Date: 24 September 2004
On behalf of: Collins Stewart Tullett plc ("Collins Stewart Tullett")
Embargoed until: 0700hrs

COLLINS STEWART TULLETT PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2004

Collins Stewart Tullett, the financial services group, today announces its interim results for the six months ended 30 June 2004, the highlights of which are:

- Turnover - £274.7m (2003: £196.1m). Like for like* turnover down 1% (2003: £277.5m)
- Operating profit before goodwill amortisation - £46.9m (2003: £33.9m). Like for like operating profit before goodwill amortisation up 9% (2003: £43.1m)
- Profit before tax - £39.4m (2003: £27.7m), on a like for like basis up 12% (2003: £35.1m)
- Basic EPS of 11.4p up 34% and basic EPS before goodwill amortisation of 16.2p up 31%. Like for like basic EPS up 23% (2003: 9.3p) and basic EPS before goodwill amortisation up 20% (2003: 13.5p)
- Interim dividend of 2.75p up 10% (2003: 2.50p)
- Proposed acquisition of Prebon, details of which are also announced today

* as defined on page 2: Chairman's Statement

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

"The Company has continued to trade profitably since 30 June, although conditions have been more difficult than earlier in the year in some of the key markets in which we operate. The acquisition of Prebon and its integration within the existing Group will undoubtedly be a challenge in the coming year. However, we believe that the acquisition will give rise to significant opportunities for the creation of shareholder value. The Board is optimistic about the future prospects for the Company."

- Ends -

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

CHAIRMAN'S STATEMENT

We are announcing our interim results for the six months ended 30 June 2004. Although turnover on a like for like basis was more or less at the same levels as the previous year, reflecting difficult trading conditions, the Company's margins and profitability have improved. The Board has decided to increase the interim dividend by 10% to 2.75p per share.

We have also announced today the proposed acquisition of the Prebon inter-dealer broking ("IDB") business. Further detailed information on Prebon, as well as the reasons for and benefits of the acquisition, are set out in the announcement of the acquisition issued separately today. The acquisition is an important strategic development for the Company. Since the acquisition of Tullett Liberty in March 2003, it has been our intention to make a major consolidation-led acquisition in this sector. This acquisition will enable us both to strengthen and develop our existing inter-dealer broking business, giving rise to substantial margin improvements and very good shareholder returns. Prebon is the fourth largest global IDB and, in the Board's opinion, represents the best consolidation opportunity in the sector for the Company. Owing to its size, the acquisition requires shareholder approval. A circular containing details of the acquisition and the associated equity issue, and notice of the related Extraordinary General Meeting, will be posted to shareholders.

In August, the Financial Services Authority announced that its investigation into allegations made by a former employee of Collins Stewart Limited had closed. No further action is to be taken by them. The Board believes that this validates its long held view that these allegations were unfounded and believes that this announcement will have a beneficial impact on the litigation against others in which the Company has since been involved as a result of these allegations.

There have been a number of changes to the Board this year: Louis Scotto, Chief Executive of Tullett Liberty joined as an Executive director in June and Michael Fallon joined as a Non-executive director at the start of this month, replacing Rob Lucas who resigned on the same day. We welcome them both to the Board. It is also announced that Helen Smith, who has been the Company's Finance Director since 2000, will be leaving at the end of December and will be succeeded by Stephen Jack, who is Chief Financial Officer of Tullett Liberty and who has been a member of the Board since March 2003. Helen will leave with the best wishes and thanks of the Board and her colleagues and friends for the valuable contribution she has made to the development of the Company.

The Group has continued to trade profitably since 30 June, although conditions have been more difficult than earlier in the year in some of the key markets in which we operate. The acquisition of Prebon and its integration within the existing Group will undoubtedly be a challenge in the coming year. However, we believe that the acquisition will give rise to significant opportunities for the creation of shareholder value. The Board is optimistic about the future prospects for the Company.

Keith Hamill
24 September 2004

Note: Like for like numbers for the six months to June 2003 and the year to December 2003, where used in this statement, include Tullett Liberty results from 1 January 2003, rather than from the date of the acquisition of Tullett Liberty by the Company on 10 March 2003 to facilitate understanding of the trends in the business. These numbers have been extracted from the management accounts of Tullett Liberty.

CHIEF EXECUTIVE'S REPORT

The following table shows the results for the first half of 2004, together with those for the comparative period in 2003 and the year ended 31 December 2003.

£m	Six months ended 30 June 2004	Six months ended 30 June 2003 (Restated)*	Year ended 31 December 2003 (Restated)*
Turnover	274.7	196.1	473.9
Operating profit			
Before share option plan charges and goodwill amortisation	49.8	35.1	77.8
Before goodwill amortisation	46.9	33.9	75.3
After goodwill amortisation	39.0	27.8	61.5
Profit before tax	39.4	27.7	66.9
Earnings per share:			
Basic	11.4p	8.5p	21.7p
Diluted	11.2p	8.4p	21.3p
Basic before goodwill amortisation and exceptional items	16.2p	12.4p	27.3p

*Restated for UITF 38: Accounting for ESOP Trusts, as detailed in note 1.

Set out below is an overview of the interim results. This is followed by a summary of the key factors affecting the performance of the Tullett Liberty and Collins Stewart businesses in the section headed Performance of Businesses.

FINANCIAL PERFORMANCE

Turnover in the first half increased by £78.6m and operating profit before goodwill increased by £13.0m. Much of the increase relates to the fact that the first half of 2004 had the benefit of a full contribution from Tullett Liberty, whereas the prior periods only included the company from 10 March 2003. Basic earnings per share improved 34% from 8.5p to 11.4p and basic earnings per share before goodwill and exceptional items improved 31% from 12.4p to 16.2p.

The directors have declared an interim dividend of 2.75p per share (2003: 2.5p). This is payable on 9 December 2004 to shareholders on the register at the close of business on 19 November 2004, other than those shareholders whose shares are allotted as part of the financing accompanying the acquisition of Prebon.

Like for like turnover was 1% down on the previous year, whilst like for like operating profit before goodwill was 9% ahead. The lower turnover is entirely the result of the weaker US dollar which meant that North American revenues, although 4% ahead of prior year in local terms, actually contributed 8% less to Group turnover.

On a like for like basis, Tullett Liberty's revenues fell by £4.4m to £216.4m. This decline in revenues was because of the weakening US dollar; at current average rates of exchange, Tullett Liberty's turnover increased by £8.6m. Underlying growth, excluding the energy businesses acquired during the period, was some 2% with each region growing its turnover. Generally market conditions, particularly in the first quarter, were favourable to Tullett Liberty's business with volatility in the yield curve and the foreign exchange market being the most important factors.

However, the subsequent rise in interest rates has slowed new issue and re-finance activity and had an impact on the fixed income securities business.

Tullett Liberty’s like for like operating profit before goodwill increased 11% to £29.0m with operating margins improving from 11.8% to 13.4%. Currency positions taken out to offset the impact of the US dollar and Euro depreciation against sterling contributed approximately £1.0m to operating profits. The improvement in operating margins has been driven by effective cost management in Europe and North America and a "partnership" culture created by the equity incentive plan introduced for Tullett Liberty senior management in January. The return has been achieved despite the one off costs associated with the senior management changes announced in April.

Collins Stewart grew revenues by 3% to £58.3m and operating profit before goodwill rose £0.9m to £17.9m. The operating margin was 30.7% (2003: 30.0%). The prior year numbers have been restated to take account of the change in the accounting treatment of share options in accordance with UITF 38. This gave rise to a decrease in Collins Stewart’s and the Group’s operating profit before goodwill of £1.2m for the first half of 2003 (decrease of £2.5m for the full year); earnings per share was reduced by 0.8p for the first half of 2003 (full year 1.5p).

Collins Stewart continued to benefit from the diversity of its revenue streams in the first half of the year. Whilst corporate finance revenues net of commissions paid away were down on 2003, all other areas of the business were ahead, giving rise to £1.6m higher turnover.

In January we established a new equity incentive plan for the benefit of Tullett Liberty staff, under which nil price options were granted over 4.6m shares. Shares required to meet option exercises will be purchased in the market and will accordingly not dilute shareholders’ interests; such share purchases have been substantially hedged by the Company. The purpose of these share options is to drive the process of improving Tullett Liberty’s operating margins. In order for the options to vest, operating margins, pre share option plan charges, must improve during the performance period to at least 13%. Assuming the acquisition of Prebon is completed in October, the performance period relating to these options will terminate at that time. Options will vest on a pro rata basis having regard to Tullett Liberty’s performance at that time and the shorter performance period, although the options will not be capable of exercise until three years from the date of grant. Further details are set out in the announcement concerning the proposed acquisition of Prebon.

PERFORMANCE OF BUSINESSES

TULLETT LIBERTY

The following tables and commentary analyse like for like turnover on a product and regional basis for the Tullett Liberty businesses:

	Six months ended 30 June 2004		**Six months ended 30 June 2003**		**Year ended 31 December 2003**	
	£m	**%**	**£m**	**%**	**£m**	**%**
Securities Broking	115.3	53.3	127.0	57.5	240.4	56.3
Derivatives, Energy & Money Broking	97.0	44.8	89.5	40.5	179.1	41.9
Information Sales	4.1	1.9	4.3	2.0	7.9	1.8
	216.4	100.0	220.8	100.0	427.4	100.0

	Six months ended 30 June 2004		Six months ended 30 June 2003		Year ended 31 December 2003	
	£m	%	£m	%	£m	%
Europe	103.4	47.8	100.3	45.5	194.3	45.4
North America	93.6	43.3	102.1	46.2	196.5	46.0
Asia Pacific	19.4	8.9	18.4	8.3	36.6	8.6
	216.4	100.0	220.8	100.0	427.4	100.0

Europe

The reported performance of our European operations has been maintained despite revenues suffering from the depreciation of the Euro and US dollar. The £3.1m increase in turnover was generated by the oil broking business acquired in October 2003. The focus for the first half of 2004 has been on managing costs and performance so as to improve the overall return from the business. Our interest rate and currency derivatives areas both performed strongly in comparison to last year. At the same time, lower levels of debt new issuance led to reduced revenues in the corporate bond area.

North America

The North American operations have once again performed well. Whilst revenues have gone down in sterling terms by 8%, the average exchange rate used to translate our US dollar results in the first half of 2004 was 13% weaker than that used for the equivalent period of 2003 and therefore, in local currency terms, the North American revenues were actually 3.5% higher than for 2003. Strong performances year on year from the treasury product, interest rate derivative and credit derivative groups, helped by continued volatility in the US government bond market have offset slightly lower results from the corporate bond and mortgage areas. In June, we acquired the New York and Calgary based power and gas broking businesses of our associate, Natsource LLC, thereby extending our product coverage in the energy sector.

Asia Pacific

Earnings in Hong Kong, which generates the largest part of the Asian Pacific revenues, were subject to the same exchange rate translation factors as North America. In this context, the underlying results from Asia Pacific were very satisfactory and reflected our strength in indigenous currency derivatives and continued proactive management of less profitable desks. The Singapore based oil broking activity, acquired in October 2003, performed well.

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.

Information Sales

Revenues from information sales, which again arises mostly in US dollars, were slightly down in sterling terms against the same period last year. However, continued development of our services and customer base produced an improved operating return from this business compared to the first half of 2003.

COLLINS STEWART

The following tables indicate the contributions to turnover made by each of Collins Stewart's divisions and the nature of the income generated:

	Six months ended 30 June 2004		Six months ended 30 June 2003		Year ended 31 December 2003	
	£m	**%**	**£m**	**%**	**£m**	**%**
Larger Companies and QUEST™	13.7	23.5	13.5	23.8	25.2	19.7
Smaller Companies	22.0	37.8	27.6	48.6	64.9	50.8
Investment Trusts	3.5	6.0	2.1	3.7	6.7	5.2
Fixed Interest	2.7	4.6	1.9	3.4	3.5	2.7
Private Clients	16.4	28.1	11.6	20.5	27.6	21.6
	58.3	100.0	56.7	100.0	127.9	100.0

	Six months ended 30 June 2004		Six months ended 30 June 2003		Year ended 31 December 2003	
	£m	**%**	**£m**	**%**	**£m**	**%**
Market making	7.2	12.4	6.0	10.6	13.0	10.2
Commissions	25.2	43.2	21.4	37.8	44.6	34.9
Corporate Finance	18.9	32.4	24.6	43.3	59.2	46.3
Management fees	6.9	11.8	4.6	8.1	10.8	8.4
Other income	0.1	0.2	0.1	0.2	0.3	0.2
	58.3	100.0	56.7	100.0	127.9	100.0

Larger Companies and QUEST™

The Larger Companies and QUEST™ division's turnover was slightly up during the first six months of the year compared to the same period last year, largely thanks to a stronger performance from the New York broker dealer. At the start of the year there was great optimism that equity markets would extend the recovery from 2003. However, in the second quarter volumes contracted by nearly 25% compared with those in the first quarter and the market started moving down.

In the first half, there was increased interaction between the Smaller Companies teams and the overseas offices with involvement in the AIPO of PD Ports and another large fundraising.

We continue to explore opportunities for new hirings especially as the new Paris and Dublin offices continue to expand.

Smaller Companies

Smaller Companies produced revenues of £22.0m in the first half of 2004, down 20% on the comparable period for 2003. Corporate finance revenues were down £6.4m, although excluding the £3.1m paid away under the Northumbrian Water deal in 2003, the decrease was £3.3m. Secondary trading and commissions were 25% ahead over the period as market activity improved. Corporate finance revenues in 2003 had benefited from the Northumbrian Water AIPO, and although we completed the AIPO of PD Ports in 2004, this was a smaller transaction. Collins Stewart raised nearly £400m of new equity (2003: £486m) and advised on 21 transactions (2003: 23).

Investment Trusts

Total revenues increased by some 67% compared to the first half of last year. There has been much more corporate activity in the sector and our corporate fees have increased significantly over the comparable period. Despite poor secondary market conditions, we have also been able to increase agency commissions and market making profits.

Fixed Interest

Fixed Interest produced a pleasing result in the first half, with revenues up 42% over the previous year, despite the impact of the increase in interest rates on the market. The new Convertibles team started trading in the second quarter and are gradually establishing their franchise.

Private Clients

The improved performance of the Private Client division in the second half of 2003 has continued into 2004. Further progress has been made in increasing discretionary funds under management and the resulting fee income.

FUTURE DEVELOPMENTS AND OUTLOOK

Since the interim date, the Company has obtained credit ratings from both the Fitch and Moody's credit agencies. Fitch assigned the Company a long term credit rating of BBB with a stable outlook and Moody's assigned a long term issuer rating of Baa2 and a short term issuer rating of Prime-2, with an outlook on both ratings of stable. Having secured these ratings, the Company went on to complete a £150m Eurobond issue on the London Stock Exchange. Its proceeds have been used to increase the Company's regulatory capital base and to repay £47.6m of existing borrowings since the interim date. Some £64m of the Eurobond has been swapped into US dollar debt to provide a hedge for the Company's investment in its North American and Hong Kong subsidiaries.

The main focus for the business in the coming months will inevitably be the integration of Prebon. However, a significant amount of planning has already gone into this exercise, thus the integration plan should commence as soon as completion takes place. We will continue to explore ways to develop the enlarged inter-dealer broking business once the integration process has been completed. Options granted under the Tullett Liberty equity incentive plan which was established in January to drive margin improvements will either vest in part on Completion or lapse. It is intended that further options with new performance targets based on the enlarged Tullett Liberty Group will be granted under this scheme.

The increase in interest rates and the consequent slow down in corporate bond issuance and mortgage re-financing have had an impact upon revenues in parts of Tullett Liberty's fixed income areas in recent months, although activity has been satisfactory in other product areas and there are reasons to expect a resurgence in fixed income business before the year end. In Collins Stewart one of the main challenges is the poor condition of equity new issue markets, which may improve once there is an acceptance of higher interest rates and more realistic pricing.

Despite uncertainties in the trading outlook, we believe the prospects for the enlarged Group to be positive in light of the initiatives already being developed to drive margin improvement and to grow the business.

Terry Smith
Chief Executive

24 September 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the six months ended 30 June 2004

	Notes	Six months ended 30 June 2004 (Unaudited) £m	Six months ended 30 June 2003 (Unaudited) (Restated) £m	Year ended 31 December 2003 (Restated) £m
Turnover	2	274.7	196.1	473.9
Administrative expenses:				
Amortisation of goodwill		(7.9)	(6.1)	(13.8)
Other expenses		(230.1)	(164.5)	(402.5)
Total administrative expenses		(238.0)	(170.6)	(416.3)
Other operating income		2.3	2.3	3.9
Operating profit	2	39.0	27.8	61.5
Net share of operating profits in associates		-	0.1	0.5
Exceptional items:				
Profit on reorganisation of associates		-	-	4.5
Loss on sale of business		(0.7)	-	-
Net interest receivable/(payable)		1.1	(0.2)	0.4
Profit on ordinary activities before taxation		39.4	27.7	66.9
Taxation on profit on ordinary activities	3	(17.7)	(12.9)	(28.7)
Profit on ordinary activities after taxation		21.7	14.8	38.2
Equity minority interests		(0.5)	(0.9)	(0.6)
Profit for the period attributable to shareholders of Collins Stewart Tullett plc		21.2	13.9	37.6
Dividends paid and proposed				
Ordinary dividend on equity shares	9	(5.2)	(8.3)	(18.0)
Preference dividend on non-equity shares		-	(0.7)	(0.7)
Retained profit for the period		16.0	4.9	18.9
Earnings per share				
Basic	4	11.4p	8.5p	21.7p
Diluted	4	11.2p	8.4p	21.3p
Basic before amortisation of goodwill and exceptional items	4	16.2p	12.4p	27.3p

All of the Group’s turnover and operating profit were derived from continuing activities.

There was no difference between profit on ordinary activities before taxation and retained profit for the periods stated above and their historical cost equivalents.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the six months ended 30 June 2004

	Six months ended 30 June 2004 (Unaudited) £m	Six months ended 30 June 2003 (Unaudited) (Restated) £m	Year ended 31 December 2003 (Restated) £m
Profit for the period attributable to shareholders of Collins Stewart Tullett plc	21.2	13.9	37.6
Foreign currency translation differences:			
Subsidiaries	(1.0)	(1.1)	(2.8)
Associates	-	(0.7)	(0.1)
Total recognised gains and losses for the period	20.2	12.1	34.7

CONSOLIDATED BALANCE SHEET
as at 30 June 2004

	Notes	30 June 2004 (Unaudited) £m	30 June 2003 (Unaudited) £m	31 December 2003 (Restated) £m
Fixed assets				
Intangible assets		276.9	290.6	282.2
Tangible assets		23.3	27.1	25.6
Associates		6.6	12.9	8.0
Other fixed asset investments		1.7	1.8	1.7
		308.5	332.4	317.5
Current assets				
Debtors		914.8	1,067.8	444.5
Investments		89.0	61.2	54.6
Cash at bank and in hand		123.9	117.1	209.9
		1,127.7	1,246.1	709.0
Creditors: amounts falling due within one year		(954.4)	(1,105.1)	(555.6)
Net current assets		173.3	141.0	153.4
Total assets less current liabilities		481.8	473.4	470.9
Creditors: amounts falling due after more than one year		(64.8)	(92.5)	(70.3)
Provisions for liabilities and charges		(4.6)	(1.7)	(6.1)
Net assets		412.4	379.2	394.5
Capital and reserves				
Called up share capital	5	47.6	47.2	47.3
Share premium account	5	198.9	195.3	195.9
Merger reserve	5	100.4	100.4	100.4
Profit and loss account	5	61.2	29.1	43.3
Shareholders' funds – Equity		408.1	372.0	386.9
Equity minority interests		4.3	7.2	7.6
		412.4	379.2	394.5

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2004

	Notes	Six months ended 30 June 2004 (Unaudited) £m	Six months ended 30 June 2003 (Unaudited) £m	Year ended 31 December 2003 £m
Net cash (outflow)/ inflow from operating activities	6	(44.2)	(11.2)	130.2
Dividends from associates		0.3	0.1	0.1
Returns on investments and servicing of finance:				
Interest received		3.5	2.6	4.0
Interest paid		(0.9)	(1.8)	(3.3)
Interest element of finance lease rental payments		(0.1)	(0.1)	(0.2)
Preference share dividend		-	(3.3)	(3.3)
		2.5	(2.6)	(2.8)
Taxation:				
Corporation tax paid		(10.5)	(4.0)	(11.7)
Overseas tax paid		(8.8)	(8.1)	(15.8)
		(19.3)	(12.1)	(27.5)
Capital expenditure and financial investments:				
Purchase of tangible fixed assets		(2.5)	(3.2)	(7.4)
Proceeds from sale of tangible fixed assets		-	-	0.1
Proceeds from sale of fixed asset investments		-	-	0.1
		(2.5)	(3.2)	(7.2)
Acquisitions and disposals:				
Purchase of subsidiary undertakings		(6.1)	(129.1)	(134.4)
Net cash acquired with subsidiary undertakings		-	32.0	33.0
Investment in associate		-	-	(7.7)
Disposal of associate		-	-	16.7
		(6.1)	(97.1)	(92.4)
Equity dividends paid		(9.8)	(8.3)	(13.1)
Net cash outflow before management of liquid resources and financing		(79.1)	(134.4)	(12.7)
Management of liquid resources:				
Sale of current asset investments		-	4.6	5.2
Purchase of current asset investments		(7.8)	(1.5)	(2.8)
	7,8	(7.8)	3.1	2.4
Financing:				
Issue of ordinary share capital		3.3	148.0	148.6
Share issue costs		-	(2.6)	(2.6)
Redemption of preference shares		-	(44.6)	(44.6)
Net issue / (repayment) of bank debt		(4.0)	46.0	33.2
Net repayment of loan notes		-	(3.2)	(3.3)
Debt issue costs		-	(0.5)	(0.7)
Capital element of finance lease rental payments		(0.5)	(0.4)	(0.9)
		(1.2)	142.7	129.7
Increase/(decrease) in cash		(88.1)	11.4	119.4

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

The interim accounts for the six months ended 30 June 2004, which are unaudited, have been prepared on the basis of the accounting policies set out in the Annual Report for 2003 except with regard to equity shares held by the employee benefit trusts. During the first half of 2004, the Company adopted the accounting treatment set out in UITF 38: Accounting for ESOP Trusts. Previously the Group's policy was to hold these assets at cost in current assets and to credit other operating income with the difference between market value and cost, over the period of the option. In accordance with UITF 38, equity shares held by the employee benefit trusts are now deducted in arriving at shareholders' funds. The financial information in respect of 2003 has accordingly been restated and the impact on the movement in the profit and loss account and other operating income is disclosed in note 5. The prior year adjustment has no cumulative effect on retained profits.

The financial information contained in this interim report does not constitute the Group's statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures shown for the year ended 31 December 2003 represent an abridged version of the audited financial statements of the Company for that year, which have been filed with the Registrar of Companies and on which the auditors have given an unqualified report which did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

2 Segmental analysis

Geographical area

	Six months ended 30 June 2004 £m	Six months ended 30 June 2003 £m	Year ended 31 December 2003 £m
Turnover			
Europe	158.2	116.4	276.9
North America	97.1	67.4	166.4
Pacific Basin and Australasia	19.4	12.3	30.6
	274.7	196.1	473.9
Operating profit			
Europe	27.0	21.6	44.6
North America	16.2	10.4	25.5
Pacific Basin and Australasia	3.7	1.9	5.2
	46.9	33.9	75.3
Amortisation of goodwill	(7.9)	(6.1)	(13.8)
	39.0	27.8	61.5

Class of business

Turnover	Six months ended 30 June 2004 £m	Six months ended 30 June 2003 £m	Year ended 31 December 2003 £m
Collins Stewart:			
Stockbroking, corporate finance and fund management	58.3	56.7	127.9
Tullett Liberty:			
Derivatives, energy and money broking	97.0	57.1	146.7
Securities broking	115.3	79.4	192.9
Information sales	4.1	2.9	6.4
	216.4	139.4	346.0
	274.7	196.1	473.9

	Six months ended 30 June 2004 (Unaudited) £m	Six months ended 30 June 2003 (Unaudited) (Restated) £m	Year ended 31 December 2003 (Restated) £m
Operating profit			
Collins Stewart:			
Stockbroking, corporate finance and fund management	17.9	17.0	41.5
Tullett Liberty:			
Derivatives, energy and money broking	14.7	6.8	15.5
Securities broking	13.4	9.7	16.4
Information sales	0.9	0.4	1.9
	29.0	16.9	33.8
	46.9	33.9	75.3
Amortisation of goodwill:			
Collins Stewart	(3.2)	(3.3)	(6.6)
Tullett Liberty	(4.7)	(2.8)	(7.2)
	(7.9)	(6.1)	(13.8)
	39.0	27.8	61.5

3 Taxation

	Six months ended 30 June 2004 (Unaudited) £m	Six months ended 30 June 2003 (Unaudited) £m	Year ended 31 December 2003 £m
Current tax:			
UK corporation tax	13.5	8.5	20.4
Double tax relief	(3.0)	(1.5)	(3.7)
	10.5	7.0	16.7
Overseas tax	9.5	6.3	12.2
Share of associates' tax	0.4	(0.1)	0.7
Prior year UK Corporation tax over provided	(0.3)	-	(0.1)
Prior year overseas tax (over)/under provided	(0.7)	-	0.1
	19.4	13.2	29.6
Deferred tax:			
Reversal of timing differences	(1.7)	(0.3)	(0.9)
	17.7	12.9	28.7

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

	Six months ended 30 June 2004 £m	Six months ended 30 June 2003 (Restated) £m	Year ended 31 December 2003 (Restated) £m
Profit on ordinary activities before tax	39.4	27.7	66.9
Tax on profit on ordinary activities at standard rate of 30%	11.8	8.3	20.1
Factors affecting charge for the year:			
Capital allowances less than depreciation	0.5	0.3	-
Disallowable expenditure	2.7	1.8	4.1
Goodwill amortisation (non-deductible)	2.4	1.8	4.2
Unrelieved/(utilised) losses	(0.4)	-	0.4
Non-taxable losses/(gains)	0.2	(0.2)	(1.3)
Different tax rates on overseas earnings	3.2	1.2	2.2
Adjustment in respect of prior years	(1.0)	-	(0.1)
Total current tax	19.4	13.2	29.6

4 Earnings per share

Earnings	Six months ended 30 June 2004 (Unaudited) £m	Six months ended 30 June 2003 (Unaudited) (Restated) £m	Year ended 31 December 2003 (Restated) £m
Profit for the period	21.2	13.9	37.6
Preference share dividends	-	(0.7)	(0.7)
Earnings for the purposes of the basic and diluted earnings per share	21.2	13.2	36.9
Amortisation of goodwill (including associates)	8.2	6.1	14.0
Exceptional items	0.7	-	(4.5)
Earnings for the purposes of basic earnings per share before goodwill amortisation and exceptionals	30.1	19.3	46.4

Weighted average shares	Six months ended 30 June 2004 No. (m)	Six months ended 30 June 2003 No. (m)	Year ended 31 December 2003 No. (m)
Number of ordinary shares at start of year	185.1	101.8	101.8
Shares acquired by the ESOTs	-	(0.1)	(0.3)
ESOT allocations	0.3	-	0.1
Vested share options	0.1	0.1	0.3
Share issues	0.2	53.4	68.1
Basic earnings per share denominator	185.7	155.2	170.0
Issuable on exercise of options	1.8	1.5	2.1
Contingently issuable shares*	1.2	0.7	0.9
Diluted earnings per share denominator	188.7	157.4	173.0

*Contingently issuable shares relate to the deferred consideration payable in respect of the acquisition of Tullett Liberty.

5 Movement in shareholders' funds

	Share capital account £m	Share premium account £m	Merger reserve £m	Profit and loss account £m	Total £m
Reported balance brought forward	47.3	195.9	100.4	43.3	386.9
Adjustment in respect of UITF 38	-	-	-	(2.5)	(2.5)
Credit arising from share option plans	-	-	-	2.5	2.5
Restated balance brought forward	47.3	195.9	100.4	43.3	386.9
Retained profit for period	-	-	-	16.0	16.0
Issue of ordinary shares	0.3	3.0	-	-	3.3
Credit arising from share option plans	-	-	-	2.9	2.9
Foreign currency translation	-	-	-	(1.0)	(1.0)
Balance at 30 June 2004	47.6	198.9	100.4	61.2	408.1

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

	Six months ended 30 June 2004 (Unaudited)	Six months ended 30 June 2003 (Unaudited) (Restated)	Year ended 31 December 2003 (Restated)
	£m	£m	£m
Group operating profit	39.0	27.8	61.5
Expense arising from share option plans	2.9	1.2	2.5
Depreciation of tangible fixed assets	4.7	3.5	8.2
Amortisation of goodwill	7.9	6.1	13.8
Tangible fixed assets written off	0.1	-	1.0
Doubtful debts and other provisions	0.2	-	(0.2)
Decrease/(increase) in net investment positions	(0.4)	1.0	-
Increase in debtors	(470.4)	(770.3)	(143.4)
Increase in creditors	372.3	720.2	184.3
(Decrease)/increase in provisions for liabilities and charges	(0.4)	-	2.7
Decrease in long term creditors	(0.1)	(0.7)	(0.2)
Net cash (outflow)/inflow from operating activities	(44.2)	(11.2)	130.2

7 Reconciliation of net cash flow to movement in net funds

	Six months ended 30 June 2004 (Unaudited)	Six months ended 30 June 2003 (Unaudited)	Year ended 31 December 2003
	£m	£m	£m
(Decrease)/increase in cash during the period	(88.1)	11.4	119.4
Cash inflow from increase in long term loans	-	(51.1)	(51.1)
Cash outflow from repayment of loans and loan notes	4.0	8.2	21.1
Debt issue costs	-	0.5	0.7
Cash outflow from lease financing	0.5	0.4	0.9
(Decrease)/increase in current asset investments	7.8	(3.1)	(2.4)
Acquired with subsidiary:			
Finance leases	-	(4.0)	(4.0)
Loans due within one year	-	(9.5)	(9.5)
Current asset investments and term deposits	-	70.3	70.3
(Decrease)/increase in net funds resulting from cash flows	(75.8)	23.1	145.4
Amortisation of debt issue costs	(0.2)	(0.6)	(1.0)
Currency translation differences	(0.8)	(0.7)	(2.4)
(Decrease)/increase in net funds	(76.8)	21.8	142.0
Net funds at the start of the period	183.5	41.5	41.5
Net funds at the end of the period	106.7	63.3	183.5

8 Analysis of net funds

	At 1 January 2004 £m	Cash flow £m	Non - cash items £m	Exchange differences £m	At 30 June 2004 £m
Cash at bank and in hand	180.1	(78.7)	-	(0.6)	100.8
Client settlement monies	11.4	(6.6)	-	-	4.8
Overdraft	(14.7)	(2.8)	-	-	(17.5)
	176.8	(88.1)	-	(0.6)	88.1
Loan notes repayable within one year	(1.3)	-	-	-	(1.3)
Loans due within one year	(8.3)	(0.5)	-	-	(8.8)
Loans due after one year	(43.2)	4.5	(0.2)	0.5	(38.4)
Finance lease and hire purchase	(3.2)	0.5	-	0.1	(2.6)
	(56.0)	4.5	(0.2)	0.6	(51.1)
Current asset investments:					
Term deposits	31.5	1.4	-	(0.3)	32.6
Securities	31.2	6.4	-	(0.5)	37.1
	62.7	7.8	-	(0.8)	69.7
Total net funds	183.5	(75.8)	(0.2)	(0.8)	106.7

Deposits of £18.3m (30 June 2003: £14.0m; 31 December 2003: £18.4m) 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 long positions in securities of £37.6m (30 June 2003: £10.0m; 31 December 2003: £10.3m) which are not included in the analysis of net funds.

Securities within current assets (included within current asset investments above) are held on deposit by certain subsidiary undertakings in order to secure clearing facilities.

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

Cash balances include client settlement moneys of £4.8m (30 June 2003: £5.5m and 31 December 2003: £11.4m), 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 2.75p (2003: 2.5p) will be paid on 9 December 2004 to those shareholders on the register on 19 November 2004 other than shareholders who acquire shares as a result of the placing and the acquisition of Prebon.

10 Report availability

This interim report will be included in the documentation relating to the Prebon acquisition to be 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 TULLETT PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2004 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 cash flows 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.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have formed.

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 2004.

Deloitte & Touche LLP
Chartered Accountants
London
24 September 2004

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 information 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.

Appendices

Appendix 1

Tullett Liberty Group unaudited like for like information

	Six months ended 30 June 2004 (Unaudited) £m	Six months ended 30 June 2003 (Unaudited) £m	Year ended 31 December 2003 (Unaudited) £m
Turnover	216.4	220.8	427.4
Administrative expenses:			
Share option plan charges	(1.1)	-	-
Amortisation of goodwill	(0.9)	(0.6)	(1.3)
Other expenses	(187.9)	(197.1)	(387.5)
	(189.9)	(197.7)	(388.8)
Other operating income	1.6	2.4	3.3
Operating profit	28.1	25.5	41.9
Net share of operating profits in associates	(0.2)	(0.2)	(0.1)
Exceptional items	-	(4.2)	(4.1)
Profit/(loss) on sale of operations and termination of business	(0.7)	-	4.5
Profit on ordinary activities before interest and tax	27.2	21.1	42.2
Net interest receivable /(payable)	0.2	(0.1)	0.4
Profit on ordinary activities before taxation	27.4	21.0	42.6
Taxation on profit on ordinary activities	(11.9)	(11.6)	(19.8)
Profit on ordinary activities after taxation	15.5	9.4	22.8
Equity minority interests	(0.4)	(0.9)	(0.5)
Profit on ordinary activities after taxation	15.1	8.5	22.3

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 (30 June 2003: £4.2m; 31 December 2003: £4.1m).
- Amortisation of goodwill arising on the acquisition of the Tullett Liberty group by the Company has been excluded.

Tullett Liberty Group segmental analysis – operating profit

Geographical area	Six months ended 30 June 2004 (Unaudited) £m	Six months ended 30 June 2003 (Unaudited) £m	Year ended 31 December 2003 (Unaudited) £m
Europe	10.2	7.4	9.5
North America	15.1	15.4	27.3
Pacific Basin and Australasia	3.7	3.3	6.4
	29.0	26.1	43.2
Amortisation of goodwill	(0.9)	(0.6)	(1.3)
	28.1	25.5	41.9

Class of business	Six months ended 30 June 2004 (Unaudited) £m	Six months ended 30 June 2003 (Unaudited) £m	Year ended 31 December 2003 (Unaudited) £m
Derivatives,energy and money broking	14.7	10.2	18.9
Securities broking	13.4	15.5	22.4
Information sales	0.9	0.4	1.9
	29.0	26.1	43.2
Amortisation of goodwill	(0.9)	(0.6)	(1.3)
	28.1	25.5	41.9

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

Appendix 2

Collins Stewart Tullett Group unaudited like for like information

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

	Six months ended 30 June 2004 (Unaudited) £m	Six months ended 30 June 2003 (Unaudited) (Restated) £m	Year ended 31 December 2003 (Unaudited) (Restated) £m
Turnover	274.7	277.5	555.3
Administrative expenses:			
Share option plan charges	(2.9)	(1.2)	(2.5)
Amortisation of goodwill	(7.9)	(7.8)	(15.4)
Other expenses	(227.2)	(236.3)	(472.7)
	(238.0)	(245.3)	(490.6)
Other operating income	2.3	3.1	4.6
Operating profit	39.0	35.3	69.3
Net share of operating profits in associates	-	-	0.4
Reorganisation of associates and profit/(loss) on sale of operations	(0.7)	-	4.5
Profit on ordinary activities before interest and tax	38.3	35.3	74.2
Net interest payable	1.1	(0.2)	0.5
Profit on ordinary activities before taxation	39.4	35.1	74.7
Taxation on profit on ordinary activities	(17.7)	(17.0)	(32.8)
Profit on ordinary activities after taxation	21.7	18.1	41.9
Equity minority interests	(0.5)	(1.0)	(0.7)
Profit attributable to shareholders	21.2	17.1	41.2
Earnings per share			
Basic	11.4p	9.3p	22.3p
Diluted	11.2p	9.1p	22.0p
Basic before goodwill amortisation	16.2p	13.5p	28.4p

The like for like 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 the 1 January 2003.

June and December 2003 have been restated for UITF 38, whereby the ESOP credit has been credited directly to the profit and loss account reserve rather than to other operating income.

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 2003. 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 2003.
- 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 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.