Date: 19 March 2001
On behalf of: Collins Stewart Holdings plc
Embargoed until: 0700hrs

COLLINS STEWART HOLDINGS PLC

UNAUDITED PRELIMINARY RESULTS - for the period ended 31st December 2000

HIGHLIGHTS

Collins Stewart, the financial services group, today announced its inaugural set of results as an independent, fully-listed company.

The preliminary results and the statutory accounts cover the 7 month period to 31st December 2000 following the completion of the MBO on 26th May 2000. To enable investors to understand the position of the operating companies over the full 12 month period, the Company has included as an appendix, a pro forma profit and loss account for the year ended 31st December 2000.

- Statutory operating profit before and after goodwill amortisation for the 7 month period following the MBO, based on the acquisition method of accounting, was £20.5m and £17.2m respectively. Basic earnings per share before and after goodwill amortisation were 18.29p and 12.23p respectively.

- On a pro forma basis, operating profit before goodwill amortisation, which almost doubled to £36.4m, was higher in the second half than in the first half of the year despite the continuing deterioration in trading conditions since the end of the first quarter. Pro forma basic earnings per share before goodwill amortisation were 20.86p.

- On a pro forma basis a ninth successive year of profits growth was achieved. Profits after tax were 14% ahead of market expectations.

Revenues and profits

Years to 31/12	1991 (ii)(iii) £m	1992 (iii) £m	1993 (iii) £m	1994 (iii) £m	1995 (iii) £m	1996 (iv) £m	1997 (iv) £m	1998 (iv) £m	1999 (iv) £m	2000 (v) £m
Revenues	1.5	3.7	9.2	10.7	13.5	27.2	31.1	39.5	53.2	99.3
Operating Profit (i)	0.6	1.8	4.8	5.1	6.1	7.3	8.3	10.8	18.8	36.4

(i) before goodwill amortisation (ii) 8 months, (iii) CS&Co, (iv) CSL Group, (v) CSH Group Pro forma (see the appendix)

- Pro forma return on capital employed for the year was 40%.

- MBO in May 2000, backed by CVC, Parallel Ventures and Bank of Scotland, in which more than three quarters of Collins Stewart staff participated as investors.

- Successful flotation on the London Stock Exchange in October 2000 raising net proceeds of some £70m primarily to pay down the debt assumed at the MBO – no share sales by any staff. All MBO shares held by staff and institutional backers subject to selling restrictions.

- Recommended net dividend of 1.25p per ordinary share, payable on 7th June 2001, in respect of the period from flotation in October 2000 to the period end.

- A successful strategy of developing profitable new areas of activity in sectors that have been abandoned or de-emphasised by major integrated securities houses. Collins Stewart's key activities include:
  - Large companies where commission income grew by 44%.
  - Small companies produced a record performance raising over £700m in 27 issues.
  - Investment trusts had an outstanding year raising £1.4bn in 13 transactions.
  - Channel Islands subsidiary had a highly successful year increasing revenues and profits by 55% and 100% respectively. Funds under management grew from £388m to £889m.
  - New York operations dealt for over 50 institutional clients and started distributing some smaller companies' product to its US client base.
  - Potential major development of QUEST™, Collins Stewart's highly regarded online research database, in the forthcoming year.

Commenting on the announcement, Keith Hamill, Non-executive Chairman of Collins Stewart Holdings plc, said:

"The year to 31st December 2000 was one of considerable achievement for the Collins Stewart business. It is a testament to the strength of Collins Stewart's business that operating profit virtually doubled, whilst at the same time management successfully completed an MBO and IPO."

Terry Smith, Chief Executive of Collins Stewart Holdings plc, added:

"*A pleasing trading performance was shown in this first accounting period. Not only did our stockbroking business achieve a substantial increase in turnover and profit during 2000, but the operating profits were also higher in the second half than in the first half of the year. Good acquisition opportunities continue to be presented to the Company. The directors remain committed to growing the Group by establishing a broader range of activities to protect the business against a downturn in any specific area, and by using cash flows from existing businesses to buy or develop "annuity" income. Although there are challenges for the year ahead, Collins Stewart feels in better shape to me than at any time during my nine years with the Group.*"

For further information:

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Collins Stewart Holdings plc
Preliminary results for the period ended 31st December 2000

CHAIRMAN'S STATEMENT

The year to 31st December 2000 was one of considerable achievement for the Collins Stewart business.

In May, nine years after it was founded, the management team led a buyout of the business from its previous owner, backed by CVC, Parallel Ventures and Bank of Scotland. More than three-quarters of the staff of Collins Stewart participated as investors in the MBO. This participation is vital in a "people" business – share ownership is a key means of incentivising employees and aligning their interests with other shareholders.

In October, the new company was successfully floated on the London Stock Exchange. This raised some £70m which was used to pay down much of the debt assumed at the MBO. None of the staff shareholders sold any shares in the issue and the institutional backers of the MBO maintained significant stakes. Many of our institutional clients are also now investors in our business.

These significant changes took place against a background of momentous events in the markets in which the business operates. The "bubble" in technology, media and telecommunications stocks peaked in March 2000 and their fall depressed most major market indices and activity levels with them. It is a testament to the strength of Collins Stewart's business that it still managed virtually to double operating profit and achieve its ninth successive year of profits growth in these conditions.

As is set out in the operational review, the business is continuing to develop profitable new areas of activity and to take up opportunities in sectors which have been abandoned or de-emphasised by major integrated securities houses.

The year 2001 will see some significant developments for the Group. The stockbroking business will celebrate its 10th anniversary and the UK business will move into new premises at 88 Wood Street. The building is featured in the annual report.

Surpassing last year's performance will not be easy if poor market and economic conditions persist. However, the Board is confident that the business will deliver growth and superior returns on shareholders' capital over the years ahead.

Keith Hamill

Collins Stewart Holdings plc

Preliminary results for the period ended 31st December 2000

OPERATIONAL REVIEW

This is the first set of results presented by Collins Stewart as an independent, fully-listed company. The results, which are set out in the table below, show a pleasing trading performance in this first accounting period. Not only did the stockbroking business achieve a substantial increase in turnover and profit during 2000, but the operating profits before goodwill amortisation were also higher in the second half than in the first half of the year. This was no mean achievement given the continued deterioration in trading conditions since the end of the first quarter.

Having completed the management buy-out of the stockbroking business at the end of May 2000, only 7 months of results are shown in the Group's statutory profit and loss account. To give an indication of what the business actually achieved in the full year and the improvement over the previous year's performance, included in the table below are the pro forma results for the Group and the results of Collins Stewart Limited and its subsidiaries for the years ended 31st December 1999 and 2000.

	Group		CSL	
	2000	2000	2000	1999
	Statutory	Pro forma		
	£000	£000	£000	£000
Turnover	54,969	99,324	99,324	53,213
Operating profit				
- Before goodwill amortisation	20,501	36,372	37,313	18,794
- After goodwill amortisation	17,201	30,732	37,018	18,794
Profit before tax	12,709	29,117	40,131	19,610
Profit for the period	8,228	18,473	26,680	13,144
Profit attributable to shareholders	6,655	15,863		
Earnings per share				
- Basic	12.23p	15.39p		
- Diluted	12.07p	15.28p		
- Basic before goodwill amortisation	18.29p	20.86p		

Note: The Group pro forma profit and loss account (set out in the appendix) comprises:

- the trading record of CSL and its subsidiary undertakings for the five months ended 25th May 2000 (the last day before Collins Stewart Holdings acquired the CSL Group);
- the consolidated trading record of the Group from 26th May 2000 to 31st December 2000; and
- adjustments, assuming the capital structure at the year end following the IPO was in place throughout the year.

The Board is recommending a net dividend of 1.25 pence per ordinary share, payable on 7th June 2001 to shareholders on the register at 11th May 2001. This is intended to cover the period from flotation in October 2000 to the year end.

In addition to the events described in the Chairman's statement, the past year saw some important developments within the individual business areas. The commentary below is based on the trading performance of the stockbroking business during the last full year, not just since the MBO.

UK

Large Companies

The firm's research, sales and dealing in European stocks, which started in 1999, developed significantly during the year and we were able to make some excellent additions to our broking team. Commission income grew by 44% with existing staff generating more than half of this increase. We have already hired staff to expand the team further this year and expect to continue doing so.

Small Companies

Our small companies broking and corporate finance teams produced a record performance last year, raising some £700m in 27 new issues. In part, this was hardly surprising given the buoyant conditions in new issues related to the Internet in the first quarter of the year. However, our business is sufficiently broadly based that it does not rely on a single sector and it continued to perform well during the remainder of the year.

Investment Trusts

2000 was the first full year of operation of our investment trust team which joined the firm in the middle of 1999. The team had an outstanding year, undertaking 13 issues to raise a total of £1.4bn. In collaboration with our Channel Islands operation, the team also extended the breadth of operations, advising on the innovative bid for CNC Properties by an investment company with a split capital investment fund structure to eradicate the discount at which the property assets were valued by the market. At the end of the year, the team also moved into trading of country funds and subscribed for a 20% stake in a new company, European Fund Dynamics ("EFD"), which offers services to assist European fund managers and other financial institutions to identify opportunities for distribution, partnerships and other strategic development.

QUEST™

A major strategic review of our QUEST™ online database and share evaluation product was undertaken by external consultants at the end of the year in the light of major plans to develop the product. This included feedback from users of the system on competitor products. As a result, we are now considering embarking upon a potentially major development of the system that will involve widening and deepening the coverage and improving the functionality for users. However, the extent of this development will depend upon an assessment of the financial benefits of such further development.

Preference Shares

Preference shares trading is our smallest activity in terms of contribution but also one of our original businesses. Revenues were flat in 2000, but this was an acceptable result given that revenues had trebled in the previous year.

Channel Islands

Our Channel Islands business had a highly successful year, increasing revenues and profits by 55% and 100% respectively. Funds under management grew from £388m to £889m at the year-end. The year 2000 saw the launch of an open-ended offshore collective investment scheme, which has since attracted a steady business.

New York

The year 2000 was the first full year of operation of Collins Stewart Inc, our New York based broker dealer which commenced trading in September 1999. This was a tough year in which to set up and develop such a business given the condition of the markets, but the new operation had a successful start, dealing for over 50 institutional clients and earning a highly satisfactory return on our investment. By the end of the year, it had also started to participate in distributing some of our smaller companies' product to the US client base. The ability to offer this service marks us out from most small company brokers, and indeed from investment banking operations which are much larger but have little or no distribution into what is the world's largest pool of investment equity.

Finances

For the purposes of the MBO, the Company took on a considerable amount of debt. However, some £70m was raised through the initial public offering and this, together with the Company's own resources, was used to reduce debt by £71.7m. At 31st December 2000, the Group had a net debt to equity ratio of 29% with preference capital regarded as debt. The directors expect the Company to generate sufficient cash over the next few years to be able to repay much of this debt, should it choose to do so. Pro forma return on capital employed for the year was 40%. The Group's regulatory capital structure is monitored closely and is comfortably within regulatory guidelines.

Outlook and Development

This year will see a number of developments which will involve significant investment spend, namely:

- the move to our new offices in London
- a probable move to new offices in New York at the expiry of our current lease
- the further development of QUEST™

In addition, good acquisition opportunities continue to be presented to the Company. The directors remain committed to growing the business by establishing a broader range of activities to protect the Group against a downturn in any specific area, and by using cash flows from existing businesses to buy or develop “annuity” income. However, acquisitions will only be made in circumstances where they are confident that shareholder value will be enhanced.

Since the year-end, we have grown our large company broking team further, and the number of companies to whom we are appointed brokers has grown by 10. EFD has won its first mandate. Our Channel Islands operation has launched a series of funds investing in hedge funds under its Hirzel House brand. We are not alone in thinking that the performance of the market and the many long only funds, the fragmentation of staff in the fund management industry, make it likely that this area of investment management will see further major growth. We intend to capitalise on this both as brokers and fund managers.

We are currently pursuing plans to grow into two related product areas where we do not have any revenues at present, including forms of asset management other than those which we already operate in our Channel Islands subsidiary.

Although there are challenges for the year ahead, Collins Stewart feels in better shape to me than at any time during my nine years with the Group.

Terry Smith
Chief Executive

Collins Stewart Holdings plc

Consolidated Profit and Loss Account
For the period ended 31st December 2000

	2000 £000
Turnover	54,969
Administrative expenses	(34,468)
Amortisation of goodwill	(3,300)
Operating profit	17,201
Interest receivable and similar income	2,853
Interest payable and similar charges	(7,345)
Profit on ordinary activities before taxation	12,709
Taxation on profit on ordinary activities	(4,456)
Profit on ordinary activities after taxation	8,253
Minority interests - equity	(25)
Profit for the period attributable to shareholders of Collins Stewart Holdings plc	8,228
Dividends	
Ordinary dividend on equity shares	(1,289)
Preference dividend on non-equity shares	(1,573)
Retained profit for the period	5,366
Earnings per share	
Basic	12.23p
Diluted	12.07p
Basic before goodwill amortisation	18.29p
Ordinary dividend per share	1.25p

Collins Stewart Holdings plc

Consolidated Balance Sheet
At 31st December 2000

	2000
	£000
Fixed assets	
Intangible assets	109,574
Tangible assets	2,164
Investments	103
	111,841
Current assets	
Securities - bull positions	12,665
Debtors	158,138
Cash at bank and in hand	70,064
	240,867
Creditors: amounts falling due within one year	(208,742)
Net current assets	32,125
Total assets less current liabilities	143,966
Creditors: amounts falling due after more than one year	(25,407)
Equity minority interests	(138)
Net assets	118,421
Capital and reserves	
Called up share capital	26,221
Share premium account	86,834
Profit and loss account	5,366
	118,421
Shareholders' funds	
Equity	73,821
Non equity	44,600
	118,421

Collins Stewart Holdings plc

Consolidated Cash Flow Statement
For the period ended 31st December 2000

	2000 £000
Net cash inflow from operating activities	52,226
Returns on investments & servicing of finance:	
Interest received	2,732
Interest paid	(4,306)
	(1,574)
Taxation:	
Corporation tax paid	(4,417)
Overseas tax paid	(387)
	(4,804)
Capital expenditure and financial investment:	(592)
Acquisitions and disposals:	
Purchase of subsidiary undertaking	(138,917)
Net cash acquired with subsidiary undertaking	26,960
Net cash outflow before financing	(66,701)
Financing:	
Issue of ordinary share capital	73,100
Issue of preference share capital	44,600
Share issue costs	(4,645)
Issue of debt & loans net of issue costs	24,722
Repayment of subordinated loans	(1,500)
Repayment of secured loan notes	(50)
	136,227
Increase in cash	69,526

Note: Included in increase in cash above is £12.8m of client settlement moneys.

Notes to the preliminary announcement

1. Reconciliation of operating profit to net cash inflow from operating activities

	2000 £000
Operating profit	17,201
Depreciation of tangible assets	640
Goodwill amortisation	3,300
Increase in net market and client balances	6,029
Decrease in net investment positions	9,767
Increase in other debtors	(517)
Increase in other creditors	15,806
Net cash inflow from operating activities	52,226

2. Reconciliation of net cash flow to movements in net funds

	2000 £000
Increase in cash during the period	69,526
Cash inflow from increase in loans	(27,098)
Issue costs of new long term loans	3,926
Change in net funds resulting from cash flows	46,354
Loans acquired with subsidiary	(6,593)
Movement in net funds in the period	39,761
Net funds at the start of the period	-
Net funds at the end of the period	39,761

3. Analysis of net funds

	At 11th January 2000 £000	Cashflow £000	Acquisitions £000	At 31st December 2000 £000
Cash in hand and at bank	-	70,064	-	70,064
Overdraft	-	(538)	-	(538)
	-	69,526	-	69,526
Loans due after one year	-	(23,222)	(1,500)	(24,722)
Loan notes due within one year	-	50	(5,093)	(5,043)
Total net funds	-	46,354	(6,593)	39,761

Notes to the preliminary announcement (continued)

4. Segmental analysis of turnover, operating profits and net assets

The Group operates within three main geographical markets: the United Kingdom, the Channel Islands and the United States. The geographic split of the Group's activities for the period ended 31st December 2000 was as follows:

	UK £000	Channel Islands £000	USA £000	Total £000
Turnover	41,905	9,499	3,565	54,969
Operating profit	12,848	3,053	1,300	17,201
Net assets	105,207	12,769	445	118,421

5. Earnings per share

The calculation of basic earnings per ordinary share was based on earnings of £6,655,000, being profit after taxation for the period from 11th January to 31st December 2000 less minority interests and preference dividends. The weighted average number of ordinary shares in issue in the period was 54,435,130.

Diluted earning per share were calculated by adjusting the weighted average number of shares in issue for the exercise of all dilutive potential share options. The adjusted weighted average number of shares was 55,139,079.

The basic earnings per share before goodwill amortisation was based on the basic earnings above, adjusted to add back £3,300,000, being the post tax cost of amortisation of goodwill.

6. Fixed asset investments

Fixed asset investments comprised equity shares in CRESTCo Limited and the London Stock Exchange plc which were held at their cost. The fair value of these shares at 31st December 2000 was estimated at £4,653,000.

The movement in the period was as follows:

	2000 Group £000
At 11th January 2000	-
Acquired with subsidiaries	103
At 31st December 2000	103

Notes to the preliminary announcement (continued)

7. Acquisition of Collins Stewart Limited by Collins Stewart Holdings plc

On 26th May 2000, Collins Stewart Holdings plc, which was formed by the management of Collins Stewart Limited, acquired the entire issued share capital of Collins Stewart Limited from the Singer & Friedlander Group. The goodwill arising on this acquisition has been capitalised on the balance sheet of Collins Stewart Holdings plc and is being amortised on a straight line basis over 20 years. The acquisition of Collins Stewart Limited was accounted for under the acquisition accounting rules.

	Book and fair value of assets/ liabilities acquired £000
Net assets at date of acquisition:	
Fixed assets	12,417
Debtors and other current assets	283,689
Net cash	26,960
Trade and other creditors	(279,401)
Corporate and deferred tax	(7,510)
	36,155
Consideration discharged by:	
Cash	138,917
Goodwill arising on acquisition	102,762

In addition, goodwill of £10,112,000 arose on the acquisition of the equity minority interest in Collins Stewart (CI) Limited by Collins Stewart Limited. This is also being amortised on a straight line basis over 20 years.

8. Movements on reserves

	£000
At 11th January 2000	-
Profit for period	8,228
Dividends	(2,862)
Ordinary share capital subscribed	93,000
Bonus issue costs	(19,900)
Preference shares subscribed	44,600
Costs of share issues	(4,645)
At 31st December 2000	118,421

OTHER INFORMATION

The financial information in this statement has been prepared on the historical cost basis and does not constitute the Company's statutory accounts for the period ended 31st December 2000 within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for 2000 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The Company will be circulating the full report and accounts to shareholders shortly and copies will also be available from the Registered Office of the Company at 21 New Street, London, EC2M 4HR and, from 8th May 2001, from the Company's new offices at 88 Wood Street, London EC2V 7QR.

Final dividend

The directors recommend payment of a final dividend in respect of the period from the Company's flotation on 24th October 2000 to the period end, of 1.25p per ordinary share. Subject to shareholders' approval at the Annual General Meeting on 31st May 2001, the dividend will be paid on 7th June 2001 to ordinary shareholders whose names are on the register on 11th May 2001.

Annual General Meeting

The Annual General Meeting of Collins Stewart Holdings plc will be held at 9th Floor, 88 Wood Street, London, EC2V 7QR on 31st May 2001 at 3.00 pm.

Appendix: Pro forma Profit and Loss Account for the year ended 31st December 2000

Set out below is a pro forma profit and loss account of the Group for the year ended 31st December 2000. This comprises the following:

- the trading record of CSL and its subsidiary undertakings for the five months ended 25th May 2000 (the last day before Collins Stewart Holdings acquired the CSL Group);
- the consolidated trading record of the Group from 26th May 2000 to 31st December 2000;
- adjustments assuming the capital structure at the year end following the IPO was in place throughout the year. These adjustments are explained in the notes below.

	£000
Revenue	99,324
Expenditure	(62,952)
Operating profit before goodwill amortisation	36,372
Goodwill amortisation	(5,640)
Operating profit after goodwill amortisation	30,732
Interest income	3,864
Interest expense	(5,479)
Profit before taxation	29,117
Taxation (Effective tax rate = 30.6%)	(10,644)
Profit after tax	18,473
Minority interest	-
Preference dividends	(2,610)
Profit attributable to the ordinary shareholders	15,863
Earnings per share	
Basic	15.39p
Diluted	15.28p
Basic before goodwill amortisation	20.86p
Return on capital employed	40%

Notes:

1. Adjustments relating to the capital structure are as follows:

(i) Additional administration costs for the holding company assuming it had operated from the beginning of the year: £0.4m

(ii) Full year's charge for amortisation of goodwill arising on the acquisition of Collins Stewart Limited – additional cost of £2.34m.

(iii) Full year's interest expense on MBO finance not repaid at the time of the IPO, less interest charged on debt repaid through the IPO: £2.0m
(iv) Increase in tax charge re above adjustments: £0.5m.
(v) Elimination of minority interest relating to Collins Stewart (CI) Limited on assumption that the minorities were acquired at the start of the year rather than May 2000.
(vi) Full year’s preference dividend – additional dividend: £1.04m.

2. Return on capital employed is calculated by dividing operating profit before goodwill amortisation by average shareholders' funds for the year plus debt less cash, adjusted to add back goodwill amortised through the profit and loss account.