COLLINS STEWART HOLDINGS PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2001

Collins Stewart Holdings plc today announces its interim results for the six months ended 30 June 2001.

- Turnover £45.5m (2000: £5.5m / pro forma for 2000: £50.1m)
- Operating profit before goodwill amortisation of £14.9m (2000: £2m / pro forma for 2000: £17.7m)
- Funds under management as at 30 June 2001 of £1.15bn (31 December 2000: £889m)
- Acquisition of the private client division of NatWest Stockbrokers during the period, which will increase the Group's funds under management by over £1bn when the business is transferred.
- Significant development project started on the QUEST™ system.
- Interim dividend of 2.25p

"Despite challenging market conditions, the Group achieved revenues of £45.5m and operating profits before goodwill amortisation of £14.9m.

"These figures are broadly in line with market expectations. If pro forma numbers for the first half of 2000 are used for comparison, revenues were down by 9% and operating profits before goodwill amortisation were down by 16%.

"Although we regard commenting upon the quality of our results as something which is best left to others, we hope we are accurate in regarding the Group's performance in the prevailing conditions as outstanding.

"Whilst we foresee no let up in the poor market conditions, we are nonetheless cautiously optimistic about the outlook for trading in the second half on the basis of results since 30 June and the order books in our corporate finance operations."

Terry Smith
Chief Executive

Interim Statement

Collins Stewart is reporting its first interim results as a quoted company against a challenging market background. Not only have all major market indices fallen consistently during the half year, but levels of activity in both primary issuance and secondary trading have also declined sharply, particularly compared with the first half of 2000 which included the final quarter of the TMT bubble. Despite these conditions, the Group achieved revenues of £45.5m and operating profits before goodwill amortisation of £14.9m.

Comparisons with the first half of 2000 are not made any easier by the changes in Collins Stewart's constitution during that period, when it went from being a wholly owned subsidiary to a management buy-out. Comparisons with pro forma figures rather than reported figures are more meaningful as the reported figures only incorporate trading results for five weeks, from completion of the MBO until 30 June 2000. Based on comparison with pro forma figures for the first half of 2000, revenues were down by 9% and operating profits before goodwill amortisation were down by 16%. This was after bonus provisions for the six months of £15.5m (2000 - £19m).

Less importantly, in our view at least, the Group's figures are also broadly in line with market expectations. We view this as less of a test than comparison with some objective reality, such as previous performance.

Although we regard commenting upon the quality of our results as something which is best left to others, we hope we are accurate in regarding the Group's performance in the prevailing conditions as outstanding.

This is particularly so when it is recalled that during this period, Collins Stewart's London business moved to new premises, a significant development project was started on the QUEST™ system and the private client division of NatWest Stockbrokers was acquired from The Royal Bank of Scotland Group.

The following table shows the results for the first half of 2001 together with those for the comparative period in 2000. The comparatives for 2000 are based on the acquisition method of accounting and accordingly only include the results of Collins Stewart Limited from the date of the MBO on 26 May 2000. The table also includes pro forma information for 2000 assuming the MBO and IPO had taken place at the start of the year, to give an indication of the trading performance of the underlying business. The pro forma information for the year to 31 December 2000 was published with the preliminary announcement of results for 2000.

£000		**Pro-forma**		**Pro-forma**
	Six months ended 30 June 2001	Six months ended 30 June 2000	25 week period ended 30 June 2000	Twelve months ended 31 December 2000
Turnover	45,450	50,097	5,512	99,324
Operating profit:				
Before goodwill amortisation	14,912	17,730	2,006	36,372
After goodwill amortisation	11,868	14,910	1,538	30,732
Profit before tax	11,648	13,538	569	29,117
Profit for the period	7,528	8,166	316	18,473
Profit after tax attributable to ordinary shareholders	6,234	6,861	98	15,863
Earnings per share				
Basic	6.02p	6.65p	0.59p	15.39p
Diluted	5.96p	6.65p	0.59p	15.28p
Basic before goodwill amortisation	8.96p	9.39p	3.38p	20.86p

Note: The Group pro forma profit and loss accounts are based on:

- *the trading record of CSL and its subsidiary undertakings for the five months ended 25 May 2000 (the last day before Collins Stewart Holdings acquired the CSL Group);*
- *the consolidated trading record of the Group from 26 May 2000 to 30 June 2000 in respect of the six months to 30 June 2000, and from 26 May 2000 to 31 December 2000 in respect of the twelve months to 31 December 2000; and*
- *adjustments, assuming the capital structure following the IPO was in place throughout, apportioned to the correct period.*

The directors have declared an interim dividend of 2.25p. This is payable on 6 December 2001 to shareholders on the register at the close of business on 9 November 2001.

Performance of Divisions and Subsidiaries

Large Companies

Agency commission revenues in large companies in London were up by 117% compared with the first half of 2000. This is clearly an outstanding result. It is the outcome of the development of European agency broking, the quality of new recruits, the movement of clients away from the major integrated investment banks with their inherent conflicts of interest and the growing acceptance of the QUEST™ system amongst clients.

Small Companies

This was the only area of operations that showed a significant downturn in revenues. Total funds raised for new issues in the first half were £88m compared with £517m in the first half of 2000 and secondary trading revenues were also significantly reduced. However, we continue to take advantage of competitive conditions to increase the number of companies to which we are appointed brokers from 59 at the year end to 66 at the half year. This should provide a foundation to enable us to grow our revenues in this area.

Investment Trusts

Investment Trusts put in another excellent performance, particularly in light of the difficulties experienced by some sectors of the split capital trust market. Total funds raised were £420m compared with £520m in the first half of 2000. Since 30th June the team has already raised more funds for investment trusts than it did in the first half and there continues to be a strong order flow.

QUEST™

The implementation of a significant development project has commenced following a detailed study carried out last year. This is intended to extend QUEST™'s coverage to Asia and North America, to deepen the coverage of different types of company within each market covered, to improve the functionality by making the system more user friendly, and to rewrite the system architecture to enable it to cope with these and future developments. This project is expected to be finished during 2002. At 30 June, QUEST™ had 90 (82 end 2000) institutional clients in the UK, 83 (78 end 2000) in North America, and 27 (23 end 2000) in Europe and the Middle and Far East.

Preference Shares

Revenues were up substantially on the first half of 2000. The team started to trade Permanent Income Bearing Shares.

Channel Islands

Profits after tax for the half year were roughly in line with the same period for 2000. Commission revenues were down but fund and asset management revenues increased, particularly with the growth in the Hirzel House Absolute Return funds. Funds under management at the half year totalled £1.15bn (including property as detailed below), compared with £889m at the end of 2000.

In April 2001 a UK subsidiary of the Channel Islands operation was established, Collins Stewart Property Fund Management Ltd. The company currently has assets under management of £150m.

New York

Revenues in New York were virtually flat compared with the first half of 2000. This was a reasonable result given the contrast in market conditions between the two periods and the impact this had on many of the international "growth" funds based in the United States. The positive aspect deriving from these market conditions is that Collins Stewart Inc has developed a much wider client base than we would have anticipated at this stage of its development. This should give the business a more secure footing.

Outlook and Development

During the second half we expect to launch a stock lending operation, which will seek to offer a niche service in this area. We have recently strengthened both our large and small company teams with new staff and will seek to add more. We are also exploring a number of avenues in asset management, and continue to review possible acquisitions. Several of these opportunities appear attractive, but we are mindful of our own well known views on acquisitions and the need to ensure that we do not over extend our administrative resources.

The Group does not expect to receive a positive contribution from the NatWest Stockbrokers acquisition in the second half which will incur some double running costs in the transition period, prior to the operation moving into Wood Street which is scheduled for December. Also the New York office will be moving its operations, which will incur both relocation costs and management time. The QUEST™ development project will also continue to impact upon our results.

Whilst we foresee no let up in the poor market conditions, we are nonetheless cautiously optimistic about the outlook for trading in the second half on the basis of results since 30 June and the order books in our corporate finance operations.

Keith Hamill
Chairman

Terry Smith
Chief Executive

31 August 2001

INDEPENDENT REVIEW REPORT TO COLLINS STEWART HOLDINGS PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2001 which comprises the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2001.

Deloitte & Touche
Chartered Accountants
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR
31 August 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 30 June 2001

	Six months ended 30 June 2001 £000	25 week period ended 30 June 2000 £000	51 week period ended 31 December 2000 £000
Turnover	45,450	5,512	54,969
Administrative expenses	(30,538)	(3,506)	(34,468)
Amortisation of goodwill	(3,044)	(468)	(3,300)
Operating profit	11,868	1,538	17,201
Interest receivable and similar income	2,134	355	2,853
Interest payable and similar charges	(2,357)	(1,324)	(7,345)
Profit on ordinary activities before taxation	11,645	569	12,709
Taxation on profit on ordinary activities	(4,185)	(248)	(4,456)
Profit on ordinary activities after taxation	7,460	321	8,253
Minority interests - equity	68	(5)	(25)
Profit for the period attributable to shareholders of Collins Stewart Holdings plc	**7,528**	**316**	**8,228**
Dividends proposed			
Ordinary dividend on equity shares	(2,390)	-	(1,289)
Preference dividend on non-equity shares	(1,294)	(218)	(1,573)
Retained profit for the period	**3,844**	**98**	**5,366**
Earnings per share			
Basic	6.02p	0.59p	12.23p
Diluted	5.96p	0.59p	12.07p
Basic before goodwill amortisation	8.96p	3.38p	18.29p
Dividend per share	2.25p	-	1.25p

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

Profit for the period attributable to shareholders of Collins Stewart Holdings plc	3,844	98	5,366
Foreign currency translation	26	-	-
Total recognised gains & losses for the period	**3,870**	**98**	**5,366**

CONSOLIDATED BALANCE SHEET

As at 30 June 2001

	30 June 2001 £000	30 June 2000 £000	31 December 2000 £000
Fixed assets			
Intangible assets	124,451	112,005	109,574
Tangible assets	4,782	2,184	2,164
Investments	246	103	103
	129,479	114,292	111,841
Current assets			
Securities - bull positions	13,124	21,850	12,665
Debtors	357,083	308,521	158,138
Cash at bank and in hand	42,158	45,976	70,064
	412,365	376,347	240,867
Creditors: amounts falling due within one year	(383,399)	(345,459)	(208,742)
Net current assets	28,966	30,888	32,125
Total assets less current liabilities	158,445	145,180	143,966
Creditors: amounts falling due after more than one year	(23,801)	(101,820)	(25,407)
Equity minority interests	(95)	(104)	(138)
Net assets	**134,549**	**43,256**	**118,421**
Capital and reserves			
Called up share capital	27,002	546	26,221
Share premium account	98,311	42,612	86,834
Profit and loss account	9,236	98	5,366
	134,549	**43,256**	**118,421**
Shareholders' funds			
Equity	89,949	(1,344)	73,821
Non equity	44,600	44,600	44,600
	134,549	**43,256**	**118,421**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2001

	Six months ended 30 June 2001 £000	25 week period ended 30 June 2000 £000	51 week period ended 31 December 2000 £000
Net cash (outflow)/ inflow from operating activities	(11,668)	13,064	52,226
Returns on investments & servicing of finance:			
Interest received	2,138	355	2,732
Interest paid	(1,448)	(1,000)	(4,306)
Preference share dividend	(1,573)	-	-
	(883)	(645)	(1,574)
Taxation:			
Corporation tax paid	(2,302)	(6)	(4,417)
Overseas tax paid	(710)	(70)	(387)
	(3,012)	(76)	(4,804)
Capital expenditure and financial investments	(3,247)	(69)	(592)
Acquisitions and disposals:			
Purchase of subsidiary undertakings	(17,921)	(138,342)	(138,917)
Net cash acquired with subsidiary undertaking	-	26,962	26,960
Equity dividends paid	(1,289)	-	-
Net cash outflow before management of liquid resources and financing	(38,020)	(99,106)	(66,701)
Financing:			
Issue of ordinary share capital	12,500	100	73,100
Issue of preference share capital	-	44,600	44,600
Share issue costs	(242)	(1,542)	(4,645)
Issue of debt net of issue costs	-	96,042	24,722
Repayment of long term loans	(2,500)	(1,500)	(1,500)
Repayment of secured loan notes	-	-	(50)
	9,758	137,700	136,227
(Decrease)/increase in cash	**(28,262)**	**38,594**	**69,526**

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

The interim accounts for the six months ended 30 June 2001 have been prepared using the same accounting policies as those applied in the accounts for the period ended 31 December 2000. The comparatives for 2000 commence from the date of the Company's incorporation on 11th January 2000 and are for the 25 week period ended 30 June 2000 and the 51 week period ended 31 December 2000.

Collins Stewart Holdings plc was established on 11 January 2000 for the purpose of acquiring Collins Stewart Limited pursuant to a MBO. The MBO was completed on 26 May 2000 and accordingly the comparatives for the periods to 30 June 2000 and 31 December 2000 include the results of Collins Stewart Limited for 5 weeks and 31 weeks respectively.

The financial information produced in the Listing Particulars which accompanied the Company's admission to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange in October 2000, included adjustments made by the reporting accountants to provide a historical record for the Group. Accordingly the comparatives in that document were produced on a different basis to those set out herein.

An adjustment has been made to the comparative figures for the 25 week period ended 30 June 2000 for the treatment of issue costs of debt raised as part of the MBO, and the tax arising thereon, in order to comply with FRS4 Capital Instruments. The changes include the reclassification of debt issue costs on the balance sheet from Intangible fixed assets to Creditors due after more than one year, the reduction in the life of the debt from 7 to 4 years and the adoption of the reducing balance method of amortisation in place of the straight-line method. This resulted in a reduction in pre-tax profit of £0.269m (£0.188m post tax). The comparatives for the 51 week period to 31 December 2000 complied with FRS4.

The interim figures are unaudited. Statutory accounts for the 51 week period ended 31 December 2000 have been delivered to the Registrar of Companies. These statutory accounts were audited by Deloitte & Touche and their report thereon was unqualified.

Basis of consolidation

The Group financial statements consolidate the results of Collins Stewart Holdings plc and all its subsidiary undertakings, drawn up to 30 June 2001. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired during the period are included in the consolidated profit and loss account from the date of acquisition.

2 Segmental analysis

The Group operates from within three main geographical markets: the United Kingdom, the Channel Islands and the United States of America. The geographic split of the Group's activities for the period ended 30 June 2001 was as follows:

Turnover	**Six months ended 30 June 2001 £000**	**25 week period ended 30 June 2000 £000**	**51 week period ended 31 December 2000 £000**
United Kingdom	32,437	3,579	41,905
Channel Islands	8,838	1,210	9,499
United States	4,175	723	3,565
	45,450	5,512	54,969

Operating profit	**Six months ended 30 June 2001 £000**	**25 week period ended 30 June 2000 £000**	**51 week period ended 31 December 2000 £000**
United Kingdom	7,071	831	12,848
Channel Islands	3,051	450	3,053
United States	1,746	257	1,300
	11,868	1,538	17,201

3 Earnings per share

The calculation of basic and diluted earnings per ordinary share was based on earnings of £6,234,000, being profit after taxation for the six months ended 30 June 2001 less minority interests and preference dividends. The weighted average number of ordinary shares in issue in the period was 103,532,895.

Diluted earnings per share was calculated by adjusting the weighted average number of shares in issue on the assumption of the exercise of all dilutive potential share options. The adjusted weighted average number of shares was 104,658,929.

The earnings per share before goodwill amortisation was based on the basic earnings above, adjusted to add back £3,044,000, being the post tax cost of amortisation of goodwill.

4 Intangible fixed assets

On 25 April 2001, Collins Stewart (CI) Limited, established a new subsidiary, Collins Stewart Property Fund Management Ltd, a company which is 75% owned by Collins Stewart (CI) Limited and 25% owned by an ESOP. Collins Stewart (CI) Limited subscribed £0.30m for its shareholding. The company then acquired the business and assets of a property management business. Goodwill of £0.30m arose upon this acquisition.

On 6 June 2001, Collins Stewart Limited acquired the business and goodwill of the Private Client division of NatWest Stockbrokers, the retail stockbroking arm of the Royal Bank of Scotland. The maximum consideration of £17.5m, payable in cash, comprised £11.0m payable on completion and a deferred payment of up to £6.5m based on the level of clients' funds transferring to Collins Stewart Limited over a maximum of the next 180 days. Acquisition costs of £0.1m were incurred. The acquisition was accompanied by a placing of 3,125,000 ordinary shares of 25p to raise approximately £12.2m net of expenses, with the balance of the consideration being provided from existing resources.

The book and fair value of the assets acquired with the private client division of NatWest stockbrokers was £1. The consideration discharged by cash including expenses of £0.1m, is expected to amount to £17.6m (including £6.5m deferred consideration) giving rise to goodwill of up to £17.6m. The goodwill arising from 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.

	2001 Group £000
Cost	
At 31 December 2000	112,874
Additions	17,921
At 30 June 2001	130,795
Amortisation	
At 31 December 2000	3,300
Charge for the period	3,044
At 30 June 2001	6,344
Net book value	
At 30 June 2001	124,451
At 31 December 2000	109,574

5 Movement in shareholders' funds

	Share Capital account £000	Share Premium account £000	Profit & Loss account £000	Total £000
Balance at 31 December 2000	26,221	86,834	5,366	118,421
Profit for period	-	-	6,234	6,234
Dividends	-	-	(2,390)	(2,390)
Issue of shares	781	11,719	-	12,500
Costs of share issue	-	(242)	-	(242)
Movement on reserves	-	-	26	26
Balance at 30 June 2001	27,002	98,311	9,236	134,549

On 6 June 2001, the Company placed 3,125,000 ordinary shares at a price of 400p per share. The new money raised in the placing was used to finance in part, the acquisition of the private client division of NatWest Stockbrokers.

6 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	Six months ended 30 June 2001 £000	25 week period ended 30 June 2000 £000	51 week period ended 31 December 2000 £000
Operating profit	11,868	1,538	17,201
Depreciation of tangible fixed assets	508	83	640
Goodwill amortisation	3,044	468	3,300
(Increase)/decrease in net market and client balances	(11,007)	4,829	6,029
Loss on sale of fixed assets	76	-	-
Decrease in net investment positions	605	138	9,767
Increase in other debtors	(642)	(3,069)	(517)
Decrease in other creditors	(16,120)	9,077	15,806
Net cash (outflow)/inflow from operating activities	(11,668)	13,064	52,226

7 Reconciliation of net cash flow to movements in net funds/(net debt)

	Six months ended 30 June 2001 £000	25 week period ended 30 June 2000 £000	51 week period ended 31 December 2000 £000
(Decrease)/increase in cash during the period	(28,262)	38,594	69,526
Cash inflow from increase in loans	-	(100,301)	(128,949)
Cash outflow from repayment of loans	2,500	1,500	101,851
Debt issue costs	-	4,583	6,128
Amortisation of debt issue costs	(895)	(324)	(2,202)
Change in net debt	(26,657)	(55,948)	46,354
Loans acquired with subsidiary	-	(6,593)	(6,593)
Net funds at the start of the period	39,761	-	-
Net funds/(debt) at the end of the period	13,104	(62,541)	39,761

8 Client settlement moneys

Cash balances include client settlement moneys of £6,961,000, held on behalf of clients to settle outstanding bargains (31 December 2000 - £12,777,000). Movements in balances are reflected in operating cash flows.

9 Dividends

The interim ordinary dividend of 2.25p will be paid on 6 December 2001 to those shareholders on the register on 9 November 2001.
Preference dividends payable on 'A' and 'B' Preference shares are accrued throughout the period and will be paid to holders on 1 May 2002.

10 Fixed asset investments in securities

Investments in securities include equity shares in the London Stock Exchange plc, which were held at their cost of zero. The fair value of these shares at 30 June 2001 was estimated at £7,300,000.

11 Report availability

This interim report is being sent to all shareholders; further copies may be obtained from the Company's registered office.