

**18 November 2008**

## **CHARLES STANLEY GROUP PLC INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

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 2008.

### **Highlights:**

- Revenue down by 7% to £49.0 million (September 2007 £52.5 million)
- Private client revenue down less than 1% to £43.8 million (September 2007 £44.1 million)
- Private client fee income up 10% to £21.2 million (September 2007 £19.2 million)
- Charles Stanley Securities remained profitable on reduced revenue of £5.1 million (September 2007 £8.3 million)
- Total funds under management and administration down 8% to £10.1 billion (March 2008 £11.0 billion)
- Interim dividend maintained at 2.10p
- Acquisitions of the business of Truro Stockbrokers and of the UK private client business of Insinger de Beaufort
- Acquisition of Griffiths & Armour (Financial Services) Ltd after the period end

### **Sir David Howard, Chairman, commented:**

"It will take time for the consequences of the credit crunch to work through, and no doubt there will be further shocks before we can safely claim that the ship is righted. But already we are seeing signs of steadier conditions and a narrowing of margins in the wholesale lending markets. It is too early to tell how firm and lasting these early indications will be, or what actions we can expect from the Obama presidency. Against this background of uncertainty, Charles Stanley is well placed, as we have been for the last 200 years, to ride out the current financial turmoil."

### **For further information please contact:**

**Charles Stanley Group PLC**  
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## Chairman's Statement

Against the very difficult background of recent months Charles Stanley Group is pleased to report a resilient result for the six months ended 30 September 2008. Income for the half-year period was £49.0 million, 6.7% less than the figure of £52.5 million for the six months ended 30 September 2007. Within this latest figure the income of the Private Client Division was almost unchanged, at £43.8 million compared with £44.1 million (a reduction of 0.7%). Inevitably, though, our corporate and institutional business, Charles Stanley Securities, has been affected by the general decline in new issue and merger activity, and its revenue for the half-year was £5.1 million compared with £8.3 million in the equivalent period last year.

Within the revenue figure for the Private Client Division there has been a further re-balancing between our two principal streams of income, commission on transactions and fees for investment management and administration. Comparing the latest six months with the equivalent period of the previous year, commission income fell by 8.9% from £24.8 million to £22.6 million. Fee income, on the other hand, was some 10.4% higher, increasing from £19.2 million to £21.2 million.

We have been active in making carefully judged acquisitions since the first signs of the downturn, and during the half-year we announced the successful completion of the acquisitions of Truro Stockbrokers and of the UK private client stockbroking business of Insinger de Beaufort. Our series of acquisitions in the past three years has helped to support our revenue. But as these acquisitions are financed fully from our own internal resources they affect our cash balances – which nevertheless remain strong at £20.1 million – and in the initial post-acquisition stage they generate lower margins as we incur take-on and restructuring costs. In general the businesses that we acquire operate at higher margins than the existing business, so this effect should be short-lived. We have a long record of integrating acquired businesses successfully.

At this half-year stage the combination of the reduction in income and a lower overall operating margin has resulted in our reported profit before tax of £5.1 million for the six months, compared with £7.2 million for the first half of 2007-08, and with £5.2 million for the second half of 2007-08.

Shareholders will be aware of the turmoil in the market in recent months, and we view these figures as a robust result in the circumstances. The value of the funds which we manage or administer for clients has also been affected, as one would expect. The FTSE-100 Share Index has fallen by 14.0% over the six month period, the FT-All Share Index by 15.1% and the APCIMS Balanced Portfolio Index by 8.9%. By contrast the funds which we manage or administer for clients stood at £10.1 billion at 30 September 2008, which is a reduction of 8.2% from their total at 31 March 2008 of £11.0 billion. Within this figure the funds which we manage for clients on a purely discretionary basis declined by 6.5% from £3.1 billion to £2.9 billion.

The directors consider that it would be inappropriate in such uncertain market conditions to increase the dividend, and therefore propose to maintain the interim dividend at 2.10p per share, as at this stage last year. This will be paid on 23 December 2008 to shareholders registered on 28 November 2008.

## **Review of operations**

As one of the largest independently-owned UK stockbroking and personal investment companies, the fortunes of Charles Stanley Group are intricately linked to the wider economic and financial environment. Over the longer term our objective remains to build a successful and reputable business offering the highest quality of personal service to our clients. We have never shared the view that the cycle of boom and bust has become obsolete, and in a business which is dependent on the economic cycle we have always measured our success in growing the company, not year-by-year, but from one cycle to the next. In the fallow years trading will fall back, but these conditions present opportunities for building the company for the future.

In the shorter term, on a one year view, we seek to navigate through the extraordinary circumstances which have assailed the stock market and undermined the confidence of investors. The results for the first six months of the current year demonstrate a resilient performance. Trading levels and investment values have both suffered severely but our income has held up; only the corporate and institutional side of the business – a common theme amongst investment firms – has fallen back sharply.

Over recent months we have been undertaking a very detailed project to review our fee and commission structures. Building on this, during the half-year we launched a major client-facing programme to simplify the wide range of different rates that we have been charging.

Within the Private Client Division, our financial planning department continued to grow revenues at some 7.6% higher than in the equivalent period last year with good further growth in our SIPP administration business. More than 150 SIPPS were added in the period, the majority of which are also being managed by Charles Stanley. The post-period-end acquisition of Griffiths & Armour (Financial Services) Ltd, which is referred to below, will bolster our position in the Employee Benefits Market, and I would like to take the opportunity to welcome our new colleagues in Liverpool and Watford.

Charles Stanley Securities, the Group's corporate advisory and institutional broking division remained profitable during the six months ended 30 September 2008. In common with its peers, the division experienced a decline in commission and fee income as a result of the challenging and volatile market conditions that have affected the small and mid cap sector. Corporate finance revenues declined significantly, reflecting both the absence of equity fundraisings and fewer corporate transactions. Secondary commissions, meanwhile, remained relatively resilient. Selective recruitment has continued, bringing with it coverage of new sectors including pharmaceuticals, healthcare and support services. The overall number of retained corporate clients has remained stable at 51 companies, including several new client wins during the period.

## **Acquisitions & new developments**

In June we completed the acquisition of the UK private client stockbroking business of Insinger de Beaufort and in July we completed the acquisition of the business of Truro Stockbrokers, in Cornwall, extending our presence in the south-west of England. Both operations have already integrated very successfully into Charles Stanley, and we are delighted to welcome our new colleagues.

Immediately following the half-year end, on 1 October 2008, we completed the acquisition of Griffiths & Armour (Financial Services) Ltd, the benefits consultancy division of the leading Liverpool insurance broker Griffiths & Armour. Not only does this add significantly to our growing benefits consultancy business, based currently in London, Southampton and Plymouth, but it brings a wealth of further expertise with a team of highly-regarded professionals.

## **The Charles Stanley team**

This has been a very difficult period for everyone who works in the Group. Every day brings more surprises, and this has called for careful judgement and steady nerves – qualities which I believe our team has in abundance. The directors are very grateful to everyone in the company for performing so well during this unusual time.

## **Outlook**

A year ago I commented that the shocks to the market had, until then, been confined to particular financial companies and particular types of primarily wholesale financial instruments. But the effects of this sadly familiar cycle – cheap credit, over-priced asset classes, and the mispricing of risk – were starting to ripple out into the broader economy. I expressed the hope that this would turn out to be a “blip” and not spill over, but I added that it was too early to tell.

Sadly we know now that the subsequent management of the macro-economic situation has proved disastrous. Neither the management of many financial institutions nor the regulators seem to have appreciated the extent of low-quality debt on the institutions’ books, nor the spectacular degree to which they were over-leveraged. Aggressive re-financing of the banks led largely by the UK has, so far, administered sufficient support globally to calm the runaway spiral.

It will take time for the consequences of the credit crunch to work through, and no doubt there will be further shocks before we can safely claim that the ship is righted. But already we are seeing signs of steadier conditions and a narrowing of margins in the wholesale lending markets. It is too early to tell how firm and lasting these early indications will be, or what actions we can expect from the Obama presidency. Against this background of uncertainty, Charles Stanley is well placed, as we have been for the last 200 years, to ride out the current financial turmoil.

**Sir David Howard Bt.**

**Chairman**

**18 November 2008**

CHARLES STANLEY GROUP PLC  
FUNDS UNDER MANAGEMENT AND ADMINISTRATION

	<i>30 Sept 2008 £ billion</i>	<i>30 Sept 2007 £ billion</i>	<i>31 Mar 2008 £ billion</i>
<b>Discretionary funds under management</b>			
In Group's nominee or Euroclear UK and Ireland (EUI) personal membership	2.9	2.9	3.1
<b>Advisory managed funds</b>			
In Group's nominee or EUI personal membership	2.1	2.6	2.4
Not held in Group's nominee	0.3	0.5	0.5
	<u>2.4</u>	<u>3.1</u>	<u>2.9</u>
<b>Total managed funds</b>	<u>5.3</u>	<u>6.0</u>	<u>6.0</u>
<b>Advisory dealing funds</b>			
In Group's nominee or EUI personal membership	2.3	2.5	2.2
<b>Execution only funds</b>			
In Group's nominee or EUI personal membership	2.5	3.0	2.8
	<u>4.8</u>	<u>5.5</u>	<u>5.0</u>
<b>Total administered funds</b>	<u>4.8</u>	<u>5.5</u>	<u>5.0</u>
<b>Total funds under management and administration</b>	<u>10.1</u>	<u>11.5</u>	<u>11.0</u>

**Financial Calendar**

18 November 2008	Results announced
26 November 2008	Ex-dividend date for interim dividend
28 November 2008	Record date for interim dividend
23 December 2008	Interim dividend paid
June 2009	Final results announced

**Charles Stanley Group PLC**  
**Consolidated Income Statement**  
Six months ended 30 September 2008

	<i>Notes</i>	<b>Unaudited Half-year 30 Sept 2008 £'000</b>	<i>Unaudited Half-year 30 Sept 2007 £'000</i>	<i>Audited Year 31 Mar 2008 £'000</i>
<b>Continuing operations</b>				
Revenue	1	<b>48,961</b>	52,483	105,564
Administrative expenses		<b>(44,651)</b>	(46,390)	(95,225)
<hr/>				
Operating profit	2	<b>4,310</b>	6,093	10,339
Interest payable and similar charges	4	<b>(71)</b>	(46)	(100)
Interest receivable	4	<b>904</b>	1,001	2,078
<hr/>				
Underlying profit before tax		<b>5,143</b>	7,048	12,317
Profit on disposal of available for sale investments	4	<b>1</b>	163	80
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Profit before tax		<b>5,144</b>	7,211	12,397
Taxation	5	<b>(1,555)</b>	(2,283)	(3,459)
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Profit for the period		<b>3,589</b>	4,928	8,938
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Profit attributable to equity shareholders		<b>3,589</b>	4,928	8,938
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**Earnings per Share**

<b>Based on reported profit for the period</b>				
Basic	6	<b>8.13p</b>	11.59p	20.89p
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Diluted	6	<b>8.13p</b>	11.17p	20.21p
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**Charles Stanley Group PLC**  
**Statement of Recognised Income and Expense**  
Six months ended 30 September 2008

	<b>Unaudited Half-year 30 Sept 2008 £'000</b>	<i>Unaudited Half-year 30 Sept 2007 £'000</i>	<i>Audited Year 31 Mar 2008 £'000</i>
Profit for the period	<b>3,589</b>	4,928	8,938
<hr/>			
Revaluation of available for sale investments taken to income statement on disposal	-	(163)	(26)
Revaluation of available for sale investments	<b>(411)</b>	196	332
Deferred tax on revaluation of available for sale investments	<b>115</b>	(12)	(86)
Retirement benefit scheme actuarial deficit	-	-	(578)
Deferred tax on retirement benefit scheme actuarial deficit	-	-	162
<hr/>			
Net (expense)/gains recognised directly in equity	<b>(296)</b>	21	(196)
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Total recognised income for the period	<b>3,293</b>	4,949	8,742
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Attributable to equity shareholders	<b>3,293</b>	4,949	8,742
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**Charles Stanley Group PLC**  
**Consolidated Balance Sheet**  
At 30 September 2008

	<i>Notes</i>	<b>Unaudited 30 Sept 2008 £'000</b>	<i>Unaudited 30 Sept 2007 £'000</i>	<i>Audited 31 Mar 2008 £'000</i>
<b>Assets</b>				
Non-current assets				
Goodwill	8	<b>23,238</b>	23,318	23,238
Intangible assets	9	<b>9,624</b>	3,138	5,561
Property, plant and equipment	10	<b>8,170</b>	7,065	7,420
Available for sale investments	11	<b>4,411</b>	4,792	4,907
		<b>45,443</b>	38,313	41,126
Current assets				
Trade and other receivables	12	<b>242,792</b>	219,660	299,052
Held for trading investments	13	<b>1,853</b>	2,001	2,575
Cash and cash equivalents	14	<b>20,144</b>	28,263	32,527
		<b>264,789</b>	249,924	334,154
<b>Liabilities</b>				
Current liabilities				
Financial liabilities	15	<b>(412)</b>	(536)	(519)
Trade and other payables	16	<b>(234,057)</b>	(213,670)	(297,341)
Current tax liabilities		<b>(949)</b>	(2,288)	(798)
		<b>(235,418)</b>	(216,494)	(298,658)
Net current assets				
		<b>29,371</b>	33,430	35,496
Non-current liabilities				
Financial liabilities	15	<b>(1,393)</b>	(1,411)	(1,404)
Retirement benefit liability		<b>(1,952)</b>	(1,521)	(1,952)
Deferred tax liabilities		<b>(81)</b>	(170)	(195)
Other non-current liabilities	16	<b>-</b>	(1,992)	(1,992)
		<b>(3,426)</b>	(5,094)	(5,543)
<b>Net assets</b>				
		<b>71,388</b>	66,649	71,079
<b>Shareholders' equity</b>				
Ordinary shares	17	<b>11,036</b>	10,638	11,029
Share premium	18	<b>1,873</b>	742	1,855
Other reserves	18	<b>2,214</b>	2,311	2,509
Retained earnings	18	<b>56,168</b>	52,861	55,589
Total shareholders' equity	18	<b>71,291</b>	66,552	70,982
Minority interest in equity		<b>97</b>	97	97
<b>Total equity</b>				
		<b>71,388</b>	66,649	71,079

**Charles Stanley Group PLC**  
**Consolidated Cash Flow Statement**  
Six months ended 30 September 2008

	<i>Notes</i>	<b>Unaudited Half-year 30 Sept 2008 £'000</b>	<i>Unaudited Half-year 30 Sept 2007 £'000</i>	<i>Audited Year 31 Mar 2008 £'000</i>
<b>Cash flows from operating activities</b>				
Cash (absorbed by)/generated from operations	19	(2,947)	(513)	10,027
Interest received		904	1,001	2,078
Interest paid		(71)	(46)	(100)
Tax paid		(1,177)	(2,898)	(5,672)
<b>Net cash (outflows)/inflows from operating activities</b>		<b>(3,291)</b>	(2,456)	6,333
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries and other businesses		-	(4,776)	(5,032)
Proceeds from sale of subsidiaries		-	-	100
Acquisition of intangible assets		(4,657)	(2,119)	(5,045)
Purchase of property, plant and equipment		(2,104)	(1,670)	(3,314)
Proceeds from disposal of investments		1,048	434	534
Purchase of available for sale investments		(244)	(767)	(1,408)
Dividends received		7	75	83
<b>Net cash used in investing activities</b>		<b>(5,950)</b>	(8,823)	(14,082)
<b>Cash flows from financing activities</b>				
Net proceeds from issue of ordinary share capital		25	80	1,584
Cash outflow from change in debt and lease financing		(118)	(187)	(62)
Dividends paid to minority interests		(180)	-	-
Dividends paid to equity shareholders		(2,869)	(2,656)	(3,551)
<b>Net cash used in financing activities</b>		<b>(3,142)</b>	(2,763)	(2,029)
<b>Net decrease in cash and cash equivalents</b>		<b>(12,383)</b>	(14,042)	(9,778)
Cash and cash equivalents at start of period		32,527	42,305	42,305
Cash and cash equivalents at end of period		20,144	28,263	32,527

## General information

The interim financial information for the six months ended 30 September 2008 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 2008. These unaudited interim financial statements should therefore be read in conjunction with the 2008 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 2008 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.

### *Principal risks and uncertainties*

The principal risks and uncertainties facing the group are described in detail on pages 15 to 17 of the 2008 Annual Report and Financial Statements. Their impact on the six months to 30 September 2008 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 71 of the 2008 Annual Report and Financial Statements. No transactions took place during the six months to 30 September 2008 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 2008</b>				
Commission	22,617	3,886	-	26,503
Fees				
Investment management	8,519	-	-	8,519
Administration	12,704	-	-	12,704
Corporate finance	-	1,228	-	1,228
	21,223	1,228		22,451
Other income	-	-	7	7
<b>Total for 6 months ended 30 September 2008</b>	<b>43,840</b>	<b>5,114</b>	<b>7</b>	<b>48,961</b>
Allocated administrative expenses	(26,266)	(4,981)	-	(31,247)
	17,574	133	7	17,714
Unallocated administrative expenses				(13,404)
<b>Operating profit</b>				<b>4,310</b>
<b>6 months ended 30 September 2007</b>				
Commission	24,811	5,234	-	30,045
Fees				
Investment management	9,130	-	-	9,130
Administration	10,119	-	-	10,119
Corporate finance	-	3,114	-	3,114
	19,249	3,114	-	22,363
Other income	-	-	75	75
<b>Total for 6 months ended 30 September 2007</b>	<b>44,060</b>	<b>8,348</b>	<b>75</b>	<b>52,483</b>
Allocated administrative expenses	(28,573)	(6,232)	-	(34,805)
	15,487	2,116	75	17,678
Unallocated administrative expenses				(11,585)
<b>Operating profit</b>				<b>6,093</b>
<b>Year ended 31 March 2008</b>				
Commission	48,578	10,199	-	58,777
Fees				
Investment management	19,089	-	-	19,089
Administration	21,881	-	-	21,881
Corporate finance	-	5,734	-	5,734
	40,970	5,734	-	46,704
Other income	-	-	83	83
<b>Total for year ended 31 March 2008</b>	<b>89,548</b>	<b>15,933</b>	<b>83</b>	<b>105,564</b>
Allocated administrative expenses	(58,427)	(12,965)	-	(71,392)
	31,121	2,968	83	34,172
Unallocated administrative expenses				(23,833)
<b>Operating profit</b>				<b>10,339</b>

The divisional analysis has been modified since 31 March 2008. Other income is now reported under Charles Stanley Securities. The comparatives for 30 September 2007 and 31 March 2008 have been restated to show this reallocation.

## 2 Operating profit

The following items have been included in arriving at operating profit:

	<b>30 Sept 2008 £'000</b>	<b>30 Sept 2007 £'000</b>	<b>31 Mar 2008 £'000</b>
Depreciation of property, plant and equipment:			
- owned assets	<b>1,310</b>	1,084	2,234
- assets held under finance leases	<b>16</b>	21	39
Amortisation of intangibles	<b>594</b>	150	653
Other operating lease rentals payable	<b>726</b>	837	1,541
One-off revenue costs relating to new investment teams	<b>1,224</b>	2,129	4,418

## 3 Staff costs

Staff costs for the group during the period:

Wages and salaries	<b>14,693</b>	16,169	34,933
Social security costs	<b>1,635</b>	1,626	4,140
Other pension costs	<b>1,603</b>	1,423	2,794
	<b>17,931</b>	19,218	41,867

## 4 Finance income – net

Interest expense:

Interest payable on bank borrowings	<b>(24)</b>	(6)	(3)
Interest payable on other loans	<b>(43)</b>	(34)	(85)
Interest payable on finance leases	<b>(4)</b>	(6)	(12)

Interest and similar charges payable **(71)** (46) (100)

Interest income **904** 1,001 2,078

Profit on disposal of available for sale investments **1** 163 80

Finance income – net **834** 1,118 2,058

## 5 Taxation

Analysis of charge in the period

Current tax			
- Continuing operations	<b>1,555</b>	2,161	3,353
- Adjustment in respect of prior periods	-	-	(89)
Deferred tax			
- Continuing operations	-	122	195
	<b>1,555</b>	2,283	3,459

## 6 Earnings per share

	<b>30 Sept 2008 £'000</b>	<i>30 Sept 2007 £'000</i>	<i>31 Mar 2008 £'000</i>
Earnings attributable to ordinary shareholders	<b>3,589</b>	4,928	8,938
Profit on disposal of available for sale investments	<b>(1)</b>	(163)	(80)
Tax on profit on disposal of available for sale investments	-	49	24
<b>Underlying earnings attributable to ordinary shareholders</b>	<b>3,588</b>	4,814	8,882
	<b>No. '000</b>	<i>No. '000</i>	<i>No. '000</i>
Weighted average number of shares in issue in the period	<b>44,142</b>	42,512	42,788
Dilution	-	1,600	1,437
	<b>44,142</b>	44,112	44,225
<b>Based on reported earnings</b>			
Basic earnings per share	<b>8.13p</b>	11.59p	20.89p
<b>Diluted earnings per share</b>	<b>8.13p</b>	11.17p	20.21p
<b>Based on underlying earnings</b>			
Basic earnings per share	<b>8.13p</b>	11.32p	20.76p
<b>Diluted earnings per share</b>	<b>8.13p</b>	10.91p	20.08p

## 7 Dividends paid

Final 2008: 6.50p (2007: 6.25p) per 25p share	<b>2,869</b>	2,657	2,657
Interim 2.10p per 25p share	-	-	894
	<b>2,869</b>	2,657	3,551

In addition, the Directors are proposing an interim dividend in respect of the six months ended 30 September 2008 of 2.10p per share which will absorb an estimated £927,000 of shareholders' funds. It will be paid on 23 December 2008 to shareholders who are on the register of members on 28 November 2008.

## 8 Goodwill

Cost			
At beginning of period	<b>23,238</b>	15,434	15,434
Additions	-	7,884	7,884
Disposals and adjustments to deferred consideration	-	-	(80)
<b>At end of period</b>	<b>23,238</b>	23,318	23,238

## 9 Intangible assets

	<i>Customer lists</i> <i>£'000</i>	<i>Brand costs</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Cost			
1 April 2008	6,031	183	6,214
Acquisitions	4,657	-	4,657
30 September 2008	10,688	183	10,871
Amortisation			
1 April 2008	616	37	653
Amortisation during period	594	-	594
30 September 2008	1,210	37	1,247
Net book value			
30 September 2008	9,478	146	9,624
31 March 2008	5,415	146	5,561

The acquisitions arise principally from the purchases of the business of Truro Stockbrokers and of the UK private client business of Insinger de Beaufort.

## 10 Property, plant and equipment

	<i>Freehold premises</i> <i>£'000</i>	<i>Long leasehold premises</i> <i>£'000</i>	<i>Short leasehold premises</i> <i>£'000</i>	<i>Office equipment and motor vehicles</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Cost					
1 April 2008	474	1,984	4,585	10,510	17,553
Additions	-	18	414	1,672	2,104
Disposals or scrapping	-	-	-	(53)	(53)
30 September 2008	474	2,002	4,999	12,129	19,604
Depreciation					
1 April 2008	31	1,600	2,280	6,222	10,133
Charge for the period	2	14	189	1,121	1,326
Disposals or scrapping	-	-	-	(25)	(25)
30 September 2008	33	1,614	2,469	7,318	11,434
Net book value					
30 September 2008	441	388	2,530	4,811	8,170
31 March 2008	443	384	2,305	4,288	7,420

## 11 Available for sale investments

	<i>Listed investments £'000</i>	<i>Unlisted investments £'000</i>	<i>Total £'000</i>
1 April 2008			
Cost	1,087	303	1,390
Revaluation	428	3,089	3,517
<b>Fair value</b>	<b>1,515</b>	<b>3,392</b>	<b>4,907</b>
Additions	244	-	244
Disposals	(329)	-	(329)
Revaluation in period	(411)	-	(411)
<b>Fair value 30 September 2008</b>	<b>1,019</b>	<b>3,392</b>	<b>4,411</b>
Cost	1,002	303	1,305
Revaluation	17	3,089	3,106

## 12 Trade and other receivables

	<b>30 Sep 2008 £'000</b>	<i>30 Sep 2007 £'000</i>	<i>31 Mar 2008 £'000</i>
Current			
Trade debtors	<b>239,341</b>	216,601	295,772
Other debtors	<b>663</b>	341	668
Prepayments and accrued income	<b>2,788</b>	2,718	2,612
	<b>242,792</b>	219,660	299,052

## 13 Held for trading investments

Current			
Listed investments	<b>1,853</b>	2,001	2,575

## 14 Cash and cash equivalents

Cash at bank	<b>20,144</b>	28,263	32,527
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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 £1,052 million (September 2007: £856 million; March 2008: £996 million).

## 15 Financial liabilities

	<b>30 Sept 2008 £'000</b>	<i>30 Sept 2007 £'000</i>	<i>31 Mar 2008 £'000</i>
Current			
Bank of England base rate redeemable loan	<b>157</b>	157	157
4.5% convertible redeemable loan note	<b>234</b>	311	311
Obligations under finance leases	<b>21</b>	68	51
	<b>412</b>	536	519
Non-current			
Bank of England base rate unsecured loan note	<b>1,336</b>	1,336	1,336
Obligations under finance leases	<b>57</b>	75	68
	<b>1,393</b>	1,411	1,404

## 16 Trade and other payables

Current			
Trade payables	<b>225,076</b>	206,659	286,180
Other taxes and social security	<b>1,802</b>	1,672	2,788
Other creditors	<b>4,593</b>	1,618	1,984
Accruals and deferred income	<b>2,586</b>	3,721	6,389
	<b>234,057</b>	213,670	297,341
Non current			
Other creditors	-	1,992	1,992

## 17 Ordinary shares

	<b>30 Sept 2008 £'000</b>	<i>30 Sept 2007 £'000</i>	<i>31 Mar 2008 £'000</i>
Authorised 80,000,000 ordinary shares of 25p each	<b>20,000</b>	20,000	20,000
Allotted and fully paid 44,142,718 ordinary shares of 25p each	<b>11,036</b>	10,638	11,029

During the period 25,000 ordinary shares were issued fully paid for cash at 96p each following the exercise of options by former employees.

On 30 September 2008 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.

	<i>No of shares</i>	<i>Option price</i>
Grant dated 19 December 2007 Exercisable during the six months commencing 1 February 2011	427,598	£2.48

## 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 2008	11,029	1,855	2,509	55,589	70,982
Net profit	-	-	-	3,589	3,589
Dividends paid to equity shareholders	-	-	-	(2,869)	(2,869)
Dividends paid to minority interests	-	-	-	(180)	(180)
Revaluation of available for sale investments	-	-	(411)	-	(411)
Transfer of realised revaluation surplus	-	-	1	(1)	-
Deferred tax on revaluation of available for sale investments	-	-	115	-	115
Share options – value of employee services	-	-	-	40	40
Share options – proceeds of shares issued	7	18	-	-	25
30 September 2008	11,036	1,873	2,214	56,168	71,291

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

	<b>30 Sept 2008 £'000</b>	30 Sept 2007 £'000	31 Mar 2008 £'000
Net profit	5,144	7,211	12,397
Adjustments for			
Depreciation	1,326	1,102	2,273
Amortisation of customer lists	594	150	653
Share option cost	40	21	49
Dividend income	(7)	(75)	(83)
Interest income	(904)	(1,001)	(2,078)
Interest expense	71	46	100
Profit on disposal of available for sale investments	(1)	(163)	(80)
Investments acquired in lieu of fees	-	(50)	(50)
Changes in working capital			
Decrease/(increase) in debtors	56,178	47,814	(31,282)
(Decrease)/increase in creditors	(65,388)	(55,568)	28,128
Cash (absorbed by)/generated from operations	<b>(2,947)</b>	(513)	10,027

## 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  
18 November 2008

## **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 2008 which comprises the consolidated income statement, statement of recognised income and expense, 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 2008 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

18 November 2008

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.