

Date: 2nd September 2002
On behalf of: Collins Stewart Holdings plc (“Collins Stewart”)
Embargoed until: 0700hrs

COLLINS STEWART HOLDINGS PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2002

Collins Stewart, the financial services group, today announces its interim results for the six months ended 30 June 2002, the highlights of which are:

- Total revenues (including other operating income of £1.2m (2001: £0.2m)) were £51.2m (2001: £45.7m).
- Operating profit before goodwill amortisation was £15.4m (2001: £15.1m).
- Profit before tax was £11.9m (2001: £11.6m).
- Funds under management as at 30 June 2002 of £2.4bn (31 December 2001: £2.4bn).
- Basic EPS of 6.00p (2001: 6.02p) and basic EPS before goodwill amortisation of 9.19p (2001: 8.96p).
- Interim dividend of 2.25p (2001: 2.25p).

Commenting on the results, Terry Smith, Chief Executive of Collins Stewart Holdings plc, said:

"Despite the continuing adverse market conditions, the Group achieved revenues of £51.2m (2001: £45.7m) and operating profits before goodwill amortisation of £15.4m (2001: £15.1m).

Our Smaller Companies team achieved growth in revenues of 80% in the first half of this year which was a very creditable result in these markets.

The first half of 2002 additionally saw the new private client division make significant progress. The division benefited from the cessation of dual running costs at the end of last year. The integration process is nearing completion, which should allow us to start to grow the business more aggressively.

We have made significant progress with our project to develop the QUEST™ system and anticipate that this will be complete at the end of this year. QUEST™ is an important tool in the Group's marketing efforts, which we expect to benefit from this development project.

We believe that the outlook for the stock market for the remainder of the financial year continues to be bleak, and in any event it would be dangerous to base expectations on any significant improvement. Nevertheless, the Group has to date found ways to maintain its business in the face of such conditions and the Board remains optimistic that it will continue to do so."

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Interim Statement

These interim results have been produced against the background of continuing severe market conditions. Indeed, this is probably the worst trading environment since the early 1970s. Once again all major market indices fell during the first half and there were further declines in both primary issuance and secondary trading.

In the face of these continuing adverse market conditions, Collins Stewart has once again maintained its performance. Revenues in the first half amounted to £51.2m (2001: £45.7m), which included other income of £1.2m (2001: £0.2m). Acquisitions made during 2001 contributed some £4m to the increase, but our underlying business held its own with a marginal increase. Operating profits before goodwill amortisation were £15.4m (2001: £15.1m), representing an increase of 2%. This was after bonus provisions of £12.9m (2001: £15.5m).

The Directors have maintained the interim ordinary dividend at 2.25p. This is payable on 5 December 2002 to ordinary shareholders on the register at the close of business on 8 November 2002.

We made substantial progress with the development of QUEST™ that includes, inter alia, coverage of North American and Asian securities. Our investment in this system remains an important element of our business development.

Since the half year litigation in the UK concerning the EU alleged trade mark in CFROI (the main evaluation tool used by QUEST™) was concluded in our favour. QUEST™'s main competitor, CSFB HOLT, conceded that its trade mark was invalid and agreed to pay our costs. There is ongoing litigation in the United States in connection with the US trade mark and the Board is confident of a similar outcome there.

The first half of 2002 additionally saw the new private client division make significant progress. The division benefited from the cessation of dual running costs at the end of last year. The integration process is nearing completion, which should allow us to start to grow the business more aggressively.

The outlook for the stock market for the remainder of the financial year continues to be bleak. Nevertheless, the Group has to date found ways to maintain its business in the face of such conditions and the Board remains optimistic that it will continue to do so.

The following table shows the results for the first half of 2002 together with those for the comparative period in 2001.

£000	Six months ended 30 June 2002	Six months ended 30 June 2001	Year ended 31 December 2001
Turnover	49,979	45,450	103,216
Operating profit:			
Before goodwill amortisation	15,360	15,148	32,925
After goodwill amortisation	12,103	12,104	26,775
Profit before tax	11,937	11,645	32,779
Profit after tax attributable to ordinary shareholders	6,112	6,234	19,237
Earnings per share			
Basic	6.00p	6.02p	18.66p
Diluted	5.92p	5.96p	18.49p
Basic before goodwill amortisation and exceptional items	9.19p	8.96p	19.64p

Performance of Divisions and Subsidiaries

The following table indicates the contributions to turnover made by each of our divisions/ subsidiaries.

	Six months ended 30 June 2002		Six months ended 30 June 2001		Year ended 31 December 2001	
	£000	%	£000	%	£000	%
Larger Companies & QUEST™	11,054	22.1	13,231	29.1	25,208	24.4
Smaller Companies	15,062	30.1	8,366	18.4	19,397	18.8
Investment Trusts	4,071	8.2	8,129	17.9	23,929	23.2
Fixed Interest	1,983	4.0	1,734	3.8	3,817	3.7
UK Private Clients	3,304	6.6	492	1.1	2,656	2.6
Collins Stewart Inc	4,138	8.3	4,175	9.2	8,927	8.6
Collins Stewart (CI)	10,367	20.7	9,323	20.5	19,282	18.7
	49,979	100.0	45,450	100.0	103,216	100.0

Acquisitions made at the end of the first half of 2001 contributed £4m of the increase in turnover, with the existing business generating slightly higher revenues than in the first half of 2001. The growth in turnover in the smaller companies division was 80% resulting from the increase in corporate finance transactions. The Investment Trusts division's revenues were down 50% from the first half last year, which was a combination of reduced corporate finance activity and difficult market making conditions.

United Kingdom

Larger Companies

Turnover in larger companies in London was down by 16% compared with the first half of 2001. Market conditions have been very poor indeed. The first few months of the half year saw markets moving in a narrow trading range. This was then followed by the resumption of a relentless bear market trend allied to high levels of volatility and frequent event risk in the form of accounting scandals. Whilst we have continued to grow market share, this is in the face of a sharp downturn in activity, so that even holding last year's level in commission income proved to be impossible.

QUEST™

The first half has seen continued progress on the "QUEST™ Plus" project, the expansion of QUEST™ coverage to stocks to include North America and Asia/ Japan and the redevelopment of the QUEST™ website, www.csquest.com, to integrate all the various QUEST™ products. "QUEST™ Plus" is planned to launch at the end of 2002.

In the first half there was a steady increase in the number of registered users. We introduced further product add-ons such as a monthly client newsletter and portfolioAngle™, a bespoke service for portfolio managers incorporating the successful QUEST™ triAngle™ methodology and made enhancements to our popular weekly commentary publication, QUEST™ Companies in the News™.

Our continued aim is to make QUEST™ the product of choice for international equity portfolio managers for evaluating corporate performance and share valuation. QUEST™'s main competitor has recently been acquired by a major integrated investment bank. QUEST™ is therefore now the only independent product in the sense that Collins Stewart is not owned by a larger organisation and does not have any corporate finance or trading activities outside the small cap area so that it is free from any potential conflicts of interest. We hope that users of online financial information services will recognise the benefits of our independence and switch to QUEST™.

Smaller Companies

Smaller companies had an extremely successful first half of the year with overall revenues increasing by 80%. Fee income was the main contributor to this performance as we raised more equity through new issues on the AIM market than all our competitors put together. The Group advised on 22 transactions (2001: 9) and funds raised amounted to £250m compared to £88m in the first half of 2001. Secondary trading and commission revenues remained at the same level as the first half of 2001 despite conditions being materially worse. The number of companies to which we are appointed brokers rose from 73 at the year end to 83 at the half year. We are continuing to gain market share through the addition of high quality corporate relationships.

Investment Trusts

Difficult trading conditions have continued to affect the Investment Trust sector. Many private investors have withdrawn from equity markets generally, and Investment Trusts specifically. The decline in liquidity in the sector has been a significant negative factor. The problems surrounding splits and the continuing fall in the value of technology stocks have added to the sector's woes. Market making revenues were particularly affected by the lack of liquidity in the sector.

Revenues from the Investment Trust team declined by around 50% in the first half of the year as compared to the similar period in 2001. Three corporate transactions were completed in the first half, of which two

were new issues. The larger of the new issues, Ecofin Water & Power Opportunities, was a £175m issue investing in the water and power utility sectors in the UK, Europe and the USA.

Since the half year a further fundraising has been completed for Pantheon International Participations. We are continuing to seek mandates and a number of new issues and corporate transactions are planned, all of which are subject to market conditions.

Fixed Interest

The first half of 2002 continued the strong performance of 2001, with revenues slightly ahead of the first half of 2001. This reflects a good level of institutional business and continued strong retail demand for preference shares.

UK Private Clients

The establishment of the Private Clients division has been a major project for the Group, the objective of which is to build a solid platform from which to establish Collins Stewart as a substantial player in the UK Private Client market.

Significant progress has been made in integrating the division following the transfer of operations from NatWest Stockbrokers on 10 December 2001. It has been pleasing that such progress has been made against a difficult market background. The response from clients has generally been positive, particularly to the quality of our research. Further work needs to be completed before we are in a position to grow the business but recent new business wins of high net worth clients have demonstrated the potential of our approach to Private Client business. In the meantime, the focus remains on improving efficiency and the returns achieved from the existing client base.

Funds under management have remained unchanged since the year end at £1.1bn, which is an achievement when taking into account the fall in market levels since that date.

Collins Stewart Inc

New York's turnover was virtually flat when compared with the first half of 2001. This was a good result, as market conditions have remained tough and many competitors have struggled. In the first half we started dealing in ADRs for the first time and continued to expand our client base.

Collins Stewart (CI) Limited

In line with market conditions, our Channel Islands business experienced another challenging period. Turnover increased by 11%, although excluding the contribution made by Collins Stewart Property Fund Management, our property fund management business which was established in April 2001, it fell by 1%.

The changing mix of our business during 2000 and 2001, which saw consistent expansion of our Asset Management and, in particular, our Fund Management activities, helped to contribute to the stability of our financial performance. During the first half of 2002 funds under management in the Channel Islands rose to £1.32 billion from £1.27 billion at the year end. Collins Stewart Property Fund Management continued to establish its business and to diversify its client base.

The Stockbroking divisions continue to find trading conditions difficult whilst producing creditable results. The execution only stockbroking business of Cater Allen in Jersey, which we purchased in the last quarter of 2001, has produced pleasing results as we continue to convert these clients to higher revenue producing

arrangements. We believe that further value adding acquisition opportunities are likely to arise during the next six to twelve months.

In January this year we launched two hedge funds, whose investment methodology is based on the QUEST™ triAngle™. These are long / short equity funds, with one fund investing in FTSE 350 stocks and the other in Eurotop 300 stocks. Up until 31 July, the UK fund was up by 6.7% and had outperformed the FTSE 350 Index by 24.3% and the CSFB/Tremont Index by 17.8%. The Euro Fund, in the same period, was up by 3.5% and had outperformed the Eurotop 300 Index by 24.8% and the CSFB/Tremont Index by 14.6%. These funds remain small but we expect to start marketing them once they have a proven track record.

Financial Performance

The following table indicates the contributions to turnover made by each of our major areas of activity. Some of these activities are carried out across a number of different divisions/ subsidiaries.

	Six months ended 30 June 2002		Six months ended 30 June 2001		Year ended 31 December 2001	
	£000	%	£000	%	£000	%
Market making/ principal turns	3,830	7.7	6,064	13.4	10,667	10.3
Commissions	26,172	52.3	24,984	55.0	49,999	48.5
Corporate Finance	15,329	30.7	11,742	25.8	35,264	34.2
Management fees	4,575	9.2	2,602	5.7	7,108	6.9
Other income	73	0.1	58	0.1	178	0.1
	49,979	100.0	45,450	100.0	103,216	100.0

The contributions made by the various activities during the first half varied from the first half of 2001, with corporate finance fees being significantly higher. This was particularly creditable given the continuing decline in the corporate finance market in general. It further underlines the importance of the Group's strategy to diversify its business away from reliance on any one activity.

The Directors have declared an interim dividend of 2.25p (2001: 2.25p). This is payable on 5 December 2002 to shareholders on the register at the close of business on 8 November 2002.

At the end of the half year the Group had net funds of £18.3m (2001: £13.1m), down from £43.7m at 31 December 2001. Operating activities accounted for £12.2m of this reduction largely through funding of trades (which were predominantly timing differences) and the payment of the remainder of 2001's bonuses. In addition, in the first half there were payments of £4.8m taxation, £7.2m dividends, £1m capital expenditure and a scheduled repayment of £4m on loans taken out at the time of the MBO.

Future Developments and Outlook

We continue to seek new recruits in both our large and small company teams and the private client division.

We expect the "QUEST™ Plus" development and the costs associated with this project to be complete at the end of this year, which should enable us to improve our service to existing institutional clients and to enhance our marketing efforts.

We continue to explore opportunities to diversify our business. However, no suitable opportunities have to date been found.

The end of the bear market does not yet appear in sight and we therefore expect and assume that there will be no improvement in market conditions before the end of the year. Nevertheless we expect to continue to develop our business during the second half.

Keith Hamill
Chairman

Terry Smith
Chief Executive

30 August 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 30 June 2002

	Six months ended 30 June 2002 (Unaudited) £000	Six months ended 30 June 2001 (Unaudited) £000	Year ended 31 December 2001 (Restated) £000
Turnover	49,979	45,450	103,216
Administrative expenses			
Amortisation of goodwill	(3,257)	(3,044)	(6,150)
Other expenses	(35,823)	(30,538)	(71,366)
	<u>(39,080)</u>	<u>(33,582)</u>	<u>(77,516)</u>
Other operating income	1,204	236	1,075
Operating profit	<u>12,103</u>	<u>12,104</u>	<u>26,775</u>
Exceptional item: profit on sale of fixed asset investments	-	-	6,684
Profit on ordinary activities before interest and tax	<u>12,103</u>	<u>12,104</u>	<u>33,459</u>
Interest receivable and similar income	1,372	1,887	3,523
Interest payable and similar charges	(1,538)	(2,346)	(4,203)
Profit on ordinary activities before taxation	<u>11,937</u>	<u>11,645</u>	<u>32,779</u>
Taxation on profit on ordinary activities	(4,472)	(4,185)	(10,945)
Profit on ordinary activities after taxation	<u>7,465</u>	<u>7,460</u>	<u>21,834</u>
Minority interests - equity	(63)	68	5
Profit for the period attributable to shareholders of Collins Stewart Holdings plc	<u>7,402</u>	<u>7,528</u>	<u>21,839</u>
Dividends proposed			
Ordinary dividend on equity shares	(2,292)	(2,390)	(6,875)
Preference dividend on non-equity shares	(1,290)	(1,294)	(2,602)
Retained profit for the period	<u>3,820</u>	<u>3,844</u>	<u>12,362</u>
Earnings per share			

Basic	6.00p	6.02p	18.66p
Diluted	5.92p	5.96p	18.49p
Basic before goodwill amortisation and exceptional items	9.19p	8.96p	19.64p
Dividend per share	2.25p	2.25p	6.75p

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the six months ended 30 June 2002

	30 June 2002 (Unaudited) £000	30 June 2001 (Unaudited) £000	31 December 2001 (Restated) £000
Profit for the period attributable to shareholders of Collins Stewart Holdings plc	7,402	7,528	21,383
Foreign currency translation differences	(50)	26	11
Total recognised gains and losses for the period	<u>7,352</u>	<u>7,554</u>	<u>21,394</u>
Prior year adjustment in respect of FRS 19	<u>456</u>		
Total recognised gains and losses since last annual report	<u><u>7,808</u></u>		

CONSOLIDATED BALANCE SHEET

As at 30 June 2002

	30 June 2002	30 June 2001	31 December
	(Unaudited)	(Unaudited)	2001
	£000	£000	(Restated)
			£000
Fixed assets			
Intangible assets	117,632	124,451	120,891
Tangible assets	6,814	4,782	6,866
Investments	104	246	103
	<hr/>	<hr/>	<hr/>
	124,550	129,479	127,860
Current assets			
Investments	14,714	13,124	14,625
Debtors	300,949	357,083	103,376
Cash at bank and in hand	43,332	42,158	66,299
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	358,995	412,365	184,300
Creditors: amounts falling due within one year	(330,062)	(389,631)	(158,131)
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Net current assets	28,933	22,734	26,169
Total assets less current liabilities	153,483	152,213	154,029
Creditors: amounts falling due after more than one year	(6,434)	(17,569)	(10,819)
Equity minority interests	(221)	(95)	(158)
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Net assets	146,828	134,549	143,052
Capital and reserves			
Called up share capital	27,003	27,002	27,003
Share premium account	98,316	98,311	98,310
Profit and loss account	21,509	9,236	17,739
	<hr/>	<hr/>	<hr/>
	146,828	134,549	143,052
Shareholders' funds			
Equity	102,228	89,949	98,452
Non equity	44,600	44,600	44,600
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	146,828	134,549	143,052
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2002

	Six months ended 30 June 2002 (Unaudited) £000	Six months ended 30 June 2001 (Unaudited) £'000	Year ended 31 December 2001 £000
Net cash (outflow)/ inflow from operating activities	(12,182)	(11,432)	25,875
Returns on investments and servicing of finance:			
Interest received	1,372	1,891	3,434
Interest paid	(853)	(1,437)	(2,629)
Preference share dividend	(2,602)	(1,573)	(1,573)
Dividends paid to minorities	-	-	(34)
	(2,083)	(1,119)	(802)
Taxation:			
Corporation tax paid	(3,710)	(2,302)	(8,843)
Overseas tax paid	(1,069)	(710)	(2,213)
	(4,779)	(3,012)	(11,056)
Capital expenditure and financial investments:			
Purchase of tangible fixed assets	(1,017)	(3,247)	(6,346)
Proceeds from sale of tangible fixed assets	-	-	7
Sale of fixed asset investments	-	-	6,684
	(1,017)	(3,247)	345
Acquisitions and disposals:			
Purchase of subsidiary undertakings	-	(17,921)	(17,408)
Equity dividends paid	(4,583)	(1,289)	(3,581)
Net cash outflow before financing	(24,644)	(38,020)	(6,627)
Financing:			
Issue of ordinary share capital	6	12,500	12,500
Share issue costs	-	(242)	(242)
Repayment of loans	(4,050)	(2,500)	(9,868)
Repayment of secured loan notes	-	-	(13)
	(4,044)	9,758	2,377
Decrease in cash	(28,688)	(28,262)	(4,250)

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

The interim accounts for the six months ended 30 June 2002 have been prepared using the same accounting policies as those applied in the accounts for the year ended 31 December 2001 other than in respect of deferred tax. The Group has adopted Financial Reporting Standard no 19 on Deferred Taxation for the period ended 30 June 2002. This has led to a restatement of the comparatives for the year ended 31 December 2001: the deferred tax charge and creditor balance have been reduced by £456,000.

These interim accounts are unaudited. A review of the interim information has been performed by the Company's auditors, Deloitte & Touche, and their report is set out at the end of this document. The comparative information for the year ended 31 December 2001 contained in this report does not constitute statutory accounts under s240 of the Companies Act 1985. Statutory accounts for that year have been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified.

2 Segmental analysis

The Group operates from within three main geographical markets: the United Kingdom, the Channel Islands and the United States of America. The geographic split of the Group's activities for the period ended 30 June 2002 was as follows:

Turnover	Six months ended 30 June 2002 £000	Six months ended 30 June 2001 £000	Year ended 31 December 2001 £000
United Kingdom	36,777	32,102	76,376
Channel Islands	9,064	9,173	17,913
United States	4,138	4,175	8,927
	<u>49,979</u>	<u>45,450</u>	<u>103,216</u>

Operating profit	Six months ended 30 June 2002 £000	Six months ended 30 June 2001 £000	Year ended 31 December 2001 £000
United Kingdom	7,681	6,229	16,582
Channel Islands	3,116	4,129	6,570
United States	1,306	1,746	3,623
	<u>12,103</u>	<u>12,104</u>	<u>26,775</u>

3 Earnings per share

The calculation of basic and diluted earnings per ordinary share was based on earnings after taxation, minority interests and preference shares of £6,112,000 (30 June 2001: £6,234,000 and 31 December 2001: £19,237,000). The basic earnings per share before goodwill amortisation and the exceptional item was calculated on the basic earnings above, adjusted to add back the post tax cost of amortisation of goodwill (and in respect of the comparative for the year ended 31 December 2001, the exceptional post tax gain on disposal of shares in The London Stock Exchange plc of £5,135,000). The post tax cost of amortisation of goodwill amounted to £3,257,000 in respect of the period to 30 June 2002, £3,044,000 in respect of the period to 30 June 2001 and £6,150,000 for the year ended 31 December 2001.

The weighted average number of ordinary shares comprised the following:

Weighted average	Six months ended 30 June 2002 No'000	Six months ended 30 June 2001 No'000	Year ended 31 December 2001 No'000
Shares at start of period	101,893	103,101	103,101
Issued during the period	-	432	1,789
Acquired by ESOTs from staff leaving the Group	-	-	(1,773)
Basic earnings per share denominator	101,893	103,533	103,117
Issuable on exercise of options	1,378	1,126	944
Diluted earnings per share denominator	103,271	104,659	104,061

4 Taxation on ordinary activities

	Six months ended 30 June 2002 £000	Six months ended 30 June 2001 £000	Year ended 31 December 2001 £000
UK corporation taxation	3,437	2,987	8,387
Overseas taxation	1,043	1,185	2,030
Deferred taxation	(8)	13	984
Restatement of deferred tax in respect of FRS 19	-	-	(456)
	4,472	4,185	10,945

Adoption of FRS19 has required a change in the method of accounting for deferred tax. As a result the comparative figure for tax on ordinary activities for the year ended 31 December 2001 has been restated from the previously reported amount of £11,401,000 to £10,945,000. There has been no impact from adopting FRS19 on the results for 2002.

5 Movement in shareholders' funds

	Share capital account £000	Share premium account £000	Profit and loss account £000	Total £000
Balance at start of period	27,003	98,310	17,283	142,596
Prior year adjustment in respect of FRS 19	-	-	456	456
Restated balance at start of period	27,003	98,310	17,739	143,052
Retained profit for period	-	-	3,820	3,820
Issue of shares	-	6	-	6
Foreign currency translation	-	-	(50)	(50)
Balance at end of period	<u>27,003</u>	<u>98,316</u>	<u>21,509</u>	<u>146,828</u>

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

	Six months ended 30 June 2002 £000	Six months ended 30 June 2001 £000	Year ended 31 December 2001 £000
Operating profit	12,103	12,104	26,775
Depreciation of tangible fixed assets	1,064	508	1,550
Goodwill amortisation	3,257	3,044	6,150
Loss on sale of fixed assets	-	76	83
Movement in deferred income	(41)	-	335
Decrease in net market and client balances	(11,761)	(11,007)	(3,242)
(Increase)/decrease in net investment positions	(889)	605	(2,205)
Increase in other debtors	(90)	(642)	(2,081)
Decrease in other creditors	(15,825)	(16,120)	(1,490)
Net cash (outflow)/inflow from operating activities	<u>(12,182)</u>	<u>(11,432)</u>	<u>25,875</u>

7 Reconciliation of net cash flow to movements in net funds

	Six months ended 30 June 2002 £000	Six months ended 30 June 2001 £000	Year ended 31 December 2001 £000
Decrease in cash during the period	(28,688)	(28,262)	(4,250)
Cash outflow from repayment of loans	4,050	2,500	9,861
Debt issue costs	-	-	20
Amortisation of debt issue costs	(687)	(895)	(1,736)
Change in net debt	<u>(25,325)</u>	<u>(26,657)</u>	<u>3,895</u>
Net funds at the start of the period	43,656	39,761	39,761
Net funds at the end of the period	<u>18,331</u>	<u>13,104</u>	<u>43,656</u>

Net funds at 30 June 2002 comprised £18.3m debt net of unamortised issue costs (June 2001: £28.2m and December 2001: £21.6m) and cash balances net of overdrafts of £36.6m (June 2001: £41.3m and December 2001: £65.3m).

8 Client settlement moneys

Cash balances include client settlement moneys of £9,391,000 (30 June 2001: £6,961,000 and 31 December 2001: £7,669,000), held on behalf of clients to settle outstanding bargains. Movements in settlement balances are reflected in operating cash flows.

9 Dividends

The interim ordinary dividend of 2.25p will be paid on 5 December 2002 to those shareholders on the register on 8 November 2002.

Preference dividends payable on 'A' and 'B' Preference shares are accrued throughout the period and will be paid to holders on 1 May the following year.

10 Report availability

This interim report is being sent to all shareholders; further copies may be obtained from the Company's registered office at 9th Floor, 88 Wood Street, London EC2V 7QR.

INDEPENDENT REVIEW REPORT TO COLLINS STEWART HOLDINGS PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2002 which comprises the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the consolidated statement of cashflows and related notes 1 to 10. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

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

Review work performed

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

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2002.

Deloitte and Touche

Chartered Accountants

London

30 August 2002

Notes: A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.