Date: 18 March 2002
On behalf of: Collins Stewart Holdings plc
Embargoed until: 0700hrs

COLLINS STEWART HOLDINGS PLC

UNAUDITED PRELIMINARY RESULTS - for the year ended 31st December 2001

Highlights - (2000 comparisons: proforma figures shown as if MBO and IPO took place at start of 2000)

Collins Stewart, the financial services group, today announced its first full year results since its MBO and flotation on the London Stock Exchange in 2000:

- Total revenues (including other operating income of £1.1m) were £104.3m (2000: £99.7m). Revenues from continuing activities, which were stronger in the second half, increased from £99.7m in 2000 to £100.1m for 2001.

- Operating profit before goodwill, was £32.9m (2000: £36.8m). Profit before tax at £32.8m, which benefited from an exceptional gain of £6.7m, was up 13% (2000: £29.1m).

- Basic earnings per share of 18.21p (2000: 15.39p) and before goodwill amortisation and exceptional item 19.64p (2000: 20.86p).

- Return on capital employed of 30% (2000: 34%).

- Despite difficult market conditions, the Group produced what the Board believes is a good trading performance. This was not achieved at the expense of developing the business. On the contrary, the Group expended time and money on a number of developments intended to enable the business to grow:
  - Relocation to new premises in London and New York
  - Significant development programme on QUEST™
  - Acquisition for £17.6m of the Private Client Division of NatWest Stockbrokers partly funded through share placing to raise £12.2m.

- Recommended final dividend of 4.5p per ordinary share, payable on 6 June 2002, making total dividend for year 6.75p (2000: 1.25p).

Commenting on the results, Keith Hamill, Chairman of Collins Stewart Holdings plc, said:

"*Whilst we continue to maintain that it is for others to judge our performance, we believe that this performance compares favourably with our competitors and is creditable given the market conditions. As we look forward over 2002, the Group continues to face challenging markets, and we both foresee and assume no change in this respect. However, these conditions combined with our relatively strong position in our markets also present us with significant opportunities to enhance our competitive position. Our stance continues to be one of cautious optimism.*"

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Notes to Editors:

- For details about the analysts' briefings, please contact Emma Kane on the numbers shown above.

- Further information on Collins Stewart is available on the Company's website at www.collins-stewart.com.

Chairman's Statement

There is no doubt about the main event of the year 2001. Thankfully none of our staff in New York, their families or our clients were injured in the events of 11th September.

Our business also proved to be relatively robust in the face of these events, that gave added impetus to the already poor trading conditions in most of the markets in which we operate.

In my statement to shareholders in last year's report and accounts I noted that surpassing last year's performance would not be easy if poor market and economic conditions persisted. This proved to be accurate, although the Group, on a like for like basis, came very close to matching last year's pro forma results. Revenues before acquisitions were flat and operating profit before goodwill amortisation on continuing operations down 7%, which represented a return on capital employed of 30%.

Whilst we continue to maintain that it is for others to judge our performance, we believe that this performance compares favourably with our competitors and is creditable given the market conditions.

The year 2001 saw some major developments for the Group. In May it moved its headquarters to new premises, and in October it moved to new premises in New York, which are featured in the annual report. Significant progress was made with developing QUEST™ and a new private client stockbroking division in the UK was founded with the acquisition of the private client division of NatWest Stockbrokers from The Royal Bank of Scotland. It is a credit to all the staff involved that all of these projects were completed without a hitch.

As we look forward over 2002, the Group continues to face challenging markets, and we both foresee and assume no change in this respect. However, these conditions combined with our relatively strong position in our markets also present us with significant opportunities to enhance our competitive position. Our stance continues to be one of cautious optimism.

Keith Hamill

Financial and Operational Review

These are the first full year results produced by Collins Stewart since its MBO and flotation on the London Stock Exchange in 2000.

Stock market trading volumes and equity new issuance in sterling were significantly lower in 2001 than in 2000 and the major indices all closed at a lower level at the year end for the second successive year. September 11th and its aftermath had a dampening effect on already poor market conditions.

Despite these conditions the Group produced what we believe is a good trading performance. This was not achieved at the expense of developing the business. On the contrary, the Group expended time and money on a number of developments intended to enable the business to grow.

In addition to the move to new premises in London and New York, the planned development of the QUEST™ system was started, and the private client division of NatWest Stockbrokers was acquired. New businesses were both established and acquired by our Channel Islands operations. Additional staff were hired in several existing areas of the business. The operating results for 2001 would have been better if we had not undertaken these developments, but we feel that it is important to take advantage of current conditions and that we need to build the infrastructure to enable the Group to grow.

The following table shows the results for the year together with those for the comparative period in 2000. The reported results 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. Comparisons with the pro forma figures rather than the reported figures are therefore more meaningful as these assume that the MBO and IPO took place at the start of the year. The pro forma numbers are used in all comparisons in this financial and operational review.

	Year ended 31 December 2001 £'000	Period ended 31 December 2000 £'000	Pro Forma Year ended 31 December 2000 £'000
Turnover			
Continuing operations	99,191	54,969	99,324
Acquisitions	4,025	-	-
	103,216	54,969	99,324
Operating profit before goodwill amortisation			
Continuing operations	34,114	20,748	36,750
Acquisitions	(1,189)	-	-
	32,925	20,748	36,750
Operating profit after goodwill amortisation	26,775	17,448	31,110
Exceptional item	6,684	-	-
Profit before tax	32,779	12,709	29,117
Profit attributable to ordinary shareholders	18,781	6,655	15,863
Earnings per share:			
Basic	18.21p	12.23p	15.39p
Diluted	18.05p	12.07p	15.28p
Basic before goodwill and exceptional items	19.64p	18.29p	20.86p

Notes:

(i) The Group pro forma profit and loss account comprises:

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

(ii) Other operating income
The net return on managing client deposit balances has been reclassified to other operating income from interest receivable and payable. This amounted to £378,000 for the year ended 31 December 2000.

The key factors which have affected each of the Group's major areas of activity are summarised in Performance of Divisions and Subsidiaries below. The financial performance of the Group is reviewed under Finance and Administration.

Performance of Divisions and Subsidiaries

United Kingdom

Large Companies

The Large Companies division achieved another year of growth with revenues up 77% in total when compared to 2000. Commission income in UK stocks was up by 49%, with revenues in other European stocks up over 240%. This was partially driven by the increasing acceptance of the QUEST™ evaluation model by clients, many of whom have been disillusioned by the standards of research which characterised the TMT (Telecoms, Media and Technology) bubble and the inevitable losses which have followed. The division also benefited from the recruitment of experienced and well regarded pan-European salesmen. Excluding new joiners during the year, existing staff contributed 23% of the growth in UK revenues and 141% in other European stocks.

Small Companies

The corporate finance division achieved income slightly ahead of 2000's results. The department advised on 21 transactions and raised some £260m on behalf of clients.

We ended the year as top Nominated adviser and broker on AIM (by initial market capitalisation of new issues) and our corporate client list increased to a record 73 clients at the end of the year.

Market making operations had a reasonable year in light of the poor market conditions, but overall generated significantly less income than 2000.

Investment Trusts

Despite considerable market volatility and a de-rating of the split capital sector half way through the year, the division's revenues for 2001 were largely at the same level as 2000.

The team was again the largest fundraiser in the sector with gross assets raised of over £1.5bn and also completed the most transactions in the sector during the year. Examples included non split trusts such as the launch of the new Jupiter Green fund. The team increased the number of brokerships from 19 at the end of 2000 to 30 trusts and offshore companies as at the end of 2001.

QUEST™

During the year, as part of our drive to become the product of choice for international equity portfolio managers for the evaluation of corporate performance and share valuation, the QUEST™ Plus project was started. The purpose of this project is to redevelop the QUEST™ website, to integrate all the various QUEST™ products, provide a more user-friendly interface and to expand the coverage of stocks to include North American and Asian securities and financials. QUEST™ Plus is planned to launch in the autumn of 2002.

Other achievements in 2001 included further product add-ons such as a European banks model, a SmallCap version of our popular weekly commentary publication QUEST™ Companies in the News or CITN, a SmallCap version of the triAngle stock-selection tool and the ethical triAngle, a bespoke version of the triAngle aimed at the growing SRI investment community.

Fixed Interest

2001 was an excellent year for this division which benefited from a high level of institutional business and strong retail demand for preference shares. The introduction of trading in permanent interest bearing securities additionally contributed to the division's strong performance.

Private Client Division

The acquisition of the former private client division of NatWest Stockbrokers was completed on 6th June 2001, with the operations transferring to Collins Stewart on 10th December 2001. This coincided with the relocation of the division to 88 Wood Street, where we had taken additional space on the 8th Floor. The transfer took place smoothly.

From the time that we agreed to buy the division in June to the transfer date in December, over 90% of funds under management had transferred from NatWest Stockbrokers to our new division. The private client division therefore now acts for over 6,000 clients and has £1.1 bn funds under management.

The establishment of the private client division has been a major project for the Group, requiring the transfer of all the customer agreements to Collins Stewart and the introduction of new systems and infrastructure to manage it.

We now have a solid platform from which to expand the business and meet our aim of becoming a substantial player in the UK private client market.

Collins Stewart (CI) Limited

The Channel Islands business had a reasonable year, although revenues and operating profits before acquisitions were down on 2000. During the year, the mix of our business was strengthened with fund management now accounting for a greater percentage of our income than in previous years.

There were a number of acquisitions and new business start-ups during the year. Collins Stewart Property Fund Management, a UK subsidiary, was established in April 2001. The stockbroking business in Jersey benefited from the acquisition of the execution-only business of Cater Allen in the last quarter of 2001.

During 2001 funds under management in the Channel Islands rose from £889m to £1.3bn at the end of the year.

Collins Stewart Inc

Collins Stewart Inc. achieved revenues 14% ahead of those reported in 2000 and continued to add to its client base.

During the second half of 2001, Collins Stewart Inc. moved offices to 444 Madison Avenue. The new office provides considerably more space for further business expansion and is featured on the cover of the report and accounts.

Finance and Administration

Turnover

The following table indicates the contributions made by each of our major areas of activity. As can be seen, Group turnover on continuing operations was only very marginally down on last year and, with acquisitions, up by 4%. Growth was achieved in most areas of our operations; market making was directly affected by the poor market conditions.

	2001 £'000	2001 %	2000 £'000	2000 %
Continuing operations				
Market Making/ principal turns	10,226	9.9	20,453	20.6
Agency commissions	28,138	27.3	20,168	20.3
Corporate fees	33,987	32.9	32,449	32.6
US	8,927	8.6	7,809	7.9
Channel Islands	17,913	17.4	18,445	18.6
	99,191	96.1	99,324	100.0
Acquisitions				
Private client commissions	2,656	2.6	-	-
Other acquisitions	1,369	1.3	-	-
	103,216	100.0	99,324	100.0

Expenditure

The key costs for the Group are those relating to its staff and premises and the main increases in spend in these areas are explained below.

Staff Costs

Staff costs increased by 6% last year, despite a dramatic increase in staff numbers, increasing from 253 at the start of the year to 385 employees at the year end. Recruitment has been undertaken in almost every area of the business, both front and back office. The new private client division accounted for 66 of the new employees, including new back office staff who were recruited and trained in anticipation of bringing the new private client operations in-house once the business was transferred to the Group.

Remuneration remains highly geared towards incentive payments with salaries only 33% of total pay. Bonuses for the year at £33.2m were 9% below those paid in 2000. Total staff costs as a percentage of revenues amounted to 49% (2000: 49%).

Establishment Costs

As anticipated occupation costs increased significantly, owing to the move to new offices at Wood Street. This has, however, given us more space to develop the business.

The new private client division in the UK suffered a double office rental charge from completion in June until the beginning of December when operations were transferred to the Group. This gave rise to additional establishment costs that will not be repeated in 2002.

Operating Profit

The Group's operating profit before goodwill amortisation fell by £3.8m (10%) in the year on revenue which was up by 4.6%. The ratio of operating profit before goodwill amortisation to revenues has also fallen in the current year from 37% in 2000 to 32% in 2001.

The main reasons for this decline are the cost of the new offices which the Group now occupies, the expenditure on the development of the QUEST™ model and the costs associated with establishing the new private client division. In the latter case, the division incurred duplicated running costs as its settlements were handled and charged for by NatWest for six months, whilst the staff were recruited and trained in new offices to take on the operations from December onwards.

Amortisation

The Group continues to amortise the goodwill arising on consolidation of acquisitions over a 20 year life. The continuing appropriateness of this amortisation period is reviewed each year. The private client division was acquired mid way through the year, thus the amortisation charge for 2002 will increase to reflect ownership for a full year.

Exceptional Item

In the second half of 2001 the Group disposed of nearly all its fixed asset investment in shares in The London Stock Exchange plc, giving rise to an exceptional gain of some £6.7m. Half of this arose in our Channel Islands business where capital gains are free of tax. However, since it is intended that the proceeds of the disposal will be remitted to the UK, a full tax charge has been provided. This gives rise to an overall tax charge on the exceptional item of £2m.

Taxation

In the UK the Group has a corporation tax rate of approximately 30%. Profits are taxed at the lower rate of 20% in the Channel Islands and at 46% in the USA. The Group maintains a deferred tax balance of £1.7m in its balance sheet to cover the additional tax due on dividends, to the extent that it is intended that funds be remitted from the Channel Islands to the UK.

Dividends on Ordinary Shares

The Board is proposing a final dividend per share for 2001 of 4.5p, bringing the total dividend for the year to 6.75p, with a dividend cover of 2.7. Excluding the exceptional item, dividend cover was 2.1.

Return on Capital Employed

The average return on capital employed for the year, measured by dividing operating profit by average shareholders funds (including cumulative goodwill) and average long term debt less average cash balances was 30% for the year (2000: 34%).

Cashflow

The Group finished the year with £43.6m net funds on its balance sheet, up £3.9m from 2000. Operations generated £14.8m after tax and these funds were used, together with £12.2m raised through a share placing, to fund the acquisition of the private client division of NatWest Stockbrokers (£17.6m), to repay loans taken out at the time of the MBO (£9.8m) and for capital expenditure of £6.4m. The capital expenditure was spent on equipping the London offices with fixtures and furnishings and also to install new computer systems and office equipment for both the existing Group and the new private client division.

Funding Structure

The Group maintains substantial liquid resources to meet its settlement requirements. In addition to its net cash position it has a revolving credit facility of a further £25m which it can call upon to meet any trading requirements.

The capital structure is regulated by the Financial Services Authority which monitors the capital adequacy of the Group. During the year, the Group remained comfortably within the capital adequacy guidelines set by the Financial Services Authority. At the year end the Group had capital of more than 200% of its regulatory requirement.

Compliance and the New Legislation

On 30 November 2001 the Financial Services and Markets Act 2000 came into force and the Group’s regulator, The Securities and Future Authority, was replaced by the Financial Services Authority. At the same time, a new regulatory regime came into being. This has required our regulated entities to formalise many of the management structures and risk management systems which they had in operation. Our Compliance team in London has also been expanded from two to four to deal with the increased regulation, and also to handle the compliance needs of the new private client division.

Future Developments and Outlook

The Group continues to invest in new personnel in all areas of our business, taking advantage of the availability of excellent candidates. Recruitment was heavily restricted when we were still in old premises but the additional space provided by our new offices should allow us to continue to expand. In the current difficult markets, the Group’s success continues to provide us with a steady stream of approaches from talented individuals and it is our intention to take advantage of the opportunities presented.

In fixed interest, we have already taken the first steps towards establishing trading in Eurosterling bonds, and in New York have commenced trading in ADRs.

In the Channel Islands, two hedge funds based on the QUEST ™ triAngle model, triAngle UK and triAngle European, were launched in January.

The Group's capital expenditure programme will continue in 2002, albeit on a considerably reduced scale. The QUEST™ Plus project is expected to continue until the autumn. This will be the first full year of occupation of Wood Street so that occupancy costs will again be higher than in 2001. However, the effective “double running” operational costs of the private client division have now ceased. At the start of 2002 we signed a lease over additional floor space at 88 Wood Street to enable us to continue to expand.

We continue to look for ways to build or acquire an asset management business. A number of opportunities were reviewed during 2001 but none of them fitted our criteria.

Our plans are not based upon any improvement in market conditions during 2002. Although market conditions make us cautious, we continue to regard these same conditions as an opportunity for the Group to improve its competitive situation.

Terry Smith
Chief Executive

consolidated profit and loss account

for the year ended 31 december 2001

	Notes	2001 £'000	2000 £'000
Turnover			
Continuing operations		99,191	54,969
Acquisitions		4,025	-
	4	103,216	54,969
Administrative expenses			
Goodwill amortisation: *Continuing operations*		(5,636)	-
Acquisitions		(514)	(3,300)
		(6,150)	(3,300)
Other expenses: *Continuing operations*		(65,982)	(34,468)
Acquisitions		(5,384)	-
		(71,366)	(34,468)
Total administrative expenses		(77,516)	(37,768)
Other operating income			
Continuing operations		905	247
Acquisitions		170	-
		1,075	247
Operating profit			
Continuing operations		28,478	17,448
Acquisitions		(1,703)	-
	4	26,775	17,448
Exceptional item: profit on sale of fixed asset investments in continuing operations	5	6,684	-
Profit on ordinary activities before interest		33,459	17,448
Interest receivable and similar income		3,523	2,583
Interest payable and similar charges		(4,203)	(7,322)
Profit on ordinary activities before taxation		32,779	12,709
Taxation on profit on ordinary activities		(11,401)	(4,456)
Profit on ordinary activities after taxation		21,378	8,253
Equity minority interests		5	(25)
Profit for the period attributable to shareholders of Collins Stewart Holdings plc		21,383	8,228
Dividends			
Ordinary dividend on equity shares		(6,875)	(1,289)
Preference dividend on non-equity shares		(2,602)	(1,573)
Retained profit for the period		11,906	5,366
Earnings per share			
Basic	6	18.21p	12.23p
Diluted	6	18.05p	12.07p
Basic before goodwill amortisation and exceptional item	6	19.64p	18.29p

consolidated statement of total recognised gains and losses
for the year ended 31 december 2001

	Notes	2001 £'000	2000 £'000
Profit for the period attributable to shareholders of Collins Stewart Holdings plc		21,383	8,228
Currency translation differences		11	-
Total recognised gains & losses for the period		21,394	8,228

consolidated balance sheet
At 31 december 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Intangible assets	7	120,891	109,574
Tangible assets		6,866	2,164
Investments		103	103
		127,860	111,841
Current assets			
Investments		14,625	12,671
Debtors		103,376	158,132
Cash at bank and in hand		66,299	70,064
		184,300	240,867
Creditors: amounts falling due within one year		(150,801)	(208,742)
Net current assets		33,499	32,125
Total assets less current liabilities		161,359	143,966
Creditors: amounts falling due after more than one year		(18,605)	(25,407)
Equity minority interests		(158)	(138)
Net assets		142,596	118,421
Capital and reserves			
Called up share capital	8	27,003	26,221
Share premium account	8	98,310	86,834
Profit and loss account	8	17,283	5,366
		142,596	118,421
Shareholders' funds			
Equity		97,996	73,821
Non equity		44,600	44,600
		142,596	118,421

consolidated statement of cash flows
for the year ended 31 december 2001

	Notes	2001 £'000	2000 £'000
Net cash inflow from operating activities	1	25,875	52,500
Returns on investments & servicing of finance:			
Interest received		3,434	2,435
Interest paid		(2,629)	(4,283)
Preference dividends paid		(1,573)	-
Dividends paid to minorities		(34)	-
		(802)	(1,848)
Taxation:			
Corporation tax paid		(8,843)	(4,417)
Overseas tax paid		(2,213)	(387)
		(11,056)	(4,804)
Capital expenditure and financial investments:			
Purchase of tangible fixed assets		(6,346)	(592)
Proceeds from sale of tangible fixed assets		7	-
Purchase of fixed asset investments		-	-
Sale of fixed asset investments	5	6,684	-
		345	(592)
Acquisitions and disposals:			
Purchase of subsidiary undertakings		(17,408)	(138,917)
Net cash acquired with subsidiary undertaking		-	26,960
		(17,408)	(111,957)
Equity dividends paid		(3,581)	-
Net cash outflow before financing		(6,627)	(66,701)
Financing:			
Issue of ordinary share capital		12,500	73,100
Issue of preference share capital		-	44,600
Share issue costs		(242)	(4,645)
(Repayment)/ issue of debt and loans net of issue costs		(9,868)	23,222
Repayment of secured loan notes		(13)	(50)
		2,377	136,227
(Decrease)/ increase in cash	2, 3	(4,250)	69,526

1. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2001 £'000	2000 £'000
Operating profit	26,775	17,448
Depreciation of tangible assets	1,550	640
Goodwill amortisation	6,150	3,300
Loss on sale of fixed assets	83	-
Movement in deferred income	335	-
(Decrease)/ increase in net market and client balances	(3,242)	6,029
(Increase)/ decrease in net investment positions	(2,205)	9,767
Increase in other debtors	(2,081)	(517)
(Decrease)/ increase in other creditors	(1,490)	15,833
Net cash inflow from operating activities	25,875	52,500

2. Reconciliation of Net Cash Flow to Movements in Net Funds

	2001 £'000	2000 £'000
(Decrease)/increase in cash during the year	(4,250)	69,526
Cash inflow from increase in long term loans	-	(128,949)
Cash outflow from repayment of loans & loan notes	9,861	101,851
Debt issue costs	20	6,112
Amortisation of debt costs	(1,736)	(2,186)
Change in net debt resulting from cash flows	3,895	46,354
Loans acquired with subsidiary	-	(6,593)
Net funds at 1 January 2001	39,761	-
Net funds at 31 December 2001	43,656	39,761

3. Analysis of Net Funds

	At 1 January 2001 £'000	Cash flow £'000	Non- cash items £'000	At 31 December 2001 £'000
Cash in hand and at bank	70,064	(3,765)	-	66,299
Overdraft	(538)	(485)	-	(1,023)
	69,526	(4,250)	-	65,276
Loan notes due within one year	(5,043)	13	-	(5,030)
Loans due after one year	(24,722)	9,868	(1,736)	(16,590)
Total net funds	39,761	5,631	(1,736)	43,656

Repayment of Long Term Debt

During the year, the Group repaid £6,213,000 of floating rate bank debt and £3,648,000 of fixed rate subordinated loans.

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 geographical split of the Group's activities for the year ended 31 December 2001, together with comparatives for the period to 31 December 2000, was as follows:

	UK £'000	Channel Islands £'000	USA £'000	Total £'000
2001				
Turnover	75,176	19,113	8,927	103,216
Operating profit	16,769	6,383	3,623	26,775
Net assets	120,134	22,012	450	142,596
2000				
Turnover	41,905	9,499	3,565	54,969
Operating profit	12,848	3,300	1,300	17,448
Net assets	105,207	12,769	445	118,421

The net return on managing client deposit balances in 2000 has been reclassified to other operating income from interest receivable and payable.

5. Exceptional Item: Profit on Sale of Fixed Asset Investments in Continuing Operations

During the year the Group disposed of the majority of its holding of shares in The London Stock Exchange plc. The cost of this investment was nil and the proceeds and resulting gain were £6,684,000. These shares had been held as fixed asset investments.

In addition to the corporation tax provided on the UK gain, deferred tax has been provided on the exceptional gain arising on the sale of investments by Collins Stewart (CI) on the grounds that it is intended that such proceeds will be remitted to the UK in the future.

6. Earnings per Share

The calculation of basic and diluted earnings per ordinary share was based on earnings of £18,781,000 (2000: £6,655,000) being profit after taxation for the year adjusted for minority interests and preference dividends. The weighted average number of ordinary shares was 103,116,795 (2000: 54,435,130).

Diluted earnings per share was calculated by adjusting the weighted average number of shares in issue for the exercise of all dilutive potential share options. The weighted average dilutive potential share options amounted to 943,803 (2000: 703,949), giving an adjusted weighted average number of shares of 104,060,598 (2000: 55,139,079).

The basic earnings per share before goodwill amortisation and the exceptional item was calculated on the basic earnings above, adjusted to add back £6,150,000 (2000: £3,300,000) being the post tax cost of amortisation of goodwill, and £4,679,000 (2000: nil), being the exceptional post-tax gain on disposal of shares in The London Stock Exchange plc.

7. Acquisitions in the Year

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 consideration of £17.5m, paid in cash, comprised £11.0m payable on completion of the purchase and a deferred payment of £6.5m after more than 90% of clients' funds transferred to Collins Stewart Limited over the following 180 days. Acquisition costs of £0.1m were incurred.

The acquisition was accompanied by a placing by Collins Stewart Holdings plc 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, was £17.6m giving rise to goodwill of £17.6m. The goodwill arising on this acquisition has been capitalised on the balance sheet of Collins Stewart Limited and is being amortised on a straight line basis over 20 years.

	Book and fair value of assets / (liabilities) acquired £'000
Net assets acquired	-
Consideration discharged by:	
Cash	17,619
Goodwill arising on acquisition	17,619

During 2001 Collins Stewart (CI) established Collins Stewart Property Fund Management Limited, acquired Cater Allen's Jersey business (renamed Mew-sha Limited) and the minority interest in Matrix International Limited. The consideration involved in these transactions amounted to £0.1m and the goodwill arising thereon amounted to £0.1m.

During the year there was an adjustment to the fair value of the assets acquired with Collins Stewart Limited pursuant to the exercise of share options in Collins Stewart Limited. This gave rise to a reduction in the goodwill arising on the acquisition of Collins Stewart Limited of £0.2m.

8. Change in Group Reserves in the Year

	Share Capital Account £'000	Share Premium Account £'000	Profit & Loss Account £'000	Total £'000
At 11 January 2000	-	-	-	-
Retained profit for the period	-	-	5,366	5,366
Ordinary share capital subscribed	25,775	67,225	-	93,000
Bonus issue	-	(19,900)	-	(19,900)
Preference shares subscribed	446	44,154	-	44,600
Costs of share issues	-	(4,645)	-	(4,645)
At 31 December 2000	26,221	86,834	5,366	118,421
Retained profit for the period	-	-	11,906	11,906
Ordinary share capital placed	782	11,718	-	12,500
Costs of share issue	-	(242)	-	(242)
Foreign currency translation	-	-	11	11
At 31 December 2001	27,003	98,310	17,283	142,596

OTHER INFORMATION

Basis of Preparation

The financial information in this preliminary announcement of results has been prepared on the basis of the accounting policies stated in the previous year's accounts.

Report and Accounts

The financial information in this statement has been prepared on the historical cost basis, modified to include trading positions at market prices, and does not constitute the Company's statutory accounts for the year ended 31st December 2001 within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for 2001 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 and copies will be available from the Registered Office of the Company at 9th Floor, 88 Wood Street, London, EC2V 7QR from the beginning of May.

Final Dividend

The directors recommend payment of a final dividend of 4.5p per ordinary share. Subject to shareholders approval at the Annual General Meeting on 30 May 2002, the dividend will be paid on 6 June 2002, to ordinary shareholders whose names are on the register on 10 May 2002.

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 30 May 2002 at 3.30pm.