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# CHARLES STANLEY

GROUP PLC

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12 June 2000

## **ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2000**

- Pre-tax profit up 103% at £15.16 million
- Turnover up 54% at £69.37 million
- Earnings per share up 89% at 23.82p
- Dividends per share up 73% at 3.25p
- Net asset value per share up 55% at 58.87p

This July, in Millennium Year, Charles Stanley Group will be holding its 100<sup>th</sup> Annual General Meeting. We are marking the occasion with a 103% increase in pre-tax profit for the year ended 31 March 2000: Charles Stanley Group attained a new record of £15.160 million for the year compared with £7.459 million for the year ended 31 March 1999. Turnover rose by 54% to £69.372 million (1999: £44.965 million). Shareholders funds have risen from £15.398 million to £23.855 million.

Measured by revenue, Charles Stanley is one of the largest private client stockbroking companies in the United Kingdom. Charles Stanley has enjoyed a steady record of increasing its market share in recent years, and this pattern has continued in the latest period.

Growth has come from focussing on developing the existing business, offering new services and on attention to profit margins in a year when there were no major acquisitions. This meant that we were particularly well-placed to benefit from the surge in volumes in the last four months of the year. Our brokers and staff coped extraordinarily well in the face of unprecedented levels of business.

Charles Stanley has 21 offices including the London head office.

Our ISA launch last Spring was very well received by clients and has proved extremely popular. PEPs, too, have continued to move ahead, even though it is no longer possible to make subscriptions. Charles Stanley ISAs and PEPs are now worth a combined total of over £750 million including £65 million for ISAs.

Our Internet-based stockbroking service, XEST, has enjoyed a good year. This, together with our Gold Card dealing-only service, has grown significantly, and they now account for 6% of our total income. Charles Stanley was the first stockbroker to develop its own website, and we have continued our record of innovation, for example by pioneering the delivery of share price and portfolio information by state-of-the-art WAP telephone technology. All our development costs have been written off as soon as they have been incurred.

We are close to releasing a variety of internet-based services for our advisory and discretionary clients.

### **Dividends**

In December 1999 the interim dividend was increased by 60% from 0.3125p net per share to 0.50p. It is now recommended that the final dividend be increased by 76% from 1.5625p to 2.75p net per share, making a total of 3.25p (1998/99: 1.875p), an increase of 73% for the year. The 1999 figures have been adjusted to take account of the 3-for-1 bonus issue in December 1999.

### **Appointment of corporate brokers**

We are pleased to announce that HSBC Investment Bank plc have recently been appointed as corporate brokers and advisers to the Company.

### **Outlook**

Leaving aside the exceptional trading conditions between November last year and March this year, we are witnessing a steady increase in underlying levels of share ownership and stock market volumes. The challenges are formidable: the future shape of markets and trading platforms, substantial regulatory changes and the speed at which the "new economy" will develop. Our strength has been our responsiveness to these and similar challenges.

We announced in November last year that Xest had been selected to provide a share dealing service to customers of Egg. Since launching in October 1998, Egg has established itself as one of the UK's most recognised names in Internet financial services. We are delighted to be associated with it in this way.

We start the new year with a strong balance sheet. Trading is ahead of the same period last year and we look forward with confidence to the future.

FOR FURTHER INFORMATION PLEASE CONTACT

### **AT CHARLES STANLEY GROUP PLC**

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MANAGING DIRECTOR

PETER A HURST  
FINANCE DIRECTOR

MARTINA MURPHY  
FINANCIAL CONTROLLER

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### **AT HSBC INVESTMENT BANK PLC**

TOM DURIE DIRECTOR

PHONE: 020 7336 9000

CHARLES STANLEY GROUP PLC  
Consolidated Profit and Loss Account  
Year ended 31 March 2000

	<i>Note</i>	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
TURNOVER		69,372	44,965
Operating expenses		54,979	38,138
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OPERATING PROFIT		14,393	6,827
Interest receivable		1,074	1,015
Interest payable	2	307	383
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PROFIT BEFORE TAX		15,160	7,459
Taxation	3	5,510	2,371
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PROFIT ATTRIBUTABLE TO SHAREHOLDERS		9,650	5,088
Dividends	4	1,317	759
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PROFIT RETAINED FOR THE YEAR		8,333	4,329
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Earnings per share	5	23.82p	12.57p
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Earnings per share – diluted	5	22.90p	12.06p
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There were no differences between the results on a historical basis and those reflected above.

Statement of Total Recognised Gains and Losses

	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
Profit for the year	9,650	5,088
Unrealised gains on investments	115	-
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TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	9,765	5,088
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CHARLES STANLEY GROUP PLC  
CONSOLIDATED BALANCE SHEET  
31 MARCH 2000

	<i>Notes</i>	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
<b>FIXED ASSETS</b>			
Intangible		1,890	1,811
Tangible		4,305	4,771
Investments		577	537
		<hr/> 6,772	<hr/> 7,119
<b>CURRENT ASSETS</b>			
Debtors	6	448,835	201,399
Listed Investments		1,292	47
Cash at bank and in hand		25,083	18,176
		<hr/> 475,210	<hr/> 219,622
CREDITORS: due within one year	7	455,986	208,022
		<hr/> 19,224	<hr/> 11,600
<b>NET CURRENT ASSETS</b>			
TOTAL ASSETS LESS CURRENT LIABILITIES		25,996	18,719
CREDITORS: due after one year	8	2,097	3,277
Minority Interests		44	44
		<hr/> 23,855	<hr/> 15,398
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	10,130	2,529
Share premium account		-	404
Revaluation reserve		115	-
Profit and loss account		13,610	12,465
		<hr/> 23,855	<hr/> 15,398
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
		<hr/> 58.87p	<hr/> 38.05p
<b>Net Asset Value per Share</b>			

CHARLES STANLEY GROUP PLC  
CONSOLIDATED CASH FLOW STATEMENT  
YEAR ENDED 31 MARCH 2000

	<i>Notes</i>	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
NET CASH INFLOW FROM OPERATING ACTIVITIES	10	14,333	10,896
Returns on investments and servicing of finance		438	890
Taxation		(3,716)	(1,613)
Capital expenditure and financial investment		(1,152)	(1,650)
Acquisitions		(1,427)	(1,077)
Equity dividends paid		(835)	(531)
Cash inflow before financing		7,641	6,915
<b>FINANCING</b>			
Decrease in debt		(734)	(528)
Increase in cash in the period		6,907	6,387
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
Increase in cash in the year		6,907	6,387
Cash outflow from change in debt and lease financing		743	528
New finance leases		7,650 (368)	6,915 (319)
Movement in net funds in the year		7,282	6,596
Net funds at 1 April		14,255	7,659
Net funds at 31 March		21,537	14,255

CHARLES STANLEY GROUP PLC  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2000

**1 BASIS OF PREPARATION**

The results are an abridged extract from the financial statements for the year ended 31 March 2000 which have not yet been delivered to the Registrar of Companies. The auditors' report on the full financial statements has yet to be signed.

The 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 1999. The preliminary financial statements should therefore be read in conjunction with the 1999 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 comparative figures for the year ended 31 March 1999 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. The report was unqualified.

**2 INTEREST PAYABLE**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans and overdrafts	273	347
Finance lease interest	34	36
	307	383

**3 TAXATION**

Current year:

UK corporation tax at 30% (1999: 31%)	5,129	2,226
Prior years corporation tax	381	145
	5,510	2,371

**4 DIVIDENDS**

Interim paid of 0.50p per share (1999: 0.3125p)	202	126
Proposed final of 2.75p per share (1999: 1.5625p)	1,115	633
	1,317	759

The directors have recommended a final dividend of 2.75p per share. This will be paid on 24 July 2000 to shareholders registered on 23 June 2000.

The ordinary shares are expected to be quoted ex dividend on 19 June 2000.

**5 EARNINGS PER SHARE**

The calculation of earnings per share and diluted earnings per share is based on the profit for the year of £9,650,000 (1999: £5,088,000). For the basic earnings per share the weighted average number of actual shares of 40,503,490 in issue (1999: 40,469,616) is used. For the diluted earnings per share the weighted average number of actual and potential shares of 42,139,070 (1999: 42,187,852) is used.

On 14 December 1999 30,386,304 ordinary shares were issued as a result of a 3-for-1 bonus issue. The weighted average number of shares used to calculate the 1999 actual and diluted earnings per share have been adjusted to take account of this bonus issue.

6 DEBTORS

Trade debtors	448,026	200,338
Other debtors	299	340
Prepayments	510	721
	<b>448,835</b>	<b>201,399</b>

7 CREDITORS: amounts due within one year

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	443,009	198,741
Bank loans	240	240
Subordinated bank loan	1,000	250
Obligations under finance leases	209	154
Corporation tax	3,704	1,910
Other taxes and social security	1,592	1,430
Other creditors	546	1,409
Accruals and deferred income	4,571	3,255
Proposed dividend	1,115	633
	<b>455,986</b>	<b>208,022</b>

8 CREDITORS: amounts due after one year

Bank loan	40	251
Subordinated bank loan	1,750	2,750
Obligations under finance leases	307	276
	<b>2,097</b>	<b>3,277</b>

9 CALLED UP SHARE CAPITAL

Authorised:		
80,000,000 (1999: 21,000,000) ordinary shares of 25p each	20,000	5,250
Allotted and fully paid:		
40,519,894 (1999: 10,117,404) ordinary shares of 25p each	10,130	2,529

On 14 December 1999 the Authorised Share Capital of the Company was increased from £5,250,000 to £20,000,000 by the creation of 59,000,000 shares of 25p. On the same day 30,386,304 ordinary shares were issued as a result of a 3-for-1 bonus issue.

During the year 16,186 ordinary shares were issued as fully paid for cash at 71p following the exercise of options by employees.

On 31 March 2000 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.

	<b>No. of shares</b>	<b>Option price</b>
Grant dated 1 August 1995	1,635,580	17.7p

Options are exercisable during the six months commencing 1 August 2000.

10. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating profit	14,393	6,827
Provision made against fixed asset investments	84	(37)
Depreciation charges	1,773	1,659
Goodwill written off	348	234
(Profit)/loss on sale of fixed assets	(17)	20
Increase in debtors	(248,681)	(11,760)
Increase in creditors	246,433	13,953
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Net cash inflow from operating activities	14,333	10,896
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