

12 June 2008

CHARLES STANLEY GROUP PLC RESULTS FOR THE YEAR ENDED 31 MARCH 2008

Charles Stanley is one of the UK's leading independent full service stockbroking, corporate finance and wealth management groups. Today it announces its preliminary results for the year ended 31 March 2008.

Highlights:

- Revenue up by 8% to a new record of £105.6 million (2007: £98.2 million)
- Profit before tax, investment gains and one-off costs at £16.7 million (2007: £17.2 million)
- Funds under management and administration up by £0.4 billion (4%) to £11.0 billion (2007: £10.6 billion)
- Discretionary funds under management up by £0.5 billion (19%) to £3.1 billion (2007: £2.6 billion)
- Total dividend up by 6% to 8.60p (2007: 8.10p)
- New branches opened in Exeter, Guildford and Bristol
- Acquisition of Garrison Investment Analysis Ltd
- Acquisition of Truro Stockbrokers and the private client business of Insinger de Beaufort and the opening of a new branch in Leeds, after the year end

Commenting on the outlook Sir David Howard, Chairman said:

“Charles Stanley is pleased to report a resilient performance against what became an increasingly challenging background during the past year. Charles Stanley is a very broadly-based and deep rooted business, and in such circumstances we have been able to build the Group by careful acquisition.”

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CHAIRMAN'S STATEMENT

In announcing our results for the year ended 31 March 2008 Charles Stanley Group is pleased to report a resilient performance against the challenging background of the past year. Our income in the 12 months rose by 7.5% from £98.2 million in the year ended 31 March 2007 to a new record of £105.6 million. While we report our profit before tax for the year at £12.4 million compared with £17.6 million for 2006-07, the difference is attributable to one-off costs of our programme of acquisition activity, and to the difference in the value of investment disposals. If these two factors are left out of account for both years we would now be reporting a pre-tax profit of £16.7 million for the latest year compared with £17.2 million for 2006-07.

At 31 March 2008 the investment funds which we manage or administer for clients have risen from £10.6 billion at the beginning of the year to £11.0 billion. Within this figure the funds which we manage on a discretionary basis for clients have risen from £2.6 billion to £3.1 billion.

Our acquisition programme has continued during the year. I reported in my statement to shareholders last year that, just after the year-end, we had completed the acquisition of our new Exeter office and had been joined by a substantial team of stockbrokers in Guildford and another in London. We announced in June 2007 that we had purchased 75.1% of Garrison Investment Analysis Ltd, a leading financial intermediary based in Beverley, East Yorkshire, for approximately £6 million, with an agreement to purchase the balance for approximately £2 million in 2009. We reached agreement on 4 April 2008, to purchase Truro Stockbrokers who will join us at the end of July 2008. Subsequently on 18 April 2008 we agreed to purchase the private client business of Insinger de Beaufort Ltd which is based in London and will be joining us at the end of June 2008.

Despite significant acquisition activity, we have maintained a strong cash balance, which at 31 March 2008 stood at £32.5 million (31 March 2007: £42.3 million).

In the light of these results we propose increasing the final dividend from 6.25p per share to 6.50p. Taken together with the increased interim dividend of 2.10p this will make a total dividend for the year of 8.60p, an increase of 6.2% on last year's total dividend of 8.10p. The dividend will be paid on 7 August 2008 to shareholders registered on 11 July 2008.

Review of the year

Charles Stanley Group provides a comprehensive range of investment, wealth management and financial planning services to retail, institutional and corporate clients. We continued to expand and develop these services during the year.

Traditionally a stockbroking business reliant on commission income, we have been steadily re-balancing our revenue stream in favour of fees. In the latest year fee income represented 44.2% of total revenue, compared to 39.1% in 2006-07 and 37.7% in 2005-06.

The volume of private client stock exchange transactions, nationally, has continued to drift during the year, and our own volume, at 2.2% lower than in 2006-07, mirrors the general trend. However, the rising value of our clients' transactions reduced the impact of this, and our private client commission income was almost unchanged, at some 0.4% lower, at £48.6 million compared to £48.8 million in 2006-07.

By contrast, our investment management and administration fees again moved ahead strongly. A detailed analysis of the funds which we manage or administer for clients is shown below. This reflects two of our key objectives, to grow the total figure of funds under management and administration, and to re-balance the composition increasingly in favour of discretionary management. The overall figure for funds under management and administration grew by 3.8% from £10.6 billion to £11.0 billion, and within this figure the discretionary funds increased by 19.2% from £2.6 billion to £3.1 billion. Of the March 2008 total, some £1.1 billion represents funds transferred to us on the acquisition of new businesses. The balance of the funds declined in value during the year by 6.6%, which compares favourably with a decline over the same period of 9.6% in the FTSE-100 Index and of 10.9% in the FT All Share Index.

During the year we have undertaken a major review of our fee and commission-charging structures, and changes will be phased in over a two-year period. This is intended to simplify our charging arrangements, given the range of legacy rates that we have acquired over the years, and to provide greater clarity for our clients. One consequence of aligning our charges more accurately to the growing depth and breadth of the bespoke service that we provide is that we look to increase the fee margin further.

The value of clients' investment assets for which we charge administration rather than investment management fees remained stable at £5.0 billion. Thanks to continuing growth in the services that we offer, both organically and by way of acquisition (for example Garrison Investment Analysis Ltd), our administration fee income increased by 28.8% from £17.0 million to £21.9 million.

Our financial services department, which comprises EBS (Pensions Administration), Garrison Investment Analysis, Financial Planning and Benefit Consultancy, has shown a further year of growth with revenues rising to £8.4 million compared with £5.9 million in the prior year.

This has been a year of transition within the department with a considerable change in the way that the business is now being transacted given the changes in legislation over the past year. These changes have meant that considerably less business is now being transacted through life companies and the focus of the department has been targeted towards asset gathering and pensions, with long term income streams as opposed to initial commissions from product.

Garrison Investment Analysis was acquired during June 2007 and in the 10 months since acquisition contributed £2.1 million of revenue and an excellent operating margin.

EBS has had a good year in terms of SIPP take on with over 400 SIPPs being added during the period, bringing the total to nearly 2,000 at the year end. £79 million of transfers were made into the SIPPs we control together with contributions of over £25 million.

Charles Stanley Securities

Charles Stanley Securities, our small and mid cap advisory and institutional broking division, had another good year, particularly in light of the more challenging stock market environment for small cap equity fund raisings. Revenues for the year were similar to the prior year at £13.6m (2007: £13.9m).

23 transactions were completed during the period, including 4 IPO's, 6 secondary fund raisings, 1 pre-IPO and 12 advisory based transactions. Our retained client list is now 51 companies.

During the same period, we have continued to expand further the scale of research coverage of non-house stocks to grow the level of secondary commission.

MiFID and Basel 2

My previous statements have outlined the very extensive work programme for implementing the new European Union Directive requirements for financial businesses, known as "MiFID", and for the changes in regulatory financial requirements known collectively as "Basel 2". MiFID duly came into force in November 2007, following, in our case, a very heavy programme of client contact and systems changes. I should like to reiterate the thanks that I expressed when we issued our half-year figures, last November, for the excellent and good-humoured response by our clients, and for the great efforts by so many of our staff in making this exercise a success.

Changes to our Articles of Association

In addition to the usual resolutions for consideration at our forthcoming Annual General Meeting you will find an additional resolution which seeks your support for a number of minor changes which are required, or made possible, by the Companies Act 2006. The notes at the back of our Annual Report explain these changes in more detail.

The quality of our service

Charles Stanley continues to grow, with more people and branches, and an increasing range of services to discerning investors. We have been delighted to welcome many more clients during 2007-08. The emphasis throughout is on the quality of our service. Our resilience in difficult market conditions is testament to the strength of the individual relationships with our clients which are at the heart of our business. This was reinforced by two further significant awards that we received during the year, the Shares Magazine Award for Best Discretionary Stockbroker, 2007, and the Investors Chronicle Award for Best Execution Stockbroker for Financial Security, 2007.

These results reflect another year of hard work and dedication from everyone at Charles Stanley. Once again, on behalf of shareholders, I express thanks to everyone who has contributed so strongly to these results.

Outlook

When I reported to you this time last year I said that I was surprised that, on the whole, things had turned out better than I had expected. The latest year, by contrast, has turned out rather worse than I had hoped. The bursting of the credit bubble, with unrestrained lending to some unsuitable borrowers, has led to a shock reaction in which the freezing of credit has brought parts of the economic system close to a stand-still. The effects are now working through to the broader economy, and it is impossible at this stage to tell how long or how deep the adverse impact will be.

The way in which we respond to the deterioration in economic conditions is equally important. Charles Stanley is a very broadly-based and deep-rooted business, and in such circumstances we have been able to build the company by careful acquisition.

But, as in the past, this requires us to take a medium to long-term view. While trading in the first two months of the current year is in line with our expectations I cannot predict whether, over the year ahead, background conditions are going to improve, stay as they are, or get worse. In the circumstances I can only re-iterate that we have a sound business, we are well capitalised and we have a large and loyal clientele, and we are well-placed both for a downturn and for the eventual recovery.

Sir David Howard

Chairman

CHARLES STANLEY GROUP PLC
FUNDS UNDER MANAGEMENT AND ADMINISTRATION

	2008 £ billion	2007 £ billion
Discretionary funds under management		
In Group's nominee or Crest personal membership	3.1	2.6
Advisory managed funds		
In Group's nominee or Crest personal membership	2.4	2.5
Not held in Group's nominee	0.5	0.5
	2.9	3.0
Total managed funds	6.0	5.6
Advisory dealing funds		
In Group's nominee or Crest personal membership	2.2	2.4
Execution only funds		
In Group's nominee or Crest personal membership	2.8	2.6
Total administered funds	5.0	5.0
Total funds under management or administration	11.0	10.6

Charles Stanley Group PLC
Consolidated Income Statement
Year ended 31 March 2008

	<i>Notes</i>	2008 £'000	2007 £'000
Continuing operations			
Revenue	2	105,564	98,179
Administrative expenses		(95,225)	(84,672)
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Operating profit	4	10,339	13,507
Interest payable and similar charges	5	(100)	(46)
Interest receivable	5	2,078	2,151
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Underlying profit before tax		12,317	15,612
Profit on disposal of available for sale investments	5	80	1,974
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Profit before tax		12,397	17,586
Taxation	6	(3,459)	(5,235)
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Profit for the year		8,938	12,351
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Loss attributable to minority interest		-	(22)
Profit attributable to equity shareholders		8,938	12,373
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		8,938	12,351
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Earnings per Share			
Based on reported profit for the year			
Basic	7	20.89p	29.25p
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Diluted	7	20.21p	28.16p
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Based on underlying profit for the year			
Basic	7	20.76p	25.98p
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Diluted	7	20.08p	25.01p
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Statement of Recognised Income and Expense

	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Profit for the year	8,938	12,351
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Revaluation of available for sale investments taken to income statement on disposal	(26)	(1,974)
Revaluation of available for sale investments	332	(463)
Deferred tax on revaluation of available for sale investments	(86)	771
Retirement benefit scheme actuarial (deficit)/surplus	(578)	825
Deferred tax on retirement benefit scheme actuarial deficit/(surplus)	162	(303)
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Net expense recognised directly in equity	(196)	(1,144)
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Total recognised income for the year	8,742	11,207
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Attributable to minority interest	-	(22)
Attributable to equity shareholders	8,742	11,229
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	8,742	11,207
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Charles Stanley Group PLC
Consolidated Balance Sheet
31 March 2008

	<i>Notes</i>	2008 £'000	2007 £'000
Assets			
Non-current assets			
Goodwill	9	23,238	15,434
Intangible assets	10	5,561	3,169
Property, plant and equipment	11	7,420	6,128
Available for sale investments	12	4,907	4,942
		41,126	29,673
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Current assets			
Trade and other receivables	13	299,052	267,474
Held for trading investments		2,575	1,234
Cash and cash equivalents	14	32,527	42,305
		334,154	311,013
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Liabilities			
Current liabilities			
Financial liabilities	15	(519)	(881)
Trade and other payables	16	(297,341)	(271,214)
Current tax liabilities		(798)	(3,011)
		(298,658)	(275,106)
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Net current assets		35,496	35,907
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Non-current liabilities			
Financial liabilities	15	(1,404)	(97)
Retirement benefit liability		(1,952)	(1,521)
Deferred tax liabilities		(195)	(36)
Other non-current liabilities	16	(1,992)	-
		(5,543)	(1,654)
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Net assets		71,079	63,926
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Shareholders' equity			
Ordinary shares	17	11,029	10,592
Share premium	18	1,855	379
Other reserves	18	2,509	2,289
Retained earnings	18	55,589	50,569
Total shareholders' equity	19	70,982	63,829
Minority interest in equity		97	97
Total equity		71,079	63,926

Charles Stanley Group PLC
Consolidated Cash Flow Statement
Year ended 31 March 2008

	<i>Notes</i>	2008 £'000	2007 £'000
Cash flows from operating activities			
Cash generated from operations	20	10,027	4,386
Interest received		2,078	2,151
Interest paid		(100)	(95)
Tax paid		(5,672)	(5,323)
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Net cash from operating activities		6,333	1,119
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Cash flows from investing activities			
Acquisition of subsidiaries and other businesses		(5,032)	(313)
Proceeds from sale of subsidiaries		100	-
Acquisition of intangible assets		(5,045)	(1,169)
Proceeds from sale of property, plant and equipment		-	27
Purchase of property, plant and equipment		(3,314)	(3,066)
Proceeds from available for sale investments		534	2,229
Purchase of investments		(1,408)	(1,869)
Dividends received		83	371
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Net cash used in investing activities		(14,082)	(3,790)
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Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		1,584	152
Capital element of finance lease payments		(62)	(245)
Dividends paid to shareholders		(3,551)	(3,039)
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Net cash used in financing activities		(2,029)	(3,132)
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Net decrease in cash and cash equivalents		(9,778)	(5,803)
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Cash and cash equivalents at start of year		42,305	48,108
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Cash and cash equivalents at end of year		32,527	42,305
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General information

Basis of preparation

The results are an abridged extract from the financial statements for the year ended 31 March 2008, 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 in the statutory financial statements for the year ended 31 March 2007. 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 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. The report was unqualified.

1 Underlying profit before tax and underlying earnings

The Board believes that a truer reflection of the performance of the Group's on-going business is given by the measure "Underlying Profit before Tax", which represents operating profit plus net interest but excludes profit on the disposal of available for sale investments, and the measure "Underlying Earnings", which represents underlying profit before tax less tax expense. These measures are also followed by the analyst community as benchmarks for the Group's on-going performance. The table below reconciles these measures to the reported income statement.

	£000	2008 £000	£000	2007 £000
Reported profit before tax		12,397		17,586
Exclude profit on disposal of available for sale investments		(80)		(1,974)
Underlying profit before tax		12,317		15,612
Taxation	(3,459)		(5,235)	
Less taxation on profit on disposal of available for sale investments	24	(3,435)	592	(4,643)
Underlying earnings		8,882		10,969
Attributable to minority		-		(22)
Attributable to equity shareholders		8,882		10,991
Underlying earnings per share		20.76p		25.98p
Underlying diluted earnings per share		20.08p		25.01p

2 Revenue

	<i>Private Client Division</i>	<i>Charles Stanley Securities</i>	<i>Other</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
Year ended 31 March 2008				
Commission	48,578	7,822	2,377	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
Total for year ended 31 March 2008	89,548	13,556	2,460	105,564
Allocated administrative expenses	(58,427)	(11,398)	(1,567)	(71,392)
	31,121	2,158	893	34,172
Unallocated administrative expenses				(23,833)
Operating profit				10,339
Year ended 31 March 2007				
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
	33,261	5,114	-	38,375
Other income	-	-	398	398
Total for year ended 31 March 2007	82,057	13,851	2,271	98,179
Allocated administrative expenses	(50,233)	(10,796)	(1,732)	(62,761)
	31,824	3,055	539	35,418
Unallocated administrative expenses				(21,911)
Operating profit				13,507

3 Staff costs

The average number of persons employed (including Directors) during the year was 625 (2007: 555).

	2008	2007
	£000	£000
Staff costs for the Group during the year:		
Wages and salaries	34,933	30,777
Social security costs	4,140	3,539
Other pension costs	2,794	2,563
	41,867	36,879

4 Operating profit

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

Depreciation of property, plant and equipment:		
- owned assets	2,234	2,283
- assets held under finance leases	39	108
Auditors' remuneration:		
- Services supplied for the audit of the accounts	131	164
- Services supplied relating to taxation	67	70
Operating lease rentals payable	1,541	1,368
One-off revenue costs relating to new investment teams	4,418	1,613

5 Finance income – net

	2008	2007
	£'000	£'000
Interest expense:		
Interest payable on bank borrowings	(3)	(32)
Interest payable on other loans	(85)	(3)
Interest payable on finance leases	(12)	(11)
Interest payable and similar charges	(100)	(46)
Interest income	2,078	2,151
Profit on disposal of available for sale investments	80	1,974
Finance income – net	2,058	4,079

6 Taxation

Current taxation:		
- Continuing operations	3,353	5,404
- Relating to prior years	(89)	(169)
Deferred taxation:		
- Continuing operations	195	-
	3,459	5,235

7 Earnings per share

	2008	2007
	£'000	£'000
Earnings attributable to ordinary shareholders	8,938	12,373
Profit on disposal of available for sale investments	(80)	(1,974)
Tax on profit on disposal of available for sale investments	24	592
Underlying earnings attributable to ordinary shareholders	8,882	10,991
	No.	No.
	'000	'000
Weighted average number of shares in issue in the year	42,788	42,299
Dilution	1,437	1,647
	44,225	43,946
Based on reported earnings		
Basic earnings per share	20.89p	29.25p
Diluted earnings per share	20.21p	28.16p
Based on underlying earnings		
Basic earnings per share	20.76p	25.98p
Diluted earnings per share	20.08p	25.01p
8 Dividends paid		
	£'000	£'000
Final paid for 2007: 6.25p (2006: 5.35p) per 25p share	2,657	2,256
Interim paid for 2008: 2.10p (2007: 1.85p) per 25p share	894	783
	3,551	3,039

In addition, the Directors are proposing a final dividend in respect of the year ended 31 March 2008 of 6.50p per share which will absorb an estimated £2.87 million of shareholders' funds. It will be paid on 7 August 2008 to shareholders who are on the register of members on 11 July 2008.

9 Goodwill

	£'000
As at 1 April 2007	15,434
Acquisitions	7,884
Disposals	(80)
As at 31 March 2008	23,238

10 Intangible assets

	<i>Customer lists</i>	<i>Brand costs</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
As at 1 April 2007	3,083	86	3,169
Acquisitions	2,948	97	3,045
Amortisation during year	(616)	(37)	(653)
As at 31 March 2008	5,415	146	5,561

11 Property, plant and equipment

	<i>Freehold premises</i>	<i>Long leasehold premises</i>	<i>Short leasehold premises</i>	<i>Office equipment and motor vehicles</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost					
1 April 2007	185	1,975	4,190	10,431	16,781
Additions	289	9	395	2,910	3,603
Disposals	-	-	-	(2,831)	(2,831)
31 March 2008	474	1,984	4,585	10,510	17,553
Depreciation					
1 April 2007	28	1,574	2,025	7,026	10,653
Additions	-	-	-	20	20
Charge for year	3	26	255	1,989	2,273
Disposals	-	-	-	(2,813)	(2,813)
31 March 2008	31	1,600	2,280	6,222	10,133
Net book value at 31 March 2008	443	384	2,305	4,288	7,420
Net book value at 31 March 2007	157	401	2,165	3,405	6,128

12 Available for sale investments

	<i>Listed investments</i>	<i>Unlisted investments</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
1 April 2007			
Cost	1,428	303	1,731
Revaluation	910	2,301	3,211
Fair value at 1 April 2007	2,338	2,604	4,942
Additions	167	-	167
Disposals	(534)	-	(534)
Revaluation in year	(456)	788	332
Fair value at 31 March 2008	1,515	3,392	4,907
Cost	1,087	303	1,390
Revaluation	428	3,089	3,517

13 Trade and other receivables

	2008	2007
	£'000	£'000
Current:		
Trade debtors	295,772	264,967
Other	668	393
Prepayments and accrued income	2,612	2,114
	299,052	267,474

14 Cash and cash equivalents

Cash at bank and in hand	32,527	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 £996 million (2007: £741 million).

15 Financial liabilities

Current:		
Bank of England base rate redeemable loan	157	157
4.5% convertible redeemable loan note	311	680
Obligations under finance leases	51	44
	519	881
Non-current:		
Bank of England base rate unsecured loan note	1,336	-
Obligations under finance leases	68	97
	1,404	97

16 Trade and other payables

Current:		
Trade creditors	286,180	258,483
Other taxes and social security	2,788	1,746
Other creditors	1,984	4,742
Accruals and deferred income	6,389	6,243
	297,341	271,214
Non-current:		
Other creditors – deferred consideration	1,992	-

17 Called up share capital

	2008	2007
	£'000	£'000
Authorised:		
80,000,000 ordinary shares of 25p each	20,000	20,000
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Allotted and fully paid:		
44,117,718 (2007: 42,370,195) ordinary shares of 25p each	11,029	10,592

During the year 1,594,446 ordinary shares were issued fully paid for cash at 96p each and 4,703 ordinary shares were issued fully paid for cash at 287p each following the exercise of options by employees.

During the year part of the 4.5% convertible redeemable loan notes were redeemed and 148,374 ordinary shares were issued fully paid at £2.48 each.

On 31 March 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.

	No of shares	Option price
Grant dated 19 December 2007	427,598	£2.48
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Exercisable during the six months commencing 1 September 2011		

18 Reserves

	<i>Share premium £'000</i>	<i>Revaluation reserve £'000</i>	<i>Retained earnings £'000</i>
1 April 2006	21	3,955	40,675
Net profit	-	-	12,373
Dividends paid	-	-	(3,039)
Revaluation of available for sale investments	-	(463)	-
Deferred tax movement on revaluation of available for sale investments	-	771	-
Transfer of realised revaluation surplus to income statement	-	(1,974)	-
Retirement benefit scheme actuarial loss	-	-	825
Deferred tax on retirement benefit scheme actuarial loss	-	-	(303)
Share options - value of employee services	-	-	38
- issue of shares	127	-	-
Conversion of convertible notes	231	-	-
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31 March 2007	379	2,289	50,569
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Net profit	-	-	8,938
Dividends paid	-	-	(3,551)
Revaluation of available for sale investments	-	332	-
Deferred tax movement on revaluation of available for sale investments	-	(86)	-
Transfer of realised revaluation surplus to income statement	-	(26)	-
Retirement benefit scheme actuarial deficit	-	-	(578)
Deferred tax on retirement benefit scheme actuarial deficit	-	-	162
Share options - value of employee services	-	-	49
- issue of shares	1,144	-	-
Conversion of convertible notes	332	-	-
<hr/>			
31 March 2008	1,855	2,509	55,589

19 Statement of changes in shareholders' equity

	<i>Share capital</i> £'000	<i>Share premium</i> £'000	<i>Other reserves</i> £'000	<i>Retained earnings</i> £'000	<i>Total</i> £'000
1 April 2006	10,541	21	3,955	40,675	55,192
Net profit	-	-	-	12,373	12,373
Dividends paid	-	-	-	(3,039)	(3,039)
Revaluation of available for sale investments	-	-	(463)	-	(463)
Deferred tax on revaluation of available for sale investments	-	-	771	-	771
Transfer of realised revaluation surplus	-	-	(1,974)	-	(1,974)
Retirement benefit scheme actuarial surplus	-	-	-	825	825
Deferred tax on retirement scheme actuarial surplus	-	-	-	(303)	(303)
Share options – value of employee services	-	-	-	38	38
– issue of shares	25	127	-	-	152
Conversion of convertible notes	26	231	-	-	257
31 March 2007	10,592	379	2,289	50,569	63,829
Net profit	-	-	-	8,938	8,938
Dividends paid	-	-	-	(3,551)	(3,551)
Revaluation of available for sale investments	-	-	332	-	332
Deferred tax on revaluation of available for sale investments	-	-	(86)	-	(86)
Transfer of realised revaluation surplus	-	-	(26)	-	(26)
Retirement benefit scheme actuarial deficit	-	-	-	(578)	(578)
Deferred tax on retirement benefit scheme actuarial deficit	-	-	-	162	162
Share options - value of employee services	-	-	-	49	49
- issue of shares	400	1,144	-	-	1,544
Conversion of convertible notes	37	332	-	-	369
31 March 2008	11,029	1,855	2,509	55,589	70,982

20 Reconciliation of net profit to cash generated from operations

	2008 £'000	2007 £'000
Net profit	12,397	17,586
Adjustments for:		
Depreciation	2,273	2,391
Amortisation of intangibles	653	-
Share options – value of employee services	49	38
Dividend income	(83)	(371)
Interest income	(2,078)	(2,151)
Interest expense	100	46
Profit on disposal of financial assets	(80)	(1,974)
Financial assets acquired in lieu of fees	(50)	-
Changes in working capital:		
Increase in debtors	(31,282)	(27,544)
Increase in creditors	28,128	16,365
Cash generated from operations	10,027	4,386