<b>150</b>	-	-
Other operating lease rentals payable	<b>837</b>	523	1,368
One-off revenue costs relating to new investment teams	<b>2,129</b>	390	1,613
LSE special dividend received	-	(300)	(300)

## 4 Staff costs

Staff costs for the Group during the period:			
Wages and salaries	<b>16,169</b>	13,650	30,777
Social security costs	<b>1,626</b>	1,349	3,539
Other pension costs	<b>1,423</b>	1,244	2,563
	<b>19,218</b>	16,243	36,879

## 5 Taxation

Analysis of charge in the period			
Current tax			
- Continuing operations	<b>2,161</b>	2,210	5,404
- Adjustment in respect of prior periods	-	-	(169)
Deferred tax			
- Continuing operations	<b>122</b>	-	-
	<b>2,283</b>	2,210	5,235

## 6 Earnings per share

	<b>30 Sep 2007 £'000</b>	<i>Restated</i> 30 Sep 2006 £'000	31 Mar 2007 £'000
Earnings attributable to ordinary shareholders	<b>4,928</b>	5,494	12,373
Profit on disposal of available for sale investments	<b>(163)</b>	(527)	(1,974)
Tax on profit on disposal of available for sale investments	<b>49</b>	158	592
One-off revenue costs relating to new investment teams	<b>2,129</b>	390	1,613
Tax on one-off revenue costs	<b>(639)</b>	(117)	(484)
<b>Underlying earnings attributable to ordinary shareholders</b>	<b>6,304</b>	5,398	12,120
	<b>No. '000</b>	No. '000	No. '000
Weighted average number of shares in issue in the period	<b>42,512</b>	42,261	42,299
Dilution	<b>1,600</b>	1,696	1,647
	<b>44,112</b>	43,957	43,946
<b>Based on reported earnings</b>			
Basic earnings per share	<b>11.59p</b>	13.00p	29.25p
<b>Diluted earnings per share</b>	<b>11.17p</b>	12.50p	28.16p
<b>Based on underlying earnings</b>			
Basic earnings per share	<b>14.83p</b>	12.77p	28.65p
<b>Diluted earnings per share</b>	<b>14.29p</b>	12.28p	27.58p

## 7 Dividends paid

Final: 2007: 6.25p (2006: 5.35p) per 25p share	<b>2,657</b>	2,255	2,256
Interim: (2007: 1.85p) per 25p share	-	-	783
	<b>2,657</b>	2,255	3,039

In addition, the Directors are proposing an interim dividend in respect of the six months ended 30 September 2007 of 2.10p per share which will absorb an estimated £894,000 of shareholders' funds. It will be paid on 12 December 2007 to shareholders who are on the register of members on 16 November 2007.

## 8 Goodwill

Cost			
At beginning of period	<b>15,434</b>	15,603	15,603
Additions	<b>7,884</b>	-	80
Disposals and adjustments to deferred consideration	-	-	(249)
<b>At end of period</b>	<b>23,318</b>	15,603	15,434

## 9 Intangible assets

	Customer lists £'000	Brand costs £'000	Total £'000
1 April 2007	3,083	86	3,169
Acquisitions	22	97	119
Amortisation during period	(150)	-	(150)
30 September 2007	2,955	183	3,138

## 10 Property, plant and equipment

	Freehold premises £'000	Long leasehold premises £'000	Short leasehold premises £'000	Office equipment and motor vehicles £'000	Total £'000
Cost					
1 April 2007	185	1,975	4,190	10,431	16,781
Additions	227	-	248	1,585	2,060
Disposals or scrapping	-	-	-	(2,831)	(2,831)
30 September 2007	412	1,975	4,438	9,185	16,010
Depreciation					
1 April 2007	28	1,574	2,025	7,026	10,653
Charge for the period	2	13	61	1,029	1,105
Disposals or scrapping	-	-	-	(2,813)	(2,813)
30 September 2007	30	1,587	2,086	5,242	8,945
Net book value at 30 September 2007	382	388	2,352	3,943	7,065

## 11 Available for sale investments

	Listed investments £'000	Unlisted investments £'000	Total £'000
Fixed asset investments			
1 April 2007			
Cost	1,428	303	1,731
Revaluation surplus	910	2,301	3,211
Book value	2,338	2,604	4,942
Additions	115	-	115
Disposals	(461)	-	(461)
Revaluation in period	196	-	196
30 September 2007	2,188	2,604	4,792
Cost	1,243	303	1,546
Revaluation surplus	945	2,301	3,246

## 12 Trade and other receivables

	<b>30 Sep 2007 £'000</b>	<b>30 Sep 2006 £'000</b>	<b>31 Mar 2007 £'000</b>
Current			
Trade debtors	<b>216,601</b>	251,146	264,967
Other debtors	<b>341</b>	455	393
Prepayments and accrued income	<b>2,718</b>	1,475	2,114
	<b>219,660</b>	253,076	267,474

## 13 Held for trading investments

Current			
Listed investments	<b>2,001</b>	98	1,234

## 14 Cash and cash equivalents

Cash at bank and in hand	<b>28,263</b>	46,479	42,305
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At the balance sheet date there were also deposits for clients, not included in the consolidated balance sheet, which were held in trust in segregated bank accounts amounting to £856 million (September 2006: £712 million; March 2007: £741 million).

## 15 Financial liabilities

Current			
3% redeemable loan	<b>157</b>	157	157
4.5% convertible redeemable loan note	<b>311</b>	680	680
4.5% redeemable unsecured loan note	-	81	-
Obligations under finance leases	<b>68</b>	45	44
	<b>536</b>	963	881
Non-current			
Bank of England rate unsecured loan note	<b>1,336</b>	-	-
Obligations under finance leases	<b>75</b>	74	97
	<b>1,411</b>	74	97

## 16 Trade and other payables

	<b>30 Sep 2007 £'000</b>	<b>30 Sep 2006 £'000</b>	<b>31 Mar 2007 £'000</b>
Current			
Trade payables	<b>206,659</b>	256,049	258,483
Other taxes and social security	<b>1,672</b>	816	1,746
Other creditors	<b>1,618</b>	1,700	4,742
Accruals and deferred income	<b>3,721</b>	4,066	6,243
	<b>213,670</b>	262,631	271,214
Non current			
Other creditors	<b>1,992</b>	100	-

## 17 Ordinary shares

Authorised 80,000,000 ordinary shares of 25p each	<b>20,000</b>	20,000	20,000
Allotted and fully paid 42,550,407 ordinary shares of 25p each	<b>10,638</b>	10,580	10,592

During the period 27,135 ordinary shares were issued fully paid for cash at 96p each and 4,703 ordinary shares were issued fully paid for cash at £2.87 each, following the exercise of options by former employees.

Also during the period, part of the 4.5% convertible redeemable loan note was redeemed and 148,374 ordinary shares were issued fully paid at £2.48 each.

On 30 September 2007 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 2 January 2003 Exercisable during the six months commencing 1 February 2008	1,600,477	£0.96

## 18 Statement of changes in shareholders' equity

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Other reserves £'000</i>	<i>Retained earnings £'000</i>	<i>Total £'000</i>
1 April 2007	10,592	379	2,289	50,569	63,829
Net profit	-	-	-	4,928	4,928
Dividends paid	-	-	-	(2,657)	(2,657)
Revaluation of investments	-	-	196	-	196
Transfer realised revaluation surplus	-	-	(162)	-	(162)
Deferred tax on revaluations	-	-	(12)	-	(12)
Share options – value of employee services	-	-	-	21	21
Share options – proceeds of shares issued	8	32	-	-	40
Conversion of loan note	38	331	-	-	369
<hr/>					
30 September 2007	10,638	742	2,311	52,861	66,552

## 19 Reconciliation of net profit to cash generated from operations

	<b>30 Sep 2007 £'000</b>	<i>Restated</i> 30 Sep 2006 £'000	31 Mar 2007 £'000
Net profit	<b>7,211</b>	7,704	17,586
Adjustments for			
Depreciation	<b>1,102</b>	1,193	2,391
Amortisation of customer lists	<b>150</b>	-	-
Share option cost	<b>21</b>	23	38
Dividend income	<b>(75)</b>	(302)	(371)
Interest income	<b>(1,001)</b>	(1,020)	(2,151)
Interest expense	<b>46</b>	62	46
Profit on disposal of investments	<b>(163)</b>	(652)	(1,974)
Investments acquired in lieu of fees	<b>(50)</b>	-	-
Changes in working capital			
Decrease/(increase) in debtors	<b>47,814</b>	(13,186)	(27,544)
(Decrease)/increase in creditors	<b>(55,568)</b>	9,441	16,365
<hr/>			
Cash (outflows)/inflows from operations	<b>(513)</b>	3,263	4,386

## 20 Acquisitions

On 14 June 2007, the Group announced the acquisition of Garrison Investment Analysis Ltd. The initial consideration of 75.1% of the business of just over £6 million was satisfied by a mixture of cash and the issue of loan notes. The remaining balance will be acquired on the second anniversary of completion.

The assets and liabilities of Garrison Investment Analysis Ltd at acquisition date were as follows:

	<b>£'000</b>
Freehold property	<b>227</b>
Net current assets	<b>142</b>
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Net assets acquired	<b>369</b>
Goodwill acquired	<b>7,884</b>
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Total cost of acquisition	<b>8,253</b>
<hr/>	
Satisfied by:	
Cash	<b>4,776</b>
Loan notes	<b>1,336</b>
Deferred consideration	<b>2,141</b>
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Total consideration	<b>8,253</b>
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## **Directors' Responsibility Statement**

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;
- The interim management report includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of principal risks and uncertainties for the remaining six months of the year; and
  - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the board:

PETER HURST  
FINANCE DIRECTOR  
8 November 2007

## **Independent review report to Charles Stanley Group PLC**

### **Introduction**

We have been engaged by the Company to review the condensed set of financial statements in the half-year financial report for the six months ended 30 September 2007 which comprises the consolidated income statement, consolidated balance sheet, consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Services Authority ('the UK FSA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

### **Directors' responsibilities**

The half-year financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-year financial report in accordance with the DTR of the UK FSA.

As disclosed in the notes to the financial statements, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-year financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-year financial report based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-year financial report for the six months ended 30 September 2007 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

### **Saffery Champness**

Chartered Accountants

London

8 November 2007

Notes: A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.