Date: 22 March 2004
On behalf of: Collins Stewart Tullett plc ("Collins Stewart Tullett")
Embargoed until: 0700hrs

COLLINS STEWART TULLETT PLC

UNAUDITED PRELIMINARY RESULTS - for the year ended 31 December 2003

Highlights

Collins Stewart Tullett, the financial services group, today announced its preliminary results for the year ended 31 December 2003. The highlights of the results, which are the first incorporating Tullett Liberty since its acquisition on 10 March 2003, are:

Pro forma operating profit and EPS (both before goodwill amortisation and exceptionals) were up 27% and 32% respectively. (See Appendix 2.)

- Record years for both the Collins Stewart and Tullett Liberty businesses in terms of both turnover and operating profit before goodwill:
  - Turnover was £473.9m (2002: £96.0m), with Tullett Liberty contributing £346.0m of the increase;
  - Collins Stewart turnover was up 33% to £127.9m, the highest since the Company's formation in 1991;
  - Operating profit before goodwill amortisation was £77.8m (2002: £32.2m), £33.8m of which was generated by Tullett Liberty.

- Profit before tax was £69.4m (2002: £25.5m).

- Basic EPS of 23.2p, up 78% (2002:13.0p) and basic EPS before goodwill amortisation and exceptionals of 28.8p, up 48% (2002: 19.5p).

- Recommended final dividend of 5.25p, making a total dividend of 7.75p, up 15% (2002: 6.75p).

- Pro forma return on capital employed of 24% (2002: 18%).

- Continued innovation to meet clients' needs. Collins Stewart developed "the Accelerated Initial Public Offering" (AIPO™), a new award winning technique to enable institutions to compete in auctions for assets.

- Collins Stewart was ranked second by deal size in the 2003 IPO tables for Europe/Middle East/Africa (*Source*: Dealogic, published by Thomson Financial).

- Tullett Liberty made a good inaugural contribution to the business. It grew turnover, using exchange rates for translation consistent with those in 2003, by some 7%. Operating profits before goodwill were nearly 22% better than the previous year.

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

"The year 2003 was an outstanding year for Collins Stewart Tullett. We achieved our most important strategic development since the Company's flotation in 2000, significantly strengthening and diversifying the business through the acquisition of Tullett Liberty in March. At the same time both the Collins Stewart and Tullett Liberty businesses reported record years. As we look forward to the forthcoming year, the Board is optimistic about the prospects for the Group. Trading conditions in all our major markets are positive. We believe that Collins Stewart will make further significant progress through, inter alia, use of innovative financing methods and that Tullett Liberty should be able to enhance further its franchise both organically and by acquisition. We are very positive about the outlook for the Group."

- Ends -

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Further information on Collins Stewart Tullett plc:

Further information on Collins Stewart and Tullett Liberty is available on the Company's websites: www.cstplc.com and www.tullib.com.

chairman's statement

The year 2003 was an outstanding year for Collins Stewart Tullett. We achieved our most important strategic development since the Company's flotation in 2000, significantly strengthening and diversifying the business through the acquisition of Tullett Liberty in March. At the same time both the Collins Stewart and Tullett Liberty businesses reported record years. Total shareholder return rose 44% during 2003, 6% ahead of the FTSE Mid 250 index and 11% ahead of the FTSE Speciality and Other Financials index.

Pro forma turnover increased 7% to £555.3m, and pro forma operating profit before goodwill was up 27% at £87.2m. Pro forma earnings per share before goodwill and exceptionals were up 32%. The Board has decided to increase the final dividend to 5.25p, making a total dividend for the year of 7.75p, up 15% (2002: 6.75p).

At £127.9m, up 33% over 2002, Collins Stewart's turnover was the highest since its founding in 1991. The Smaller Companies division had its second record year in a row, more than doubling revenues over the previous year to £64.9m. It was also ranked second by deal size in the 2003 IPO tables for Europe/Middle East/Africa (*Source*: Dealogic, published by Thomson Financial).

Much of the success of this business can be attributed to the innovative and imaginative approach to meeting clients' financing requirements. In particular, Collins Stewart developed the new technique, AIPO™, short for Accelerated Initial Public Offering. The first transaction to use this technique, Northumbrian Water's IPO, was awarded global IPO of the year by IFR magazine.

Despite a weakening US dollar, Tullett Liberty generated its best ever turnover and profits and made a strong first contribution to Group results. In 2003 it grew turnover (excluding businesses sold) by 4% year-on-year to £427.4m, with improved performance, as at the interim stage, from fixed income and interest rate derivatives.

At the interim stage we reported the litigation with a former employee of Collins Stewart and ensuing litigation against the Financial Times in respect of their coverage of the matter. Both cases are proceeding satisfactorily but will not come to court for some time.

The Company continues to have a strong performance culture, with emphasis on staff equity participation. To this end we have established a new equity incentive scheme for Tullett Liberty to align the interests of senior staff more with those of shareholders. This scheme will use market purchased equity, thus avoiding shareholder dilution. It is designed to drive forward margin improvement in the Tullett Liberty business as well as foster a greater sense of ownership.

Andy Stewart and Derek Tullett acted as Presidents of Collins Stewart Tullett and Tullett Liberty respectively during 2003. Andy has resigned from his position and Derek is to retire later in the year. We thank them both for their contribution over many years to each of the respective businesses.

As we look forward to the forthcoming year, the Board is very optimistic about the prospects for the Group. Trading conditions in all our major markets are positive; we believe that Collins Stewart will make further significant progress through, inter alia, use of innovative financing methods and that Tullett Liberty should be able to enhance further its franchise both organically and by acquisition.

Keith Hamill
Chairman

22 March 2004

chief executive's review

OVERVIEW

These are the first report and accounts produced by the Company since the acquisition of Tullett Liberty in March 2003. The nature and scope of the Group's activities have altered materially since the acquisition and the current Group is now a major diversified financial services business operating throughout the world.

In addition to our traditional equity stockbroking business, we now trade in a wide range of financial instruments including, inter alia, deposits, foreign exchange, bonds (government, corporate and mortgage-backed) and other securities, interest rate and other derivatives. Some 77% of pro forma turnover and 50% of operating profit before goodwill in 2003 were derived as an inter-dealer broker in non-equity markets. In 2002 92% of turnover arose in the UK and Channel Islands; in 2003, 54% was generated in the same region.

Diversification has always been the cornerstone of the Group strategy and the acquisition of Tullett Liberty is the most important step the Company has taken in implementing this strategy to date. The spread of revenues is intended to protect profitability against a downturn in any specific area of business. We continue to seek further ways of diversifying our business.

All areas of our business have prospered in 2003 with some notable successes in particular areas. Collins Stewart had an outstanding year, with turnover at a record £127.9m. Corporate Finance played a major role in this result, but some of our other divisions were also able to take advantage of improved conditions in their respective markets in the second half of 2003.

Collins Stewart's Corporate Finance department led innovation in its field in 2003 with the introduction of the Accelerated Initial Public Offering ("AIPO™"). This caused much excitement in the market and a number of our competitors are seeking to replicate the structure. Collins Stewart's view is that there is no substitute for original expertise.

The Northumbrian Water deal which utilised AIPO™ has won a large number of prestigious awards including, inter alia, Global IPO from International Financing Review, Best European Corporate M&A Deal of the Year from Euromoney, European IPO of the Year and UK M&A Deal of the Year from Financial News and Equity Deal of the Year from Treasurer Magazine. Collins Stewart itself has also been nominated as Mid Market Adviser of the Year by Acquisitions Monthly.

The continued improvement in Tullett Liberty's performance was assisted by favourable market conditions; volatility in the yield curve and heavy market activity in virtually all fixed income securities, especially in the first half, played to Tullett Liberty's particular product strengths. However, we believe that our commitment to a hybrid strategy – using appropriate technology to support and augment the skills of our voice brokers and our ability to take advantage of the investment in, and reorganisation of, the business carried out through 2001 and 2002 – have been even more important factors in the improved performance.

Since acquiring Tullett Liberty, we have developed its investments in Japan and the oil broking sector. In August, Tullett Liberty's longstanding 20% holding in the Totan Derivatives Co was sold and a 20% holding acquired in an affiliated interest rate derivative broker, The TIU Derivatives Co, (subsequently re-named Totan Capital Markets Co). This reorganisation of our interests generated £9m in cash. In October, Tullett Liberty acquired 100% of Starsupply Energy, and thereby controlling interests in this company's oil broking subsidiaries (previously associate interests) in London and Singapore, for £4.9m in cash before expenses.

At the start of 2004 we introduced the Collins Stewart Equity Incentive Plan for Tullett Liberty senior management. This scheme, which utilises market purchased shares and is thus not dilutive for shareholders, is an important step in our strategy to improve Tullett Liberty's margins. We also consider it important that senior management should share in some of the value that an improvement in margins will create for shareholders. Options have been granted over 4.6m shares at nil exercise price under this scheme and will vest fully only if all the performance targets and service conditions are met. Details of the margin performance condition attaching to the options which were granted in January are set out in the Operating Margin section of the Group Finance Director's report.

PERFORMANCE OF THE BUSINESSES

As we said at the interim stage, it is intended that the Collins Stewart and Tullett Liberty businesses should retain their own brand identity and in most respects continue to be managed as separate businesses. Accordingly, we deal with the performance of each of the brands separately below.

COLLINS STEWART

Turnover	**2003**		**2002**	
	£m	**%**	**£m**	**%**
Larger Companies and QUEST™	25.2	19.7	28.4	29.5
Smaller Companies	64.9	50.8	32.2	33.6
Investment Trusts	6.7	5.2	6.2	6.5
Fixed Interest	3.5	2.7	4.1	4.3
Private Clients	27.6	21.6	25.1	26.1
	127.9	100.0	96.0	100.0

	2003		**2002**	
	£m	**%**	**£m**	**%**
Market Making	13.0	10.2	8.0	8.4
Commissions	44.6	34.9	48.8	50.8
Corporate Finance	59.2	46.3	29.7	30.9
Management Fees	10.8	8.4	8.9	9.2
Other income	0.3	0.2	0.6	0.7
	127.9	100.0	96.0	100.0

Larger Companies and QUEST™

The Larger Companies and QUEST™ division's turnover was 11% down on the previous year. Market conditions in the first quarter were especially tough with the FTSE 100 index bottoming out at around 3300 during March. Although market levels and activity recovered after the end of the Gulf War, the FTSE 100 closed at just under 4500 at the end of the year, still 14% down on the level at the start of 2002.

2003 saw greater interaction between the Larger Companies, Smaller Companies and Collins Stewart Inc teams. We were able to utilise our distribution capability to assist in some of the larger fundraisings, the revenues from which are included in Smaller Companies. We expect this co-operation to develop further in future.

During the year we continued to develop our business, opening offices in Paris and Dublin and hiring new European salesmen to market to prospective continental European clients. The new QUEST™ model was launched in the first half following two years of software development. In the second half salesmen were hired to promote our new QUEST™ Far Eastern product, based on our expanded QUEST™ universe, and the response from new and existing clients has been encouraging. We continue to explore new hiring opportunities.

Smaller Companies

Smaller Companies turnover more than doubled in 2003 to £64.9m (2002: £32.2m) with the majority of the increase generated by Corporate Finance fees. This was another record year for the Corporate Finance Department, with total fees and placing commissions on corporate deals of £57.4m (2002: £24.8m).

We advised on 52 transactions (2002: 29) which raised a total of £1,252m for our clients (2002: £518m). The highlights of the year were two innovative transactions, Northumbrian Water and Center Parcs, using the AIPO™ structure pioneered by us. Collins Stewart is the only broker to have used the AIPO™ structure to compete successfully in auctions for disposals of assets. The Northumbrian Water deal, as mentioned above, has won numerous awards for the firm.

Collins Stewart finished second in the 2003 IPO tables by deal size for Europe/Middle East/Africa (*Source*: Dealogic, published by Thomson Financial). Our client base also increased to 89 (2002: 81) as at the year end.

Investment Trusts

The start of 2003 saw the Investment Trust market continue the downward trend of 2002. Poor markets for the first quarter led to poorer liquidity. Corporate activity slowed almost to a standstill. Following the market recovery after March, conditions for the sector gradually improved, and a number of areas began to produce good returns, notably the private equity specialists and zero dividend preference shares. Secondary market trading recovered during the year and that side of our business performed well.

Although market liquidity began to improve, the volume of corporate activity was slow to respond until the last quarter. It is pleasing to note that, despite the difficult conditions, we were able to increase our corporate finance turnover over the previous year; we also advised on the largest issue of the year.

Overall revenues in the second half of 2003 were more than double the first half and we are optimistic that this improvement will continue in 2004.

Fixed Interest

The Fixed Interest division's turnover, at £3.5m, was down 14% on the previous year. Market conditions were volatile throughout the year which had a negative impact on market making.

Since the year end, a new team has joined Collins Stewart to develop a convertibles business and expand the Fixed Interest division. The team was previously with West LB Panmure and is one of the most highly regarded convertibles teams in London.

Private Clients

The Private Client division produced a creditable performance despite a difficult start to the year as a result of equity market conditions in the first quarter of 2003. At the interim stage, revenues were behind 2002, but subsequently recovered to improve on the previous year by 10%. At the end of the year, the division had assets under management of £2.3bn.

Across the division, progress has been made in building upon the quality of the revenue streams following the integration of the UK business. Our discretionary funds under management increased by 20% and fee income increased to £10.8m, from £8.9m in 2002.

TULLETT LIBERTY

Tullett Liberty (formerly Tullett plc) was acquired on 10 March 2003 and thus the consolidated results for the Collins Stewart Tullett Group only include the results of the Tullett Liberty businesses since that date. However, in order to give a better presentation of the trends in its business, the following commentary and analyses review performance for the year ended 31 December 2003 and compare results to the previous year.

The following tables analyse turnover on a product and regional basis. The communication sales business, which was sold with effect from 1 January 2003, has been shown separately to facilitate comparison.

Turnover	**Pro forma 2003**		**Pro forma 2002**	
	£m	**%**	**£m**	**%**
Securities Broking	240.4	56.3	240.1	58.4
Derivatives, Money Broking and Energy	179.1	41.9	160.1	38.9
Information Sales	7.9	1.8	11.1	2.7
	427.4	100.0	411.3	100.0
Communication Sales	-		12.3	
	427.4		423.6	

	Pro forma 2003		Pro forma 2002	
	£m	**%**	**£m**	**%**
Europe	194.3	45.4	179.5	43.6
North America	196.5	46.0	202.2	49.2
Asia Pacific	36.6	8.6	29.6	7.2
	427.4	100.0	411.3	100.0
Communication Sales	-		12.3	
	427.4		423.6	

Note: The segmental analysis of Tullett Liberty's operating profit before goodwill and the pro forma profit and loss account for the year ended 31 December 2003 are set out in Appendix 1.

Europe

Our European operations' turnover increased by 8% over the previous year. In 2001 and, to a lesser extent, in 2002 this region was the subject of a reorganisation and rationalisation exercise which eliminated loss-making desks and non-core activities. The benefits of this work have been seen in 2003 with all the main product areas reporting turnover ahead of the prior year. Higher levels of activity and reduced one-off costs have had a further positive impact on margins. Whilst fixed income performed particularly strongly during the first half, turnover from interest rate derivatives was consistently strong throughout the period.

North America

The North American operations once again performed strongly although this performance was masked by the weakening of the US dollar. The average exchange rate used to translate our US dollar results in 2003 was more than 9% weaker than that used for 2002. In US dollar terms North American turnover was 6% higher than 2002. Our broadly based fixed income business was the cornerstone of this performance with all the debt markets, as attested by the results of the US investment banks, being extremely active. This level of activity also assisted our interest rate derivative business which was again a strong performer throughout 2003. During the second half of the year we invested in a number of areas which were relatively underperforming and expect to see improved returns in 2004 as a result.

Asia Pacific

Our businesses in Hong Kong and Singapore were adversely affected for a number of months in the first half by the concerns created by the SARS virus. In addition, earnings in Hong Kong were subject to the same exchange rate factors as North America. Despite this, turnover in the region was up 24% on 2002 and margins again improved on the prior year due to our strength in indigenous currency derivatives as well as proactive management of less profitable desks.

Technology

We have continued with our focused investment in technology, aiming to implement systems, processes and infrastructure capable of being leveraged as the business grows organically or through acquisition. Use of our Marker broker platform both internally and externally continues to expand as we extend its capabilities to cover further product areas. A major development and deployment effort this year has been on our post-trade Straight Through Processing capability – a service we call “post:marker”. Launched in June, this service has been well received.

Other Activities

Turnover from information sales has fallen on a year on year basis. Trading conditions for our traditional data vendor customer base have continued to be difficult and this has adversely impacted the level of sales, particularly in the first half. The development of new services led to an encouraging improvement in turnover and operating profits in the second half.

The acquisition of Starsupply Energy’s crude and petroleum broking operations (previously associate interests) in London and Singapore in October has given us a profitable platform from which to grow our presence in the energy markets.

COMPLIANCE

During the year, the Financial Services Authority’s investigation into the split capital investment trust sector continued. Collins Stewart has supplied information to the regulator and co-operated with its requests. At this point in time, the firm has not been notified of any findings.

The FSA is in the process of developing, inter alia, the Integrated Prudential Source Book. We have been following developments to ensure that the Group is prepared for any new regulatory requirements.

The enlarged Group continues to maintain substantial excesses of regulatory capital in all its regulated entities and at the Group level. The Company is following developments in the consultation process concerning the UK implementation of the Financial Groups Directive, but at this stage, does not anticipate that there will be any material adverse impact upon the Group’s capital adequacy requirements.

FUTURE DEVELOPMENTS AND OUTLOOK

The outlook for the markets in which the Group predominately operates is generally favourable. Debt issuance, particularly by governments, should continue and derivative markets should be active; trading conditions and sentiment have also improved in the equity markets. Whilst the weakening dollar will, despite steps we have taken to mitigate it, have an adverse impact on the consolidation of Tullett Liberty’s results, active markets are favourable to the business.

A number of investment opportunities in the IDB market, both smaller and larger, have been identified and we intend to explore these further over the course of 2004. We remain of the view that the IDB market is an important area for the development of our business in the future.

Terry Smith
Chief Executive

22 March 2004

group finance director's review

Results

The following table shows the results for the year together with those for 2002. The statutory reported results are based on the acquisition method of accounting and accordingly only include the results of Tullett Liberty from 10 March 2003. To facilitate comparison, we have included pro forma information prepared as if the acquisition of Tullett Liberty and the redemption of the Company's preference shares (which was completed at the same time as the acquisition) had taken place on 1 January 2002.

	Statutory		**Pro forma**	
	2003	**2002**	**2003**	**2002**
	£m	**£m**	**£m**	**£m**
Turnover				
Continuing operations	127.9	96.0	127.9	96.0
Acquisitions	346.0	-	427.4	423.6
	473.9	96.0	555.3	519.6
Operating profit before goodwill:				
Continuing operations	44.0	32.2	44.0	32.2
Acquisitions	33.8	-	43.2	36.5
	77.8	32.2	87.2	68.7
Operating profit after goodwill	64.0	25.6	71.8	53.3
Profit before tax	69.4	25.5	77.2	52.0
Earnings per share:				
Basic	23.2p	13.0p	23.7p	14.1p
Diluted	22.8p	12.9p	23.3p	14.0p
Basic before goodwill and exceptionals	28.8p	19.5p	29.8p	22.6p

Note: The assumptions made in the preparation of the pro forma financial information are set out in Appendix 2.

Reported turnover of the enlarged Group increased by £377.9m, of which Tullett Liberty, in the period since 10 March, accounted for £346.0m. Collins Stewart's continuing operations increased turnover by £31.9m, an improvement of 33%. Reported operating profits before goodwill, at £77.8m, were up 142%, Tullett Liberty contributing some three quarters of this increase.

Collins Stewart's improved results were driven by an excellent performance from the Corporate Finance department which commenced in the first half and gathered further momentum in the second half. Importantly, some recovery was also achieved by other divisions of the business, despite continuing difficult market conditions in their respective sectors.

Setting aside the 2002 results of the communication sales business which was sold at the start of 2003, Tullett Liberty's pro forma turnover increased by 4%. Using consistent exchange rates for translation the underlying improvement was 7%. Tullett Liberty's pro forma operating profits before goodwill were nearly 22% better.

Reported basic earnings per share improved 78% to 23.2p and reported basic earnings per share before goodwill and exceptionals improved 48% to 28.8p. The improvement in EPS was partially the result of better trading in 2003, but a factor was also the acquisition of Tullett Liberty on a lower effective PE rating than that enjoyed by the Company.

Reported diluted earnings per share improved 77% to 22.8p. The dilution adjustments were in respect of share options and £5m of contingent share capital which may be issued as deferred consideration to Tullett Liberty shareholders in November 2004 as an alternative for cash. The price at which any such shares would be issued is the market value immediately prior to the settlement of the deferred consideration.

The average pro forma return on capital employed for the year, measured by dividing reported operating profit before goodwill by average shareholders' funds (including cumulative amortised goodwill) and average long term debt less average cash balances was 24% (2002: 18%). Last year Collins Stewart produced a return on capital employed of 26%. The 2003 pro forma lower return on capital employed reflects the lower returns on the investment in the Tullett Liberty business.

Operating Profit and Margins

Collins Stewart's operating margin before goodwill improved by 0.8% to 34.4% as the firm benefited from the increased activity.

Tullett Liberty's operating profits before goodwill for the year, set out in Appendix 1 and adjusted to exclude the communication sales business, were nearly 15% better and operating returns, at 10.1%, were 0.9% up on 2002. This was the result of a combination of higher trading levels and the proactive management of unprofitable areas.

Tullett Liberty continues to focus on improving its operating margins and to this end the new equity incentive scheme implemented in January 2004 has a performance condition designed to target improved operating margins. In order for the options to vest, operating margins must improve in any of the next three years to at least 13%, 3% ahead of the margin achieved in 2003, and full vesting will not occur until margins improve to over 17%.

When FRS 20: Share Based Payments is implemented, charges in relation to these option grants are likely initially to offset the margin benefit to be derived by the new scheme as the options have been granted at nil exercise price. However, the Board expects considerable benefits to derive in the medium to long term.

Pensions

Tullett Liberty operates a pension scheme in the UK which historically incorporated both defined benefit and defined contribution elements. With effect from 1 May 2003 all future accrual of members' entitlements is on a defined contribution basis. Nevertheless the defined benefit section of the scheme continues to run a substantial deficit.

The Company included the post tax pension scheme deficit of £24.4m as a fair value adjustment on the acquisition of Tullett Liberty. At the year end this deficit had fallen to £21.4m, but this improvement has not been recorded in the accounts.

Exceptional Item

The exceptional profit of £4.5m relates to the reorganisation of the Group's Japanese associate interests detailed in the Chief Executive's review.

Taxation

The Group's reported tax charge increased to 34.4% of pre-tax profits before goodwill amortisation, compared to 29.6% in 2002. This is because the Tullett Liberty business has a higher effective tax rate owing to the proportion of profits generated in New York (where aggregate corporate tax rates are 47%) and generally higher levels of disallowed expenditure.

Dividends

The Board is proposing a final dividend per share for 2003 of 5.25p, an increase of 17%. The final dividend is payable on 10 June 2004 to shareholders on the register on 21 May 2004. This brings the total ordinary dividend per share to 7.75p, an increase of 15%.

The total ordinary dividend of £18.0m in the accounts includes £3.7m paid at the time of the 2002 final dividend to shareholders who became members subsequent to the 2002 year end. This was therefore treated as an interim dividend in respect of 2003.

The dividend cover (excluding the £3.7m dividend referred to above) on basic earnings was 2.8 (2002: 1.9) and 3.4 (2002: 2.9) on basic earnings before goodwill and exceptional items. The increase in dividend reflects both the Company's strong performance in 2003 and also the positive trading outlook for 2004.

The Company intends to continue with its policy of maintaining an appropriate level of dividend cover whilst taking into account growth in earnings and future expansion plans. The Company will only seek to retain distributable profits when it expects to earn above average returns from the deployment of the funds retained.

The preference dividend of £0.7m represents the final dividend prior to redemption. All of the Company's "A" and "B" preference shares were redeemed on 6 March 2003.

Acquisitions and Disposal

Tullett Liberty was acquired on 10 March 2003 for a consideration of £250.4m. Goodwill arising on the acquisition amounted to £176.9m which is being amortised over 20 years. The main fair value adjustment in calculating the goodwill is the recognition of the post tax deficit, calculated under FRS 17, in the Tullett Liberty pension fund of £24.4m.

In April the disposal of Tullett Liberty's communication sales business to GS Capital Partners 2000 was completed. The sale generated more than £8m of cash for the Group. The gain from this transaction was a pre-acquisition item for the Group; it was dealt with as a fair value adjustment and accordingly does not appear as a discontinued operation on the face of the profit and loss account.

In August, Tullett Liberty sold its 20% holding in it Japanese associate, realising an exceptional profit of £4.5m. At the same time, a direct 20% holding in affiliated Totan Capital Markets was acquired for £7.7m in cash. Taken together these transactions realised a net £9m of cash for the Group. Goodwill of £5.6m arose on the investment which is being amortised over a ten year period.

In October, Tullett Liberty acquired 100% of Starsupply Energy Limited, and thereby controlling interests in this company's oil broking subsidiaries (previously associate interests) in London and Singapore, for £4.9m in cash before expenses. The goodwill arising on this acquisition was £4.7m, which will be amortised over a ten year period.

The continuing appropriateness of the amortisation periods adopted for the Group's investments is reviewed each year.

Funding Structure

The acquisition of Tullett Liberty was funded by a mixture of cash and shares. Some £218m (net of expenses) of new ordinary shares were allotted, borrowings were increased by £50m and £1.1m of loan notes were issued; a further £5m cash consideration was deferred to November 2004. At the time of its acquisition, Tullett Liberty had net funds of approximately £89m.

At the same time as completing the acquisition of Tullett Liberty, the Company additionally issued 14.6m new ordinary shares to raise £44.6m (net of expenses) to fund the redemption of all of the Company's preference shares. The coupon on the "A" preference shares, the majority of the outstanding preference shares, was due to increase markedly in 2003 and accordingly it became more attractive to replace this capital with ordinary shares.

The maintenance of a strong capital base enabled the Company to take on the £50m additional borrowings as part of the funding of the acquisition of Tullett Liberty. To this end the loan from Bank of Scotland was increased from £14.8m at the end of December 2002 to £64.8m at the time of the acquisition, and the Company retained a working capital facility of a further £10m. At the same time, Tullett Liberty retained its working capital facility of $15m with Royal Bank of Scotland. During the year, the Royal Bank of Scotland working capital facility has been repaid in full and £7.9m of the Bank of Scotland loan has been repaid.

Of the additional £50m borrowings taken on to fund the Tullett Liberty acquisition, £45m was in the form of subordinated debt which is treated as capital by our regulator, the Financial Services Authority. The new subordinated loan was redenominated into US dollars in March 2003 as part of the Group's hedging policy, which is described in greater detail below. At the year end $68.7m of this loan was outstanding.

The Group maintains substantial net liquid resources throughout the trading entities to meet its settlement requirements. At the year end the Group had net funds of £183.5m (2002: £41.5m)

Cashflow

The Group was strongly cash generative during the year, increasing cash resources by £119m (2002: £5m decrease). Operating activities after tax and financing costs generated £100m (2002: £8.4m) of this increase. The acquisition of Tullett Liberty and the investment in Starsupply were largely funded through the issue of shares and increased borrowings.

Hedging and Treasury Management

Profits of the Group's overseas subsidiaries are translated at average exchange rates. During the second half of 2003, based on management's view that the US dollar was likely to remain weak against sterling for at least the next 18 months, steps were taken to reduce the impact of this development on the Group's reported results by taking out a number of FX options contracts. This strategy realised a gain of £0.5m in December 2003. In addition, approximately 70% of the expected 2004 US dollar profits of subsidiaries reporting in US dollars (or linked currencies) and some 70% of expected 2004 US dollar revenues which arise in Tullett Liberty entities reporting in sterling, have been protected at worst case exchange rates around US$1.74 to £1. Similarly steps have been taken to protect approximately 50% of euro denominated revenues at a worst case rate of 1.51 euros to £1.

In January 2004 we established a new equity incentive scheme for Tullett Liberty senior management which utilises market purchased shares. The Company has hedged the cost of acquiring shares to satisfy option exercises under this scheme.

Cash management policies are in place to ensure that funds not committed to supporting the Group's activities are only placed with a limited number of pre-approved institutions. There is a strong focus on maintaining liquidity and the duration of deposits is limited to six months. Regular cash forecasts are carried out to ensure that funds are available to meet business development needs as well as corporate requirements.

International Financial Reporting Standards

The Company is currently conducting a review of the implications of the introduction of international financial reporting standards for the Group's accounts. Our work to date indicates that the standards which are most likely to affect the Company's reported results are those in relation to goodwill, pensions and share based payments.

Outlook

The outlook for the Company is positive. We have a strong balance sheet and capital position to support the Company's future development strategy.

Helen Smith
Group Finance Director

22 March 2004

consolidated profit and loss account
for the year ended 31 December 2003

	Notes	2003 £m	2002 £m
Turnover			
Continuing operations		127.9	96.0
Acquisitions		346.0	-
	2	473.9	96.0
Administrative expenses			
Amortisation of goodwill:			
Continuing operations		(6.6)	(6.6)
Acquisitions		(7.2)	-
		(13.8)	(6.6)
Other expenses:			
Continuing operations		(87.6)	(66.5)
Acquisitions		(314.9)	-
		(402.5)	(66.5)
Total administrative expenses		(416.3)	(73.1)
Other operating income			
Continuing operations		3.7	2.7
Acquisitions		2.7	-
		6.4	2.7
Operating profit			
Continuing operations		37.4	25.6
Acquisitions		26.6	-
	2	64.0	25.6
Net share of operating profits in associates			
Acquisitions		0.5	-
Exceptional item: profit on reorganisation of associates	3	4.5	-
Net interest receivable/(payable)		0.4	(0.1)
Profit on ordinary activities before taxation		69.4	25.5
Taxation on profit on ordinary activities	4	(28.7)	(9.5)
Profit on ordinary activities after taxation		40.7	16.0
Equity minority interests		(0.6)	(0.1)
Profit for the year attributable to shareholders of Collins Stewart Tullett plc		40.1	15.9
Dividends paid and proposed			
Ordinary dividend on equity shares		(18.0)	(6.9)
Preference dividend on non-equity shares		(0.7)	(2.6)
Retained profit for the year		21.4	6.4

Earnings per share			
Basic	5	23.2p	13.0p
Diluted	5	22.8p	12.9p
Basic before amortisation of goodwill and exceptional item	5	28.8p	19.5p

consolidated statement of total recognised gains and losses
for the year ended 31 December 2003

	2003 £m	2002 £m
Profit for the year attributable to shareholders of Collins Stewart Tullett plc	40.1	15.9
Foreign currency translation differences:		
Subsidiaries	(2.8)	(0.1)
Associates	(0.1)	-
Total recognised gains and losses since the last annual report and financial statements	37.2	15.8

consolidated balance sheet

as at 31 December 2003

	Notes	2003 £m	2002 £m
Fixed assets			
Intangible assets	6	282.2	114.4
Tangible assets		25.6	6.4
Associates		8.0	-
Other fixed asset investments		1.7	0.1
		317.5	120.9
Current assets			
Debtors		444.5	84.4
Investments	10	54.6	9.5
Cash at bank and in hand	10	209.9	61.9
		709.0	155.8
Creditors: amounts falling due within one year		(557.1)	(119.7)
Net current assets		151.9	36.1
Total assets less current liabilities		469.4	157.0
Creditors: amounts falling due after more than one year		(71.8)	(6.4)
Provisions for liabilities and charges	11	(3.1)	(0.4)
Net assets		394.5	150.2
Capital and reserves			
Called up share capital	7	47.3	27.0
Share premium account	7	195.9	98.3
Merger reserve	7	100.4	-
Profit and loss account	7	43.3	24.8
Shareholders' funds			
Equity		386.9	105.5
Non equity		-	44.6
		386.9	150.1
Minority interests		7.6	0.1
		394.5	150.2

consolidated statement of cash flows
for the year ended 31 December 2003

	Notes	2003 £m	2002 £m
Net cash inflow from operating activities	8	130.2	21.4
Dividends from associates		0.1	-
Returns on investments & servicing of finance:			
Interest received		4.0	2.7
Interest paid		(3.3)	(2.1)
Interest element of finance lease rental payments		(0.2)	-
Preference dividends paid		(3.3)	(2.6)
		(2.8)	(2.0)
Taxation:			
Corporation tax paid		(11.7)	(9.1)
Overseas tax paid		(15.8)	(1.9)
		(27.5)	(11.0)
Capital expenditure and financial investments:			
Purchase of tangible fixed assets		(7.4)	(1.8)
Proceeds from sale of tangible fixed assets		0.1	-
Proceeds from sale of fixed asset investments		0.1	-
		(7.2)	(1.8)
Acquisitions and disposals:			
Purchase of subsidiary undertakings		(134.4)	(0.2)
Net cash acquired with subsidiary undertakings		33.0	-
Investment in associate		(7.7)	-
Disposal of associate		16.7	-
		(92.4)	(0.2)
Equity dividends paid		(13.1)	(6.9)
Net cash outflow before management of liquid resources and financing		(12.7)	(0.5)
Management of liquid resources	9	2.4	-
Financing:			
Issue of ordinary share capital		148.6	-
Share issue costs		(2.6)	-
Redemption of preference shares		(44.6)	-
Net issue / (repayment) of bank debt		33.2	(4.0)
Net repayment of loan notes		(3.3)	(0.5)
Debt issue costs		(0.7)	-
Capital element of finance lease rental payments		(0.9)	-
		129.7	(4.5)
Increase/(decrease) in cash	9	119.4	(5.0)

notes

1. Basis of Preparation

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 December 2003 or 31 December 2002. The financial information for the year ended 31 December 2002 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified and did not contain a statement under s237(2) or (3) Companies Act 1985. The statutory accounts for the year ended 31 December 2003 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 preliminary announcement has been prepared using the same accounting policies as those applied in the accounts for the year ended 31 December 2002 other than as set out below.

Tullett Liberty has a number of investments in associates and a defined benefit pension scheme and accordingly the Group accounting policies have been extended to incorporate Tullett Liberty's policies on pensions and associates as follows.

Pensions

Defined contributions made to employees' approved personal pension plans are charged to the profit and loss account as and when incurred.

The expected annual cost of defined benefit pensions is calculated on the advice of actuaries and charged to the profit and loss account so as to spread the cost of pensions over the average service lives of employees in the schemes. Variations from the regular pension cost are spread over the expected remaining service lives of current employees in the schemes. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Associates

Entities other than subsidiary undertakings, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates and are accounted for using the equity method. The Group financial statements include the appropriate share of associates' results and retained reserves based on audited accounts to 31 December each year, with the exception of Totan Capital Markets Co. Ltd., which has a 31 March year-end.

2. Segmental Analysis of Turnover and Operating Profits

Geographical Area

	Europe		North America		Pacific Basin and Australasia		Group	
	2003 £m	2002 £m	2003 £m	2002 £m	2003 £m	2002 £m	2003 £m	2002 £m
Turnover								
Collins Stewart	120.1	87.9	7.8	8.1	-	-	127.9	96.0
Tullett Liberty	156.8	-	158.6	-	30.6	-	346.0	-
	276.9	87.9	166.4	8.1	30.6	-	473.9	96.0
Operating profit before goodwill								
Collins Stewart	41.4	29.3	2.6	2.9	-	-	44.0	32.2
Tullett Liberty	5.7	-	22.9	-	5.2	-	33.8	-
	47.1	29.3	25.5	2.9	5.2	-	77.8	32.2
Amortisation of goodwill								
Collins Stewart							(6.6)	(6.6)
Tullett Liberty							(7.2)	-
Operating profit							64.0	25.6
Net share of associates' operating profit:								
Tullett Liberty	(0.4)	-	(0.3)	-	1.2	-	0.5	-
Exceptional item							4.5	-
Finance charges (net)							0.4	(0.1)
Profit on ordinary activities before taxation							69.4	25.5

Class of Business

	Stockbroking, Corporate Finance and Fund Management		Derivatives, Money Broking & Energy		Securities Broking		Information Sales		Group	
	2003 £m	2002 £m	2003 £m	2002 £m	2003 £m	2002 £m	2003 £m	2002 £m	2003 £m	2002 £m
Turnover										
Collins Stewart	127.9	96.0	-	-	-	-	-	-	127.9	96.0
Tullett Liberty	-	-	146.7	-	192.9	-	6.4	-	346.0	-
	127.9	96.0	146.7	-	192.9	-	6.4	-	473.9	96.0
Operating profit before goodwill				-		-	-	-		
Collins Stewart	44.0	32.2	-	-	-	-	-	-	44.0	32.2
Tullett Liberty	-	-	15.5	-	16.4	-	1.9	-	33.8	-
	44.0	32.2	15.5	-	16.4	-	1.9	-	77.8	32.2
Amortisation of goodwill										
Collins Stewart									(6.6)	(6.6)
Tullett Liberty									(7.2)	-
Operating profit									64.0	25.6
Net share of associates' operating profit:										
Tullett Liberty	-	-	0.5	-	-	-	-	-	0.5	-
Exceptional item									4.5	-
Finance charges (net)									0.4	(0.1)
Profit on ordinary activities before taxation									69.4	25.5

3. Exceptional Item: Profit on Reorganisation of Associates

In August 2003, Tullett Liberty sold its 20% holding in The Totan Derivatives Co., Ltd, realising a profit of £4.5m. A direct 20% holding in the affiliated TIU Derivatives Co. Ltd. (subsequently re-named Totan Capital Markets Co. Ltd.) was acquired at the same time.

4. Taxation on Profit on Ordinary Activities

	2003 £m	2002 £m
Current tax:		
UK corporation tax	16.8	7.8
Overseas tax	12.2	1.6
Share of associates' tax	0.7	-
Adjustment in respect of prior year UK corporation tax	(0.1)	-
	29.6	9.4
Deferred tax:		
(Reversal)/ origination of timing differences	(0.9)	0.1
	28.7	9.5

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK of 30% as explained below:

	2003 £m	2002 £m
Profit on ordinary activities before tax	69.4	25.5
Tax on profit on ordinary activities at standard rate of 30%	20.8	7.6
Factors affecting charge for the year:		
Capital allowances less than depreciation	-	0.1
Disallowable expenditure	3.4	0.2
Goodwill amortisation (non-deductible)	4.2	2.0
Unrelieved losses	0.4	-
Non-taxable income	(1.3)	-
Different tax rates on overseas earnings	2.2	(0.5)
Adjustment in respect of prior years	(0.1)	-
Total actual current tax	29.6	9.4

5. Earnings per Share

Earnings	2003 £m	2002 £m
Earnings for the purposes of the basic and diluted earnings per share	39.4	13.3
Amortisation of goodwill	14.0	6.6
Exceptional item	(4.5)	-
Earnings for the purposes of basic earnings per share before amortisation of goodwill and exceptional item	48.9	19.9

Weighted average shares	2003 No. (m)	2002 No. (m)
Number of ordinary shares at start of year	101.8	101.9
Shares acquired by the ESOTs	(0.3)	-
ESOT allocations	0.1	-
Vested share options	0.3	-
Share issues	68.1	-
Basic earnings per share denominator	170.0	101.9
Issuable on exercise of options	2.1	1.2
Contingently issuable shares	0.9	-
Diluted earnings per share denominator	173.0	103.1

6. Intangible Fixed Assets

	£m
Cost	
At 1 January 2003	130.4
Additions	181.6
At 31 December 2003	312.0
Amortisation	
At 1 January 2003	16.0
Charge for the year	13.8
At 31 December 2003	29.8
Net book value	
At 1 January 2003	114.4
At 31 December 2003	282.2

Acquisitions during the Year

Tullett Liberty

On 10 March 2003, the Company acquired Tullett Liberty Limited (formerly Tullett plc), an inter-dealer broker. The consideration was £250.4m as set out below. This included deferred consideration of £5m payable in November 2004, stated at its net present value as of the date of acquisition, and expenses. The goodwill arising of £176.9m is being amortised over 20 years.

The book value of net assets acquired with Tullett Liberty together with a summary of the fair value adjustments made were as follows:

	Book value on acquisition £m	Fair value adjustments £m	Provisional fair value £m
Tangible fixed assets and associates	40.2	-	40.2
Debtors	201.3	9.5	210.8
Investments	32.0	-	32.0
Cash and short term deposits	71.8	-	71.8
Creditors falling due in less than one year	(230.1)	(2.0)	(232.1)
Creditors falling due in more than one year	(10.0)	(24.4)	(34.4)
Provisions for liabilities and charges	(0.1)	(7.6)	(7.7)
Minority interests	(4.9)	(2.2)	(7.1)
	100.2	(26.7)	73.5
Goodwill arising			176.9
Purchase consideration			250.4
Purchase consideration comprised:			
Cash			120.9
Issue of shares			116.9
Deferred consideration			4.6
Costs of acquisition			8.0
			250.4

The book values of assets and liabilities have been taken from the consolidated management accounts of Tullett Liberty at the date of acquisition.

The largest single fair value adjustment is the recognition of the deficit in Tullett Liberty's defined benefit pension scheme and the associated deferred tax asset. This gave rise to a post tax adjustment of £24.4m.

All fair value adjustments are provisional and may be subject to adjustment in the year ending 31 December 2004.

Starsupply

In October, Tullett Liberty acquired 100% of Starsupply Energy Limited, and thereby controlling interests in this company's oil broking subsidiaries (previously associate interests) in London and Singapore, for £5.5m in cash including £0.6m of expenses. The goodwill arising on this acquisition was £4.7m, which will be amortised over a ten year period.

7. Group Share Capital and Reserves

	Share capital account £m	Share premium account £m	Merger reserve £m	Profit and loss account £m	Total £m
At 1 January 2003	27.0	98.3	-	24.8	150.1
Retained profit for the year	-	-	-	21.4	21.4
Issue of ordinary shares	20.7	144.4	100.4	-	265.5
Redemption of preference shares	(0.4)	(44.2)	-	-	(44.6)
Costs of share issue	-	(2.6)	-	-	(2.6)
Foreign currency translation	-	-	-	(2.9)	(2.9)
Shareholders' funds at 31 December 2003	47.3	195.9	100.4	43.3	386.9

The merger reserve (under s.131 of the Companies Act 1985) arose on the issue of new shares by the Company in order to finance the acquisition of Tullett Liberty.

8. Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	2003 £m	2002 £m
Group operating profit	64.0	25.6
Depreciation of tangible fixed assets	8.2	2.2
Amortisation of goodwill	13.8	6.6
Tangible fixed assets written off	1.0	-
Doubtful debts and other provisions	(0.2)	-
Decrease in net investment positions	-	3.3
(Increase)/ decrease in debtors	(143.4)	18.6
Increase/ (decrease) in creditors	184.3	(34.8)
Increase in provisions for liabilities and charges	2.7	-
Decrease in long term creditors	(0.2)	(0.1)
Net cash inflow from operating activities	130.2	21.4

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

	2003 £m	2002 £m
Increase/(decrease) in cash during the year	119.4	(5.0)
Cash inflow from increase in long term loans	(51.1)	-
Cash outflow from repayment of loans and loan notes	21.1	4.5
Debt issue costs	0.7	-
Cash outflow from lease financing	0.9	-
Increase in current asset investments and term deposits	(2.4)	-
Acquired with subsidiary:		
Finance leases	(4.0)	-
Loans due within one year	(9.5)	-
Current asset investments and term deposits	70.3	-
Increase/(decrease) in net funds resulting from cash flows	145.4	(0.5)
Amortisation of debt issue costs	(1.0)	(1.3)
Currency translation differences	(2.4)	(0.4)
Change in net funds/(debt)	142.0	(2.2)
Net funds at the start of the year	41.5	43.7
Net funds at the end of the year	183.5	41.5

10. Analysis of Net Funds

	At 1 January 2003 £m	Cash flow £m	Acquired with subsidiary* £m	Non - cash items £m	Exchange differences £m	At 31 December 2003 £m
Cash in hand and at bank	55.9	126.7	-	-	(2.5)	180.1
Client settlement money	6.0	5.4	-	-	-	11.4
Overdraft	(2.0)	(12.7)	-	-	-	(14.7)
	59.9	119.4	-	-	(2.5)	176.8
Loan notes repayable within one year	(4.5)	3.2	-	-	-	(1.3)
Loans due within one year	(7.7)	9.1	(9.5)	(0.9)	0.7	(8.3)
Loans due after one year	(6.2)	(41.6)	-	(0.1)	4.7	(43.2)
Finance leases and hire purchase	-	0.9	(4.0)	-	(0.1)	(3.2)
	(18.4)	(28.4)	(13.5)	(1.0)	5.3	(56.0)
Current asset investments:						
Term deposits	-	(5.2)	38.3	-	(1.6)	31.5
Securities	-	2.8	32.0	-	(3.6)	31.2
	-	(2.4)	70.3	-	(5.2)	62.7
Total net funds	41.5	88.6	56.8	(1.0)	(2.4)	183.5

**Excludes cash at bank and overdrafts*

Deposits of £18.4m (2002: nil) in cash at bank and in hand on the balance sheet, maturing in less than three months and greater than one day, have been included within term deposits in current asset investments in the analysis of net funds.

Included within current asset investments on the balance sheet are bull positions in securities of £10.3m (2002: £9.5m), which are not included in the analysis of net funds.

Securities within current asset investments above include amounts held by certain subsidiary undertakings in order to secure clearing facilities.

At 31 December 2003, client settlement money held by the Group on behalf of clients to settle outstanding bargains totalled £11.4m (2002: £6.0m).

The non-cash item relates to the amortisation of debt costs capitalised and offset against the loans to which such debt costs relate.

11. Provisions for Liabilities and Charges

At the year end the Company held a provision of £2.6m (2002: nil) relating to costs associated with litigation.

12. Dividends

The directors recommend payment of a final dividend of 5.25p per ordinary share. Subject to shareholders' approval at the forthcoming Annual General Meeting, the dividend will be paid on 10 June 2004, to ordinary shareholders whose names are on the register on 21 May 2004.

13. Post Balance Sheet Events

On 7 January 2004 a new share option scheme was established for the benefit of Tullett Liberty staff. On 8 January options were granted over 4.6m shares at nil price. The full cost of these options will be charged to the profit and loss account in accordance with FRS 20: Share Based Payments during the performance period which spans the next three financial years. The options are subject to performance conditions detailed in the Group Finance Director’s Review and are exercisable between three to ten years after grant date. Shares required to meet option exercises will be shares purchased in the market and will accordingly not dilute shareholders’ interests; such share purchases have been hedged by the Company.

OTHER INFORMATION

Annual General Meeting

The Annual General Meeting of Collins Stewart Tullett plc will be held at 9th Floor, 88 Wood Street, London, EC2V 7QR at 3pm on 3 June 2004.

appendices

Appendix 1

Tullett Liberty Group

	2003 (Unaudited) £m	2002 £m
Turnover	427.4	423.6
Operating costs		
Before amortisation of goodwill	(387.5)	(389.7)
Amortisation of goodwill	(1.3)	(1.2)
	(388.8)	(390.9)
Other operating income	3.3	2.6
Operating profit	41.9	35.3
Net share of operating profits in associates	(0.1)	0.2
Exceptional items	(4.1)	(6.0)
Associates' share of release of prior period provision for fixed asset investments	-	2.3
Profit on sale of operations and termination of business	4.5	1.2
Profit on ordinary activities before interest and tax	42.2	33.0
Net interest receivable/ (payable)	0.4	(0.5)
Profit on ordinary activities before taxation	42.6	32.5
Taxation on profit on ordinary activities	(19.8)	(15.9)
Profit on ordinary activities after taxation	22.8	16.6
Equity minority interests	(0.5)	(0.7)
Profit on ordinary activities after taxation	22.3	15.9

The above profit and loss accounts have been adjusted as follows:

- The profit arising on the sale by Tullett Liberty of the communication sales business early in 2003 has been excluded from the 2003 profit and loss account as this was dealt with as a fair value adjustment in the Collins Stewart Tullett Group accounts.
- Costs relating to the acquisition of Tullett Liberty by the Company have been included in exceptional items (2003: £4.1m; 2002: £2.3m).

Tullett Liberty Group Segmental analysis – operating profit

Geographical Area	2003 £m	2002 £m
Europe	9.5	0.8
North America	27.3	30.9
Pacific Basin and Australasia	6.4	6.0
	43.2	37.7
Communication Sales	-	(1.2)
Amortisation of goodwill	(1.3)	(1.2)
	41.9	35.3

Class of Business	2003 £m	2002 £m
Derivatives, Money Broking & Energy	18.9	15.6
Securities Broking	22.4	19.1
Information Sales	1.9	3.0
	43.2	37.7
Communication Sales	-	(1.2)
Amortisation of goodwill	(1.3)	(1.2)
	41.9	35.3

Note: The above analysis has been prepared on the same basis as the aforementioned profit and loss account.

Appendix 2

Collins Stewart Tullett Group Pro Forma Results

The following pro forma information has been prepared to facilitate understanding of the trends in the enlarged Group's business.

	2003 (Unaudited) £m	**2002 (Unaudited) £m**
Turnover	555.3	519.6
Operating costs		
Before amortisation of goodwill	(475.2)	(456.2)
Amortisation of goodwill	(15.4)	(15.4)
	(490.6)	(471.6)
Other operating income	7.1	5.3
Operating profit	71.8	53.3
Net share of operating profits in associates	0.4	0.7
Exceptional items	-	(3.7)
Associates' share of release of prior period provision for fixed asset investments	-	2.3
Reorganisation of associates and profit on sale of operations	4.5	1.2
Profit on ordinary activities before interest and tax	76.7	53.8
Net interest receivable/ (payable)	0.5	(1.8)
Profit on ordinary activities before taxation	77.2	52.0
Taxation on profit on ordinary activities	(32.8)	(25.1)
Profit on ordinary activities after taxation	44.4	26.9
Equity minority interests	(0.7)	(0.8)
Profit attributable to shareholders	43.7	26.1
Earnings per share		
Basic	23.7p	14.1p
Diluted	23.3p	14.0p
Basic before goodwill amortisation and exceptionals	29.8p	22.6p

The pro forma results have been prepared under the assumption that the acquisition of Tullett Liberty and the redemption of the Company's preference shares took place on 1 January 2002.

Adjustments have been made as follows:

- The equity and debt raised to fund the acquisition of Tullett Liberty and the redemption of the Company's preference shares have been included from 1 January 2002. Interest rates applying to the debt are those used throughout 2003.
- Amortisation of goodwill arising on the purchase of Tullett Liberty has been amortised at a consistent rate over 20 years from 1 January 2002.
- Deal costs incurred by Tullett Liberty in relation to its acquisition by Collins Stewart have been excluded.
- The profit arising on the sale by Tullett Liberty of the communication sales business at the beginning of 2003 has been excluded from the 2003 profit and loss account as this was dealt with as a fair value adjustment.
- Dividends on the Tullett Liberty preference shares and interest paid on the Tullett Liberty staff participation bonds, all of which were acquired by the Company, have been added back to the profit and loss account.
- Corporation tax arising on the above has been adjusted accordingly.