

Preliminary Results 2005

March 2006

Themes

- ❑ Successful integration of Tullett Liberty and Prebon.
- ❑ Strengthening of Collins Stewart business.
- ❑ Creation of significant shareholder value.
- ❑ Plan to deliver further value to shareholders.

Financial Highlights

- ❑ Results prepared in accordance with IFRS.
- ❑ First full year results for Tullett Prebon business.
- ❑ 85% (2004: 80%) of revenue and 70% (2004: 55%) of operating profits from IDB
- ❑ Improved returns from IDB business – operating margin 13.5% (2004: 10.5% overall, 11.6% Tullett Liberty).
- ❑ Consistent returns from Collins Stewart – operating margin once again over 30%.
- ❑ Group operating profits up 50 % and EPS up 45 % (before exceptionals).
- ❑ Proposed dividend up by 65 %.
- ❑ Return on capital 23.8%.

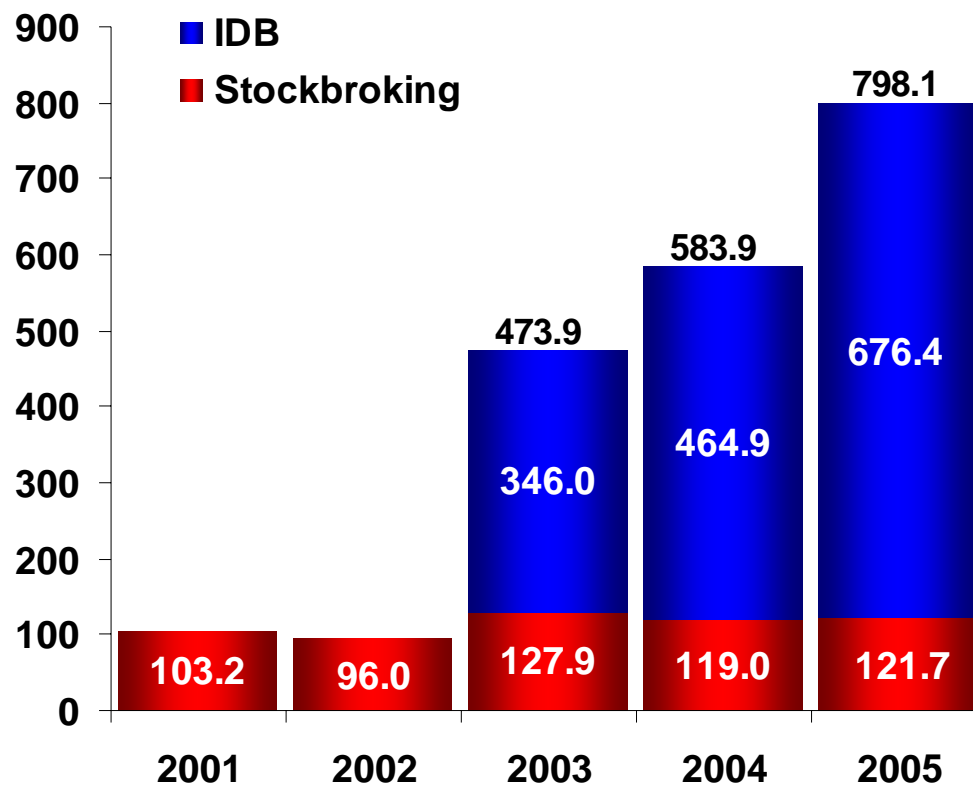
Collins Stewart Tullett Results

	Full Year 2005 £m	Full Year 2004 £m
Revenue	<u>798.1</u>	<u>583.9</u>
Operating profit before exceptional items	131.4	87.8
Exceptional items	(38.3)	(48.5)
Profit before taxation	97.6	34.2
Profit attributable to ordinary shareholders	61.7	20.7
EPS before exceptionals	42.2p	29.0p
Dividend per share (UK GAAP)	14.0p	8.5p

Notes: 2004 figures include Prebon results from 13 October 2004

All figures reported in accordance with IFRS except dividend per share which is based on UK GAAP with dividends shown in relation to earnings which they are paid from.

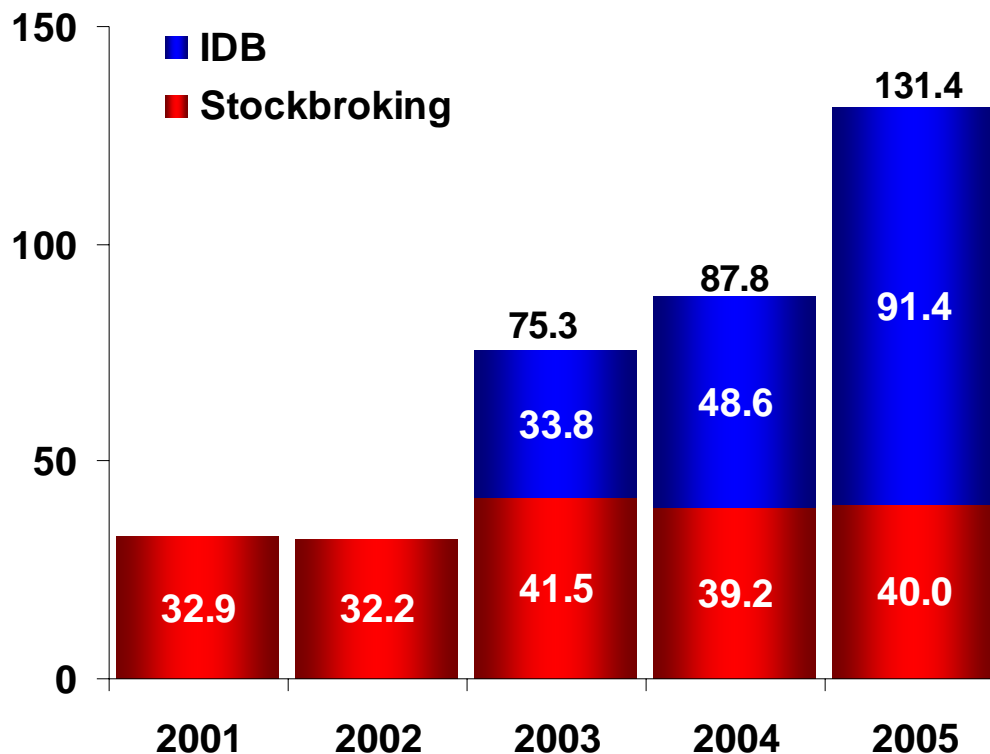
Collins Stewart Tullett Turnover



Based on UK GAAP (2001, 2002, 2003), IFRS (2004, 2005).

Acquisitions included – Tullett Liberty (from March 2003), Prebon (from October 2004).

Collins Stewart Tullett Operating Profit 2001 – 2005

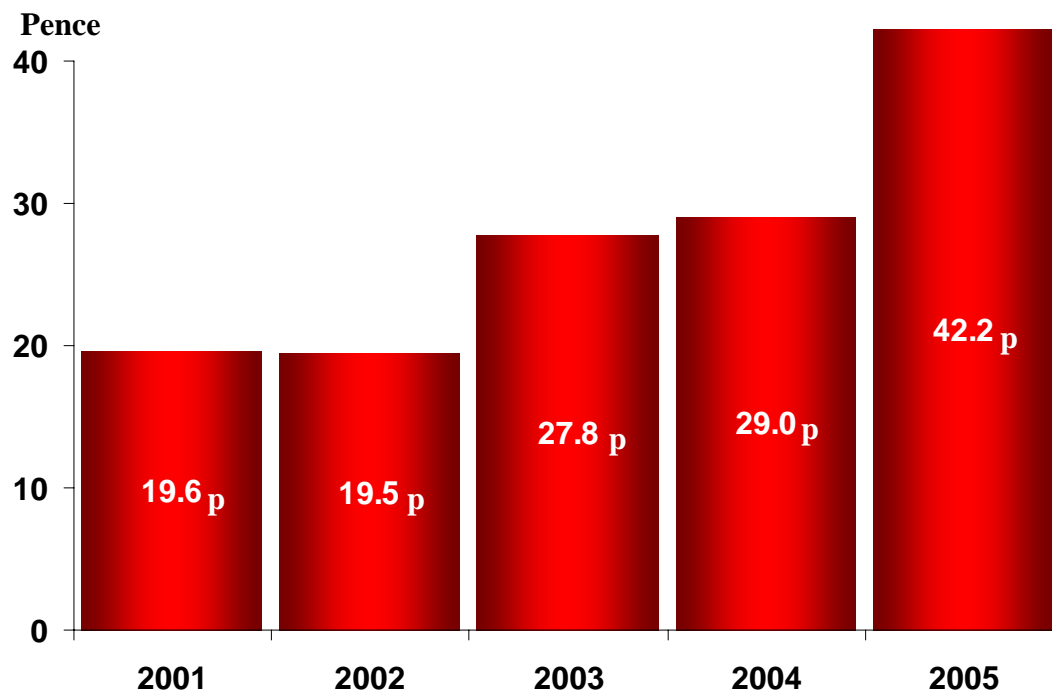


Based on UK GAAP (2001, 2002, 2003), IFRS (2004, 2005).

Acquisitions included – Tullett Liberty (from March 2003), Prebon (from October 2004).

Based on operating profit pre goodwill and exceptional items.

Collins Stewart Tullett Earnings Per Share



Based on UK GAAP (2001, 2002, 2003), IFRS (2004, 2005).

Acquisitions included – Tullett Liberty (from March 2003), Prebon (from October 2004).

Basic earnings before goodwill and exceptional items.

Group Performance Measures

	2005 £m	2004 £m
Group operating margin (Note 1)	16.5%	15.1%
Return on capital employed (Notes 2, 3)	23.8%	22.2%
Total shareholder return	53.0%	-10.0%

Note 1: Before exceptional items

Note 2: Capital includes cumulative reorganisation costs (net of tax) and net cash and cash equivalents

Tullett Prebon

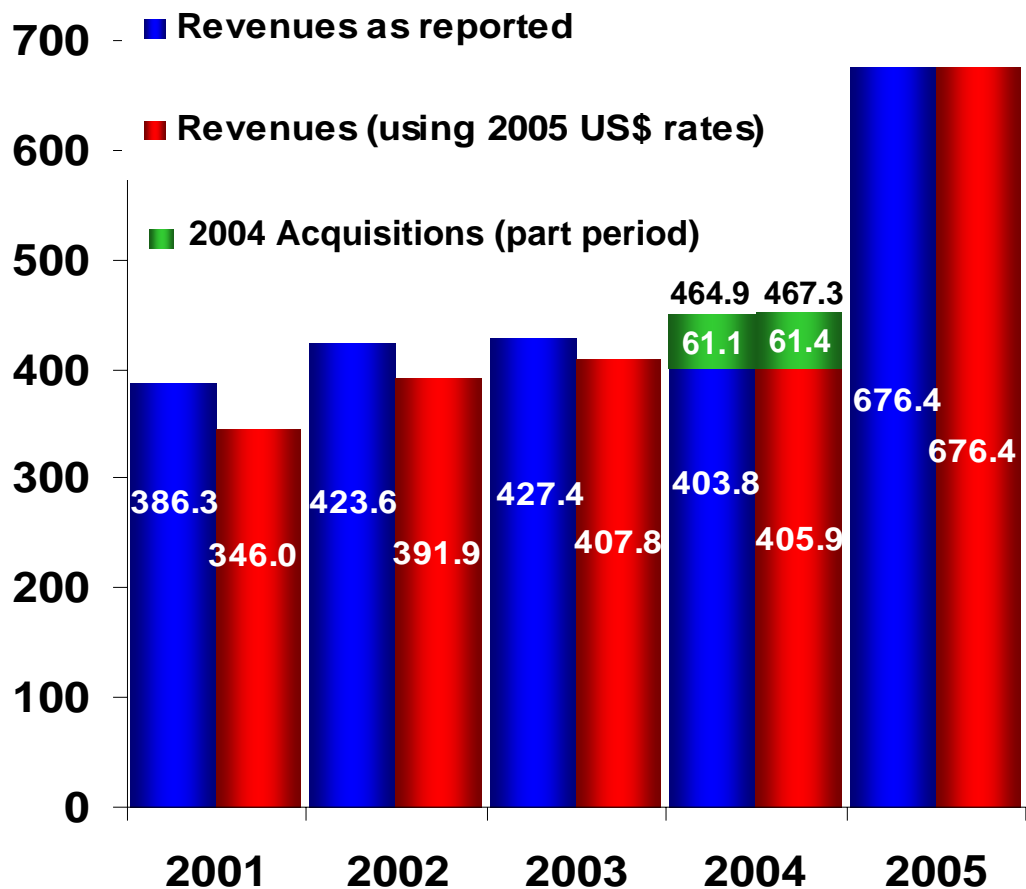
Overview

- ❑ Consolidation of strong position within IDB sector. (Ranked #1 Broker by Risk Magazine).
- ❑ Revenues increased by £ 211.5 m to £ 676.4 m and operating profits by £ 42.8 m to £ 91.4 m (£100.4m excluding double running costs).
- ❑ Operating margins up from 11.6% (Tullett Liberty only) to 13.5% (14.8% adjusting for double running costs).
- ❑ Integration process complete.
- ❑ European and North American franchises strengthened especially in Treasury Products, Interest Rate Derivatives and Energy.
- ❑ Strategic developments in Asia Pacific despite impact of competitor activity.
- ❑ Reorganisation savings of £72m pa achieved at cumulative cost of £87m.

Tullett Prebon Performance

	2005 £m	2004 £m
Revenue	<u>676.4</u>	<u>464.9</u>
Operating profit before:		
- exceptional items	91.4	48.6
- <i>exceptional items & double running costs</i>	100.4	-
Operating margin before		
- exceptional items	13.5%	10.5%
- exceptional items (Tullett Liberty only)	-	11.6%
- <i>exceptional items & double running costs</i>	14.8%	-

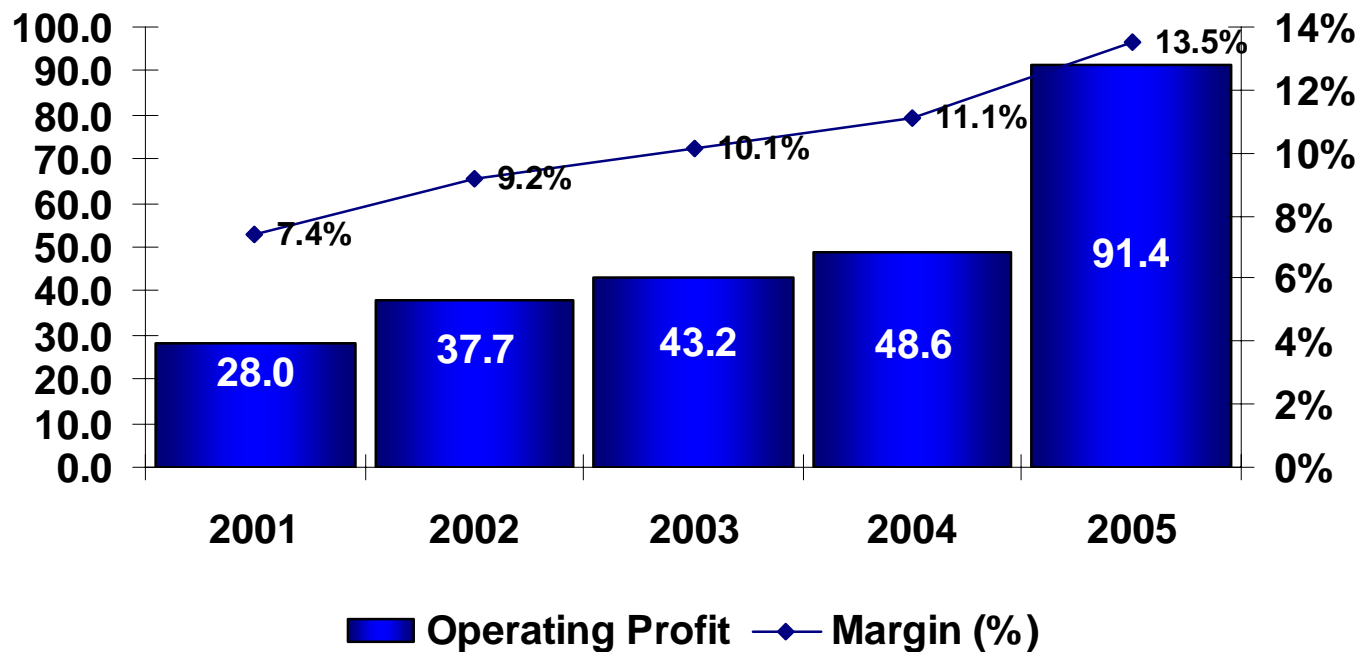
IDB Revenue 2001 - 2005



Notes: *Figures for 2001, 2002, 2003 are for Tullett Liberty business (pre and post acquisition by Collins Stewart Holdings in March 2003) reported under UK GAAP.*

Figures for 2004 include Prebon for period from October 2004 (after acquisition by Collins Stewart Tullett) reported under IFRS.

IDB Operating Performance 2001 - 2005



Notes: Operating Profit from continuing operations before goodwill and exceptional items

Figures for 2001, 2002, 2003 are for Tullett Liberty business (pre and post acquisition by Collins Stewart Holdings in March 2003) reported under UK GAAP.

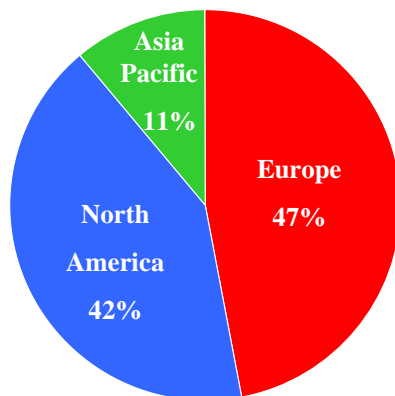
Figures for 2004 include Prebon for period from October 2004 (after acquisition by Collins Stewart Tullett) reported under IFRS.

Revenue and Operating Profits by Region

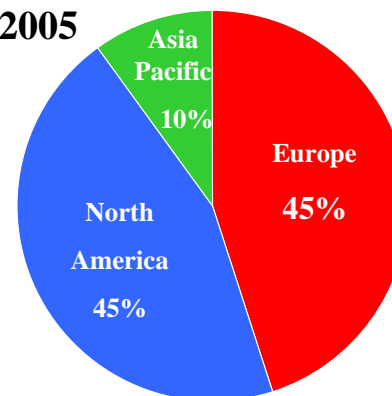
	Revenue		Operating Profit		Operating Margin	
	2005 £m	2004 £m	2005 £m	2004 £m	2005	2004
Europe	317.2	221.9	41.6	19.0	13.1%	8.5%
North America	287.5	196.0	41.1	25.0	14.3%	12.7%
Asia Pacific	71.7	47.0	8.7	4.6	12.1%	9.8%
	<u>676.4</u>	<u>464.9</u>	<u>91.4</u>	<u>48.6</u>	<u>13.5%</u>	<u>10.5%</u>

Note: Operating Profit is before exceptional items

Revenues – 2005



Operating Profit – 2005



Performance Highlights

Europe

- ❑ Overall profile and performance substantially improved.
- ❑ Successfully managed consequences of Cable House Fire.

Americas

- ❑ Strengthened franchise in Treasury Products, Interest Rate Derivatives and Energy.
- ❑ Cash Equities acquisition performed well.

Asia

- ❑ Significant competitor activity post Prebon acquisition.
- ❑ First 100% foreign owned broker in Korea.
- ❑ Established first IDB joint venture in Shanghai with SITICO.

Technology

- ❑ Development of TradeBlade platform (launched in January 2006)

Revenue by Product Group

	Revenue		Distribution of Revenue	
	2005 £m	2004 £m	H1 2005	H1 2004
Fixed Income Securities	193.9	179.5	29%	39%
Treasury Products	180.9	98.5	27%	21%
Interest Rate Derivatives	163.1	113.3	24%	24%
Equities	71.8	42.2	10%	9%
Energy	53.3	21.5	8%	5%
Information Sales	13.4	9.9	2%	2%
Total	<u>676.4</u>	<u>464.9</u>	<u>100%</u>	<u>100%</u>

Reorganisation Programme

- ❑ Front office reorganisation completed in Europe and North America.
- ❑ Hong Kong, Singapore and Sydney offices integrated.
- ❑ Technology and other support costs reduced.
- ❑ Rationalisation of technology platforms and premises completed.
- ❑ Double running costs of £9.0m in the year.

Reorganisation Savings and Costs

	Savings £m	Headcount Reductions	Costs £m
Original plan	<u>60.0</u>	<u>c.500</u>	<u>80.0</u>
Achieved:			
- end 2004	42.0	340	48.6*
- end 2005	30.0	280	38.3
By 31 December 2005	<u>72.0</u>	<u>620</u>	<u>86.9</u>

** Includes £10.1m reported as cost of acquisition in 2004 financial statements*

Performance Measures - IDB

	2005	2004
Broker headcount (period end)	1,677	1,159*
Average revenues per broker	£370k	£350k*
Broker employment costs : broking revenue	58%	56%*
Ratio Broker : Support Staff (period end)	2.4 : 1	2.1 : 1*

Note: Broker employment costs figures for H1 2004 and 2005 exclude share option charges

**Based on Tullett Liberty business only (headcount at October 2004).*

Comparison with Sector

	Revenue £m	Operating Profit £m	Operating Margin %
ICAP (All activities)	860.8	187.8	21.8%
ICAP (Voice Broking & Information Sales)	767.6	158.0	20.5%
Collins Stewart Tullett	798.1	131.4	16.5%
Tullett Prebon	676.4	91.4	13.5%
Tradition	418.5	27.2	6.5%
GFI	291.5	45.9	15.7%
eSpeed	79.4	2.1	2.6%

Note: All figures for 12months to 30 June 2005 except ICAP figures which are 12 months to 30 September 2005 (under IFRS)

Operating profits are shown before exceptional items

Collins Stewart

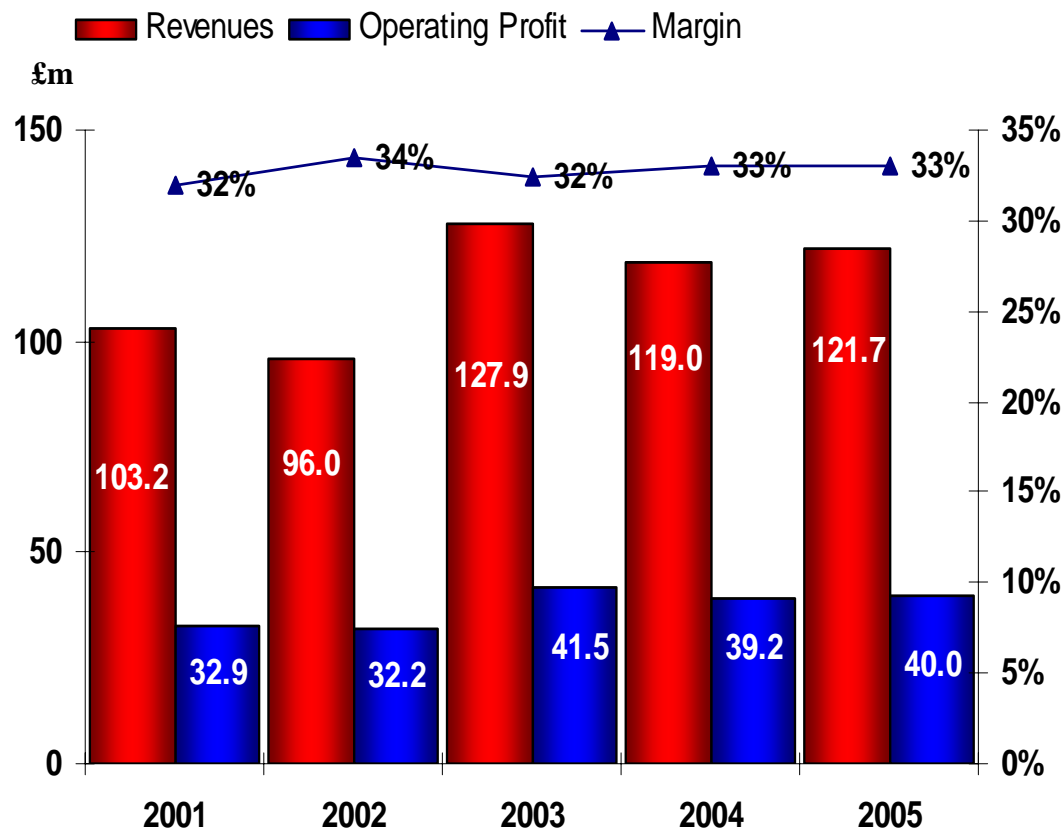
Overview

- ❑ New Management team.
- ❑ Revenue consistent without reliance on big deals.
- ❑ Operating profit consistent with 2004.
- ❑ Operating margin once again over 30%.

Collins Stewart Results

	2005 £m	2004 £m
Revenue	<u>121.7</u>	<u>119.0</u>
Operating profit before exceptional items	40.0	39.2
Exceptional items	-	(10.0)
Operating margin (see Note)	32.9%	32.9%

Collins Stewart Results 2001 - 2005



Performance Highlights

- ❑ Smaller Companies
 - Completed 56 (2004 : 40) transactions. Raised £1.0 bn new equity (2004 : £0.7 bn).
 - Introduced SPACs to UK market.

- ❑ Larger Companies and QUEST™
 - Revenue down 3% on 2004 with depressed activity and commissions levels.

- ❑ Private Clients
 - Acquisition of Insinger de Beaufort business in Channel Islands.
 - Funds under management increased by 28% to £3.2bn.
 - Discretionary funds stand at £2.5bn.
 - Transfer London settlement function to Guernsey.

- ❑ Investment Trusts
 - Increased market sentiment and activity.
 - Addressed staff departures at end of first half.

- ❑ Trading
 - Generally poorer trading conditions for fixed income products.
 - Enhanced equity trading capability.

Breakdown of Revenue by Area

	2005 £m	2004 £m
Revenue		
Smaller Companies	42.0	41.4
Larger Companies and QUEST™	26.9	27.7
Private Clients	37.8	33.6
Investment Trusts	8.2	8.9
Trading	6.8	7.4
	<u>121.7</u>	<u>119.0</u>

Collins Stewart Tullett

Balance Sheet

	December 2005 £m	December 2004 £m
Goodwill and intangibles	430.8	430.6
Other non-current assets	63.8	73.0
Net funds (cash & cash equivalents less debt)	123.1	54.8
Net creditors	(73.2)	(63.0)
Net assets	544.5	495.4
Share capital & share premium	304.0	302.7
Other reserves	121.8	121.1
Retained earnings (incl. minority interests)	118.7	71.6
Shareholders funds	544.5	495.4

Analysis of Net Funds

	December 2005 £m	December 2004 £m
Net cash	234.2	169.1
Loans due within 1 year	(0.1)	(1.3)
Loans due after 1 year	(148.6)	(148.3)
Finance lease/hire purchase	(3.5)	(3.1)
	<u>(152.2)</u>	<u>(152.7)</u>
Trading investments	41.1	38.4
Net funds	<u>123.1</u>	<u>54.8</u>

Cashflow

	2005 £m	2004 £m
Profit from operations	93.1	39.3
Non cash items*	29.3	13.2
Net interest (paid)/received	(2.4)	0.4
Working capital	10.4	(93.8)
Taxation	(23.7)	(40.4)
Net capital expenditure	(14.6)	(5.5)
Acquisition (net)** and disposals	(6.8)	(85.1)
Dividends	(18.3)	(14.9)
Net equity finance	1.3	58.1
Change in net funds	68.3	(128.7)

* Note: Includes FX translation, non-cash interest expense and new finance leases

**Note: Includes cash, debt, leases and trading investments acquired

Taxation

	2005 £m	2004 £m
Profit before tax	97.6	34.2
Add back: exceptional items	<u>38.3</u>	<u>48.5</u>
Profit before tax and exceptional items	<u><u>135.9</u></u>	<u><u>82.7</u></u>
Tax charge	36.6	14.5
Add back: tax on exceptional items	<u>11.3</u>	<u>14.7</u>
Tax charge excluding exceptionals	<u><u>47.9</u></u>	<u><u>29.2</u></u>
Effective rate of tax	37.5%	42.4%
Effective rate of tax (excl. exceptionals)	35.2%	35.3%
Effective rate (excl. exceptionals and PYAs)	35.1%	39.8%

Update on legal issues

- ❑ Holt claim being settled.
- ❑ Financial Times defamation case settled in CST's favour.
- ❑ Proceedings against BGC in Singapore continue.

Plan to Return Value to Shareholders

- ❑ De-merger of Collins Stewart.
 - Separate listing.
 - Terry Smith to be Chairman.

- ❑ Return of excess capital to shareholders.
 - New Group holding company.
 - Borrowing facilities.
 - Timing and manner depends on implementation of new regulatory regime.

- ❑ Update at AGM.

Results 2005

March 2005

Appendices

Major Shareholders as at 5 March 2006

Fund Manager / Investor		Holding	(%)
1.	Legal & General Investment Management	22,837,410	10.76
2.	Tosca Fund	21,198,836	9.98
3.	Scottish Widows Investment Partnership Director & Related Holdings	12,804,136	6.03
4.	UBS Global Asset Management	10,465,410	4.93
5.	Lazard Asset Management	9,257,946	4.36
6.	Directors & Related Holdings	9,123,071	4.30
7.	Barclays Global Investors	7,102,307	3.34
8.	HSBC Investments	6,896,430	3.25
9.	Morley Fund Management	6,875,794	3.24
10.	Morgan Stanley Investment Management	6,781,101	3.19
11.	Ballie Gifford & Co	5,949,753	2.80
12.	M & G Investment Management	5,250,702	2.47
13.	Dresdner Bank Investment Management	4,607,593	2.17
14.	Ziff Brothers Investments LLC	3,116,217	1.47
15.	Goldman Sachs	3,002,371	1.41
16.	CST Employee Share Option Plan	2,958,682	1.39
17.	Collins Stewart (Nominee accounts)	2,919,420	1.37
18.	Gartmore Investment Management	2,876,285	1.35
19.	Bluecrest Capital Management	2,585,000	1.22
20.	Banc of America Securities	2,400,000	1.13
Total		139,894,516	70.16

Source: Capita Registrars

Breakdown of Collins Stewart Revenue by Activity

	2005 £m	2004 £m
Revenue		
Market Making	8.0	13.5
Commissions	49.0	47.8
Corporate Finance Income	46.4	42.3
Management Fees	15.3	13.4
Other	3.0	2.0
	<u>121.7</u>	<u>119.0</u>

IFRS Key Impacts

- ❑ Recognition of matched principal business on balance sheet at trade date.
- ❑ New valuation basis for share options.
- ❑ Impairment reviews for goodwill.
- ❑ Recognition of financial instruments on fair value basis.
- ❑ Recognition of actuarial gains and losses on DB pension schemes.
- ❑ Dividends booked when declared.

IFRS – Restatement of Prior Year Figures in Income Statement

	Full Year 2004 Operating profit* £m	Profit before tax £m
As reported under UK GAAP	90.1	21.7
Goodwill	(2.2)	17.4
Pension costs & interest	(0.1)	(1.0)
Share option charges	1.5	1.5
Valuation of financial instruments	(1.5)	(4.9)
Associates	-	(0.5)
As reported under IFRS	<u>87.8</u>	<u>34.2</u>

* Before goodwill amortisation, exceptional items and associates

Comparison Data

- ❑ Tradition, GFI and eSpeed have 31 December year ends. Information has been extracted from their 2005 preliminary announcements.
- ❑ ICAP has a 31 March year end. Information has been taken from ICAP's interim announcement.
- ❑ Operating profits are reported before exceptional items and interest income/expense where these can be separately identified.
- ❑ Operating margin = operating profit/revenue.
- ❑ Currencies have been converted to GBP using the following rates £1:CHF2.2661 and £1:US\$1.8143

Preliminary Results 2005

March 2006