EMBARGOED UNTIL 0700 hours Monday 18 September 2006

COLLINS STEWART TULLETT PLC

UNAUDITED INTERIM RESULTS - for the six months ended 30 June 2006

Highlights

Collins Stewart Tullett today announced its interim results for the six months ended 30 June 2006. The highlights of the results are:

- Revenue: £452.1m (2005: £411.6m).
- Operating profit: £95.0m (2005: £69.4m before exceptional items*, £40.8m after exceptional items).
- Profit before tax: £102.7m (2005: £39.9m).
- Basic EPS before exceptional items: 32.4p, (2005: 22.6p before exceptional items*, 12.3p after exceptional items).
- Interim dividend: 5p, up 67%.

* Exceptional items relate to reorganisation costs incurred in 2005.

Commenting on the results, Keith Hamill, Chairman, said:

"The Company reported strong results for the first half of 2006. After a year of integration and consolidation in 2005, both business lines were able to take advantage of generally favourable market conditions. Revenue was £452m (2005 first half: £412m) and operating profit was £95m (2005: £69m before exceptional items, £41m after exceptional items). Earnings per share before exceptional items were up 43% at 32.4p. Total shareholder return was 29.6% in comparison to the 8.5% achieved by FTSE mid 250 index and 17.7% by the General Financials Index.

It is intended that the demerger of the Collins Stewart business will be completed by the end of the year at which time the inter-dealer broking and stockbroking businesses will operate under two separate listed companies, Tullett Prebon plc and Collins Stewart plc. Once the demerger has been completed, Tullett Prebon is planning to seek a waiver from the consolidated capital adequacy test under the Capital Requirements Directive, which is to be implemented in the UK from 1 January 2007, enabling it to proceed with a £300m return of capital by March 2007."

Terry Smith, Chief Executive, added:

"The demerger of the Collins Stewart stockbroking business represents a logical next step for Collins Stewart Tullett, enabling both its operating companies to develop their respective businesses and facilitating a significant return of capital to shareholders. The strength of their brand names and franchises will allow Tullett Prebon and Collins Stewart to continue to be, independently, leaders and innovators in their own sectors."

- Ends -

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Collins Stewart Tullett plc

Further information on the Company and its activities is available on the Company's website: www.cstplc.com.

chairman's statement

The Company reported strong results for the first half of 2006. Revenue and profits improved substantially compared with the same period in 2005 as both business lines, after a year of integration and consolidation in 2005, took advantage of generally favourable market conditions. Earnings per share before exceptional items rose by 43% to 32.4p and total shareholder return was 29.6% in comparison to the return of 8.5% achieved by the FTSE mid 250 Index and 17.7% achieved by the FTSE General Financials Index. The Board has decided to increase the interim dividend by 67% to 5p per share.

On 20 March it was announced that in order to deliver significant further value to shareholders, the Board of Collins Stewart Tullett plc had determined to demerge the Collins Stewart stockbroking business and subsequently to return at least £300m excess capital to shareholders. The demerger is announced today. The circular which explains the process by which the demerger will be effected and which convenes the meetings required to approve the demerger, will be posted to shareholders by 31 October. Prospectuses for the two new companies which will be established in the demerger process will be posted on the same date.

The demerger of the stockbroking business from Collins Stewart Tullett, which is subject to Collins Stewart Tullett shareholder and court approval, will result in two separate businesses operating under the two new listed companies:

- The Tullett Prebon inter-dealer broking business whose parent company will be New CST plc (to be renamed Tullett Prebon plc before share trading commences); and
- The Collins Stewart stockbroking business whose parent company will be Collins Stewart plc.

At the point when the demerger becomes effective, Collins Stewart Tullett shareholders will receive one Tullett Prebon plc share and one Collins Stewart plc share in place of every one Collins Stewart Tullett share then held. Consequently, Collins Stewart Tullett shareholders will own the same proportion of Tullett Prebon plc and Collins Stewart plc as they currently hold of Collins Stewart Tullett. The demerger is expected to be completed by the end of the year.

The proposed return of capital to shareholders is dependent, amongst other things, on Tullett Prebon plc receiving a waiver from the consolidated capital adequacy tests under the regulatory regime established by the Capital Requirements Directive which will come into effect in the UK from 1 January 2007. An "in principle" waiver has already been obtained from the FSA and the Board expects the capital return to be effected by March next year.

Following the demerger the current Board will become directors of Tullett Prebon plc. Terry Smith will remain Group Chief Executive of Tullett Prebon plc as well as taking on the role of chairman of Collins Stewart plc. Richard Kilsby and I will also be joining the Board of Collins Stewart plc**.** We are recruiting additional independent Non-executive Directors for Collins Stewart.

The current outlook for both of our businesses is positive although equity market conditions for the second half of the year are unlikely to be as strong as they were in the first half. The Board is confident that the corporate restructuring will deliver significant value to the Company's shareholders and enable both businesses to pursue their strategies more efficiently and effectively.

Keith Hamill
18 September 2006

operating and financial review

Overview of performance

The following table shows the results for the first half of 2006 together with those for the comparative period in 2005 and the year ended 31 December 2005.

	Six months ended 30 June 2006 (unaudited) £m	Six months ended 30 June 2005 (unaudited and restated) £m	Year ended 31 December 2005 (audited and restated) £m
Revenue			
Inter-dealer broking	348.0	338.8	649.4
Stockbroking	104.1	72.8	148.7
	452.1	411.6	798.1
Operating profit before exceptional items			
Inter-dealer broking	62.5	48.8	90.7
Stockbroking	32.5	20.6	40.7
	95.0	69.4	131.4
Operating profit after exceptional items	95.0	40.8	93.1
Profit before tax	102.7	39.9	97.6
Earnings per share			
Basic	32.4p	12.3p	29.3p
Diluted	31.9p	12.2p	28.9p
Basic before exceptional items	32.4p	22.6p	42.2p

In 2006 the inter-dealer broking ("IDB") business transferred management responsibility for most of its domestic and international equities activities based in New York to the stockbroking business. The segmental analysis for 2005 has been restated accordingly.

For the first time since the acquisition of Prebon in October 2004 the results for Tullett Prebon are reported unencumbered by either reorganisation costs (reported as exceptional items in 2005) or the "double running" costs related to staff, technology and premises made redundant during 2005 (included within operating profit before exceptional items last year).

Revenue increased by £40.5m with Collins Stewart accounting for £31.3m of the improvement. Operating profit before exceptional items increased by £25.6m compared to the first half of 2005 with both business lines reporting substantially improved results. The Group operating margin before exceptional items was 21.0% compared with 16.9% for the first half of 2005. Basic earnings per share increased to 32.4p (2005 first half: 12.3p) due to the improvement in operating performance and the absence of reorganisation costs. Basic earnings per share before exceptional items rose by 43%. Annualised return on capital was 33.8% (2005 first half: 23.0%) and total shareholder return was 29.6%.

The effective rate of tax for the first half of the year was 33.3% (first half 2005: 35.6%) with the reduction in the rate compared with 2005 being driven by the significant improvement in taxable profits in Tullett Prebon and the rebalancing of those profits towards Europe, together with a non taxable gain on the equity swap hedging the IDB equity incentive plan. The underlying tax rate for the IDB business, before prior year adjustments and the benefit of the equity swap gain, was 39%. The underlying tax rate for the stockbroking business was 30%.

The directors have declared an interim dividend of 5p per share, up 67% on the previous interim period. The increase in dividend is in line with the underlying improvement in results. The dividend is payable on 7 December 2006 to shareholders on the register at the close of business on 24 November 2006.

Tullett Prebon

The Tullett Prebon business was still going through its integration exercise during the first half of 2005. The results for the first six months of this year demonstrate the success of that process. The well received launch of the TradeBlade™ platform also provides the business with a capability to transfer products to an electronic platform as the needs of its clients and the market change.

The reported revenue of the Tullett Prebon business increased by only £9.2m. However, the underlying revenue growth was £28m or 9% when revenues lost during 2005 as a result of staff losses in Asia, disposals and closures are excluded. The business benefited from volatility in a number of markets notably foreign exchange, interest rate derivatives and energy. Conditions in the cash bond markets were less helpful especially for corporate bonds.

Tullett Prebon's operating profit before exceptional items was £62.5m, a £13.7m increase over 2005. This result equates to an operating margin of 18.0% compared with a reported operating margin of 14.4% and an underlying margin of 16.3% for the equivalent period of 2005. The improvement reflects the benefit of the underlying growth in revenue, the saving of "double running" costs, the synergies which arose from the integration of the Tullett and Prebon businesses and continued management focus on enhancing performance.

For the first half of 2006 the annualised revenue per broker was £411,000 per head (2005 full year: £393,000). Tullett Prebon employed 1,563 brokers at the end of the period compared to 1,683 at 30 June 2005. Broker compensation represented some 57.7% of revenues for the six month period compared with 57.4% for the comparable period in 2005. At 30 June the ratio of front office to support staff was 2.2:1 consistent with figures reported twelve months ago.

The following tables analyse revenue by region and product group.

	Six months ended 30 June 2006		**Six months ended 30 June 2005**		**Year ended 31 December 2005**	
	£m	**%**	**£m**	**%**	**£m**	**%**
Europe	180.2	52	163.4	48	317.2	49
North America	133.9	38	136.3	40	260.5	40
Asia	33.9	10	39.1	12	71.7	11
	348.0	100	338.8	100	649.4	100

	Six months ended 30 June 2006		Six months ended 30 June 2005		Year ended 31 December 2005	
	£m	**%**	**£m**	**%**	**£m**	**%**
Treasury Products	102.3	29	91.7	27	180.9	28
Fixed Income Securities	96.4	28	105.4	31	193.9	30
Interest Rate Derivatives	88.1	25	86.3	25	163.1	25
Energy	30.1	9	26.5	8	53.3	8
Equities	24.5	7	22.4	7	44.8	7
Information Sales	6.6	2	6.5	2	13.4	2
	348.0	100	338.8	100	649.4	100

The European business performed very strongly during the first half of the year and now accounts for 52% of Tullett Prebon's revenue. Whilst market conditions have been helpful in a number of product areas, the region has also benefited from having its London operations working from a single broking floor for the whole six month period. Underlying revenue growth was 14.8%. Operating profit from the region increased from £17.4m to £36.6m and operating margins from 10.6% to 20.3% as a result of the development in revenues, year on year cost savings, the gain (2005: loss) on US dollar revenue hedges, and the benefit of more appropriate central management recharges to North America and Asia.

North American revenue at £133.9m was slightly down in sterling terms on that for the equivalent period of 2005; underlying revenue was down just under 6% in US dollar terms as the US dollar has been stronger compared to sterling in the first half of 2006 than the comparative period of 2005. Whilst Treasury Products, Interest Rate Derivatives and Energy have performed relatively strongly, revenue from Fixed Income, the largest area of our North American operations, was below that produced last year as a result of unfavourable market conditions this year. Our remaining investment in Natsource LLC, was sold at a profit of £1.4m. Operating profit for the region was £23.2m compared with £22.8m for the first half of 2005 and operating margins increased from 16.7% to 17.3%.

The Asia Pacific region had a good half and reported revenue of £33.9m compared to £39.1m for the equivalent period in 2005. As some £12m of 2005 revenue related to businesses closed or disposed of last year and desks lost to competitors, there was a £6.8m or 25% improvement in underlying revenue (including revenue from the Korean office opened in May last year). The operating profit for the region was £2.7m compared with £8.6m for 2005, although last year's result benefited from a number of payments from competitors associated with staff and desk changes. We continue to seek appropriate compensation from BGC for poaching some 50 brokers from our Singapore operation in February 2005.

At the start of the year Tullett Prebon launched TradeBlade™, a fully electronic inter-dealer trading system aimed initially at the institutional fixed-income dealing community. The first product traded on the platform was dollar based repos in which TradeBlade™ had established a significant market share by 30 June. In June the platform went live in US Treasuries. Revenue from the platform is included in North America and in Fixed Income Securities in the tables above.

Information Sales revenue improved slightly year on year. The management team in this area was changed during the first half and has a mandate to develop new products and markets.

Collins Stewart

The shape of the Collins Stewart business has changed over the last six months with the transfer to it of the US equities business previously managed by Tullett Prebon, giving it a distinctive platform compared to other UK based independent stockbrokers. A new and strong management team has also been put in place in advance of it moving to a separate listing.

The Collins Stewart business enjoyed a 43 per cent growth in revenues in the first half of 2006, with all areas of its business benefiting from strong equity market conditions. The spread of revenues both by business segment and geographical area remained fairly constant compared to both the comparable period and last year as a whole.

At the operating level, margins increased from 28.3% in the first half of 2005 to 31.2% in the first half of 2006, benefiting from the higher revenues. The operating margin for the whole of 2005 was 27.4% and reflected the lower contribution by the US Equities business as a result of enhanced transitional staff bonus arrangements. Reduced transitional arrangements continue to apply until the beginning of 2008.

The following tables analyse revenue by business area and region:

	Six months ended 30 June 2006		**Six months ended 30 June 2005**		**Year ended 31 December 2005**	
	£m	**%**	**£m**	**%**	**£m**	**%**
Smaller Companies	36.0	35	27.2	37	50.1	34
Private Clients	26.5	25	16.8	23	37.8	25
Larger Companies	41.6	40	28.8	40	60.8	41
	104.1	100	72.8	100	148.7	100

	Six months ended 30 June 2006		**Six months ended 30 June 2005**		**Year ended 31 December 2005**	
	£m	**%**	**£m**	**%**	**£m**	**%**
EU	60.9	58	44.6	61	86.6	58
North America	22.4	22	16.1	22	33.6	23
Channel Islands	20.8	20	12.1	17	28.5	19
	104.1	100	72.8	100	148.7	100

Smaller Companies (which now includes the former Investment Trust business) advised on 37 transactions (2005: 34), raising £1.3 billion of new equity compared to £1.3 billion for the whole of 2005. The vast majority of the funds raised were on AIM where Collins Stewart was the leading broker (in terms of total funds raised) by a considerable margin.

Private Clients increased its revenues by 58% in the first half. Part of this increase is attributable to the acquisition of the Insinger business at the end of 2005, but the business also achieved strong underlying growth in both its asset management and stockbroking activities. Funds under management increased to £3.6 billion (December 2005: £3.2 billion) with discretionary funds rising to £2.9 billion from £2.5 billion at the end of 2005. Of these funds under management, some £2.4 billion relate to Private Clients (£1.8 billion discretionary funds) with the rest in property fund management and fund services.

Larger Companies comprises the Large Cap team, Trading and the US Equities business (previously reported as part of the inter-dealer broking business) whose activities span broking equities to US institutions on a matched principal basis, market making in US and non US small and mid cap stocks and broking US equity derivatives to US institutions. The business operates on a different basis to that in the UK with a lower advisory content to its services and lower margins. All areas of the Larger Companies business benefited from strong market conditions, with the UK Large Cap team and the US Equities business achieving particularly good revenue growth.

Financial management

Profits of the Group's overseas operations are translated at average exchange rates. Given the proportion of business in North America and Hong Kong the US dollar rate is particularly important. The average US dollar exchange rate used for the first half of 2006 was $1.79 (first half 2005: $1.87; full year 2005: $1.81). During the first half some $60m of foreign exchange option contracts matured giving rise to a profit of £1.2m (2005 first half: £1.0m loss). The Group does not currently hedge revenues and profits arising in US dollars. It continues to hedge its investment in US dollar based operations.

In January 2004 the Company hedged some 90% of the cost of acquiring shares to satisfy option exercises under the Tullett Prebon equity incentive scheme. The improvement in the Company's share price over the first half of the year produced a £7.7m unrealised gain (first half 2005: £2.5m gain; full year 2005: £9.3m gain).

Cash flows from operating activities were subject to £38.0m adverse working capital movements in the first half (first half 2005: £51.5m). The main contributors to this swing were the annual bonus payments made during the first quarter and short term increases in settlement balances. We expect this position to improve in the second half in line with the normal seasonal pattern. Over the first six months of 2006 total net funds (cash and cash equivalents and short term investments less overdrafts and borrowings) increased by £10.5m (2005 first half: decrease of £10.5m) with increased operating profits being offset by higher tax payments and an increase in the dividend.

Collins Stewart demerger

Collins Stewart Tullett intends to introduce a new holding company, New CST plc (to be renamed Tullett Prebon plc shortly before listing), by way of a Court-approved scheme of arrangement under section 425 of the Companies Act 1985. This will then be followed by a Court-approved capital reduction of New CST plc to achieve the demerger of Collins Stewart, to create distributable reserves and facilitate the return of capital. A new holding company, Collins Stewart plc, will also be established to acquire the Collins Stewart stockbroking business in the demerger.

Prior to the demerger there will be a group reorganisation to separate the stockbroking activities from the inter-dealer broker. This will involve the transfer of all the stockbroking operations, including those US cash equities broking activities previously managed and accounted for within Tullett Prebon, to Collins Stewart.

The implementation of the demerger has received a number of the necessary regulatory approvals including the FSA's consent to the change of control of Collins Stewart Tullett plc and Collins Stewart Limited as a result of both companies having new holding companies.

The board of Tullett Prebon plc will be the same as the current board of the Company.

In addition to their roles within Tullett Prebon plc, Terry Smith will be Chairman, Keith Hamill Non-executive Deputy Chairman and Richard Kilsby an independent Non-executive Director of Collins Stewart plc. Additional independent Non-executive Directors will be recruited for Collins Stewart plc in due course. As reported at the AGM, Joel Plasco (formerly Chief Operating Officer of Tullett Prebon) and Diana Dyer Bartlett (the Company Secretary) are now the Chief Executive and Finance Director of Collins Stewart.

Due to the size and nature of the demerger, the approval of Collins Stewart Tullett plc shareholders is being sought. The circular to be posted by 31 October will contain a notice of a court meeting and a notice of an extraordinary general meeting, both convened for 23 November.

Admission of both the Tullett Prebon plc shares and the Collins Stewart plc shares to the Official List of the UK Listing Authority and to trading on the market for listed securities of the London Stock Exchange is expected to take place on 19 December 2006.

Return of capital

The proposed return of capital to shareholders is dependent, amongst other things, on Tullett Prebon plc receiving a waiver from the consolidated capital adequacy test under the regulatory regime established by the Capital Requirements Directive which will come into effect in the UK from 1 January 2007. An "in principle" waiver has already been obtained from the FSA and the directors expect that a formal waiver will be forthcoming on completion of the demerger process.

The capital return will be achieved by a further court approved reduction of capital. The circular which will explain the process by which the capital return will be effected and convenes the necessary meetings is expected to be posted to shareholders in January 2007 and it is anticipated that the capital return will take place in March. The return is likely to be of the order of £300m.

Future developments and outlook

The Tullett Prebon business has continued to perform in line with our expectations since the half year and, given the current geopolitical uncertainties, continued volatility in most markets seems likely to continue. We expect to launch further products on TradeBlade™ before the end of the year. Equity markets, as usual, have been quiet over the summer months. The Collins Stewart corporate finance order book is, however, sound for the second half.

Operationally we have been taking the necessary steps to separate the Tullett Prebon and Collins Stewart businesses, developing appropriately the existing management and control structures. The Collins Stewart business was, of course, previously listed in its own right from December 2000 to March 2003 when Tullett Liberty was acquired.

We will continue to liaise proactively with the FSA with regard to the changes in the regulatory capital framework arising from the implementation of the EU Capital Requirements Directive to ensure that both Tullett Prebon and Collins Stewart are subject to the appropriate supervisory and capital adequacy regimes going forward.

Terry Smith
18 September 2006

consolidated income statement
for the six months ended 30 June 2006

	Notes	Six months ended 30 June 2006 (unaudited) £m	Six months ended 30 June 2005 (unaudited) £m	Year ended 31 December 2005 £m
Revenue	3	452.1	411.6	798.1
Other operating income		7.2	7.6	23.9
Administrative expenses				
Exceptional items:				
Reorganisation costs	4	-	(28.6)	(38.3)
Other administrative expenses		(364.3)	(349.8)	(690.6)
Total administrative expenses		(364.3)	(378.4)	(728.9)
Operating profit	3	95.0	40.8	93.1
Finance income		17.9	11.1	24.9
Finance costs		(10.2)	(12.0)	(20.4)
Profit before tax		102.7	39.9	97.6
Taxation	5	(34.2)	(14.2)	(36.6)
Profit of consolidated companies		68.5	25.7	61.0
Share of results of associates		-	0.4	0.7
Profit for the period		68.5	26.1	61.7
Attributable to:				
Equity holders of the parent		68.1	25.7	61.0
Minority interest		0.4	0.4	0.7
		68.5	26.1	61.7
Earnings per share				
Basic	7	32.4p	12.3p	29.3p
Diluted	7	31.9p	12.2p	28.9p

All of the Group’s revenue and operating profit were derived from continuing operations

consolidated statement of recognised income and expense

for the six months ended 30 June 2006

	Six months ended 30 June 2006 (unaudited) £m	Six months ended 30 June 2005 (unaudited) £m	Year ended 31 December 2005 £m
Gains/(losses) on cash flow hedges	4.9	(4.3)	(7.2)
Exchange differences on translation of foreign operations	(8.3)	4.5	7.9
Actuarial gains on defined benefit pension schemes	8.0	3.5	0.9
Taxation on items taken directly to equity	4.7	4.4	0.4
Net income recognised directly in equity	9.3	8.1	2.0
Profit for the period	68.5	26.1	61.7
Total recognised income and expense for the period	77.8	34.2	63.7
Attributable to:			
Equity holders of the parent	77.4	33.8	63.0
Minority interest	0.4	0.4	0.7
	77.8	34.2	63.7

consolidated balance sheet
as at 30 June 2006

	Notes	30 June 2006 (unaudited) £m	30 June 2005 (unaudited) (as restated) £m	31 December 2005 £m
Non-current assets				
Goodwill		428.4	421.2	428.0
Other intangible assets		2.9	3.7	2.8
Land, buildings, furniture, fixtures, equipment and motor vehicles		22.1	22.3	24.3
Interests in associates		2.7	2.2	2.8
Other financial assets		6.6	4.6	5.7
Deferred tax assets		30.9	46.2	31.0
Derivative financial instruments		5.5	5.3	-
		499.1	505.5	494.6
Current assets				
Trade and other receivables		79,883.4	112,727.7	64,408.3
Trading investments	11	71.5	76.4	90.6
Cash and cash equivalents		265.6	177.0	235.3
Derivative financial instruments		13.1	-	5.4
		80,233.6	112,981.1	64,739.6
Total assets		80,732.7	113,486.6	65,234.2
Current liabilities				
Trade and other payables		(79,862.6)	(112,690.6)	(64,435.8)
Financial liabilities		(16.8)	(18.0)	(15.2)
Interest bearing loans and borrowings		(11.7)	(13.4)	(1.8)
Retirement benefit obligation		(2.1)	(2.0)	(2.0)
Tax liabilities		(48.9)	(37.6)	(32.6)
Derivative financial instruments		-	(3.4)	(1.9)
		(79,942.1)	(112,765.0)	(64,489.3)
Net current assets		291.5	216.1	250.3
Non-current liabilities				
Interest bearing loans and borrowings		(152.1)	(153.5)	(153.1)
Retirement benefit obligation		(25.6)	(33.4)	(34.6)
Deferred tax liabilities		(0.6)	(0.5)	(1.0)
Long-term provisions		(8.2)	(12.3)	(7.2)
Other long-term payables		(2.5)	(3.2)	(3.3)
Derivative financial instruments		-	-	(1.2)
		(189.0)	(202.9)	(200.4)
Total liabilities		(80,131.1)	(112,967.9)	(64,689.7)
Net assets		601.6	518.7	544.5
Equity				
Share capital	8	53.1	53.1	53.1
Share premium account	8	250.9	250.9	250.9
Merger reserve	8	121.5	121.5	121.5
Hedging and translation reserve	8	(3.1)	(0.2)	0.3
Retained earnings	8	176.8	91.0	116.3
Equity attributable to equity holders of the parent	8	599.2	516.3	542.1
Minority interest – equity		2.4	2.4	2.4
Total equity		601.6	518.7	544.5

consolidated cash flow statement
for the six months ended 30 June 2006

	Notes	Six months ended 30 June 2006 (unaudited) £m	Six months ended 30 June 2005 (unaudited) (as restated) £m	Year ended 31 December 2005 £m
Net cash from operating activities	9	40.5	(2.6)	84.0
Investing activities				
Proceeds from disposal/(purchases) of trading investments		8.9	7.7	(1.9)
Interest received		7.0	4.5	15.5
Dividends received from other equity investments		-	0.3	-
Proceeds on disposal of furniture, fixtures and equipment		1.0	0.1	-
Proceeds on disposal of available-for-sale investments		1.4	0.6	1.2
Purchase of available-for-sale investments		(0.8)	-	-
Purchase of intangible fixed assets		(0.3)	-	(1.6)
Purchase of furniture, fixtures and equipment		(2.7)	(6.3)	(13.0)
Investment in associates		-	-	(0.9)
Acquisition of subsidiary (net of cash acquired)		(4.0)	(1.2)	(7.1)
Net cash from/(used in) investing activities		10.5	5.7	(7.8)
Financing activities				
Dividends paid		(23.2)	(12.0)	(18.3)
Issue of ordinary share capital		-	1.3	1.3
Issue/(repayment of borrowings)		0.2	(1.0)	(1.2)
Share option exercise costs		(1.7)	-	-
Repayment of obligations under finance leases		(0.1)	(0.1)	(0.5)
Net cash used in financing activities		(24.8)	(11.8)	(18.7)
Net increase/(decrease) in cash and cash equivalents		26.2	(8.7)	57.5
Net cash and cash equivalents at the beginning of the period		234.2	169.1	169.1
Effect of foreign exchange rate changes		(5.5)	4.2	7.6
Net cash and cash equivalents at end of period		254.9	164.6	234.2
Cash and cash equivalents		265.6	177.0	235.3
Overdrafts		(10.7)	(12.4)	(1.1)
Net cash and cash equivalents		254.9	164.6	234.2

notes to the consolidated interim financial statements

1. General information

The interim financial statements for the six months ended 30 June 2006 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS). The interim information, together with the comparative information contained in this report for the year ended 31 December 2005, does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. However, the information has been reviewed by the Company's auditors, Deloitte & Touche LLP, and their report appears at the end of the interim financial report. The interim financial report is unaudited and was approved by the board of directors on 15 September 2006.

The IFRS statutory accounts for the year ended 31 December 2005 have been reported on by the Company's auditors, Deloitte & Touche LLP, and have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Collins Stewart Tullett plc is a company incorporated in Great Britain under the Companies Act 1985.

The following amendments to existing standards and interpretations are to be adopted for the year ending 31 December 2006. The adoption of these amendments and interpretations was not yet effective as at 30 June 2006. The directors anticipate that the adoption of these standards will have no material impact on the financial information for the year ending 31 December 2006.

IFRIC 4: “Determining whether an Arrangement Contains a Lease”

Amendment to IAS 39 “The Fair Value Option”

Amendment to IAS 39 “Cash Flow Hedge Accounting of Forecast Intragroup Transactions”

Amendment to IAS 30 and IFRS 4 “Financial Guarantee Contracts”

IFRS 7 “Financial Instruments: Disclosures and related amendments to IAS1” will come into effect for periods commencing on or after 1 January 2007 and will add additional disclosure on capital and financial instruments.

2. Significant accounting policies

Basis of accounting

These financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The financial statements are rounded to the nearest hundred thousand (expressed as millions to one decimal place - £m), except where otherwise indicated. The 30 June 2005 cash and cash equivalents, cash flow statement and the related notes have been restated to reflect the reclassification of £30m of short term highly liquid investments from trading investments to cash and cash equivalents, in order to be consistent with the full year cash flow statement.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2005.

Retirement benefit costs

At the half-year, management in consultation with its independent actuaries, has updated the discount rates for current market conditions and considered whether there have been any other events that would significantly affect the pension liability. The impact of these changes in assumptions and events has been estimated in arriving at the half-year pension liability. In addition, fund asset balances have been updated to reflect actual investment returns.

3. Business and geographic segments

For management purposes, the Group is currently organised into two operating divisions: inter-dealer broking and stockbroking. These divisions are the basis on which the Group reports its primary segment information. The June 2006 and June 2005 figures are unaudited.

	Inter dealer broking			Stockbroking			Group		
	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue									
Europe	180.2	163.4	317.2	81.7	56.7	115.1	261.9	220.1	432.3
North America	133.9	136.3	260.5	22.4	16.1	33.6	156.3	152.4	294.1
Asia Pacific	33.9	39.1	71.7	-	-	-	33.9	39.1	71.7
Total revenue	348.0	338.8	649.4	104.1	72.8	148.7	452.1	411.6	798.1
Operating profit before exceptional items									
Europe	36.6	17.4	41.6	28.8	19.9	39.2	65.4	37.3	80.8
North America	23.2	22.8	40.4	3.7	0.7	1.5	26.9	23.5	41.9
Asia Pacific	2.7	8.6	8.7	-	-	-	2.7	8.6	8.7
	62.5	48.8	90.7	32.5	20.6	40.7	95.0	69.4	131.4
Exceptional items*									
Europe	-	(17.6)	(19.4)	-	-	-	-	(17.6)	(19.4)
North America	-	(7.8)	(12.0)	-	-	-	-	(7.8)	(12.0)
Asia Pacific	-	(3.2)	(6.9)	-	-	-	-	(3.2)	(6.9)
	-	(28.6)	(38.3)	-	-	-	-	(28.6)	(38.3)
Operating profit									
Europe	36.6	(0.2)	22.2	28.8	19.9	39.2	65.4	19.7	61.4
North America	23.2	15.0	28.4	3.7	0.7	1.5	26.9	15.7	29.9
Asia Pacific	2.7	5.4	1.8	-	-	-	2.7	5.4	1.8
Operating profit from continuing operations	62.5	20.2	52.4	32.5	20.6	40.7	95.0	40.8	93.1

*Exceptional items in 2005 comprise reorganisation costs.

There are no inter-segment sales included in segment revenue. All segment revenue is derived from sales to external customers.

In 2006 the inter-dealer broking (“IDB”) business transferred management responsibility for most of its domestic and international equities activities based in New York to the stockbroking business. Accordingly, Stockbroking revenue has been restated (increased) in June 2005 and December 2005 by £13.0m and £27.0m respectively and the stockbroking operating profit has increased by £0.6m and £0.7m respectively. Stockbroking revenue has also been restated in line with industry practice to include interest earned on client money which was previously included in other operating income. This amounted to £0.9m in June 2005.

4. Reorganisation costs

There were no reorganisation costs (half year 30 June 2005: £28.6m; year ended 31 December 2005: £38.3m). Previous period costs were all associated with the integration exercise in the IDB business following the acquisition of Prebon. The integration exercise was completed in 2005.

5. Taxation

	Six months ended 30 June 2006 (unaudited) £m	Six months ended 30 June 2005 (unaudited) £m	Year ended 31 December 2005 £m
Current tax:			
UK corporation tax	25.6	6.5	8.4
Double tax relief	(4.2)	(0.3)	(0.7)
	21.4	6.2	7.7
Overseas tax	14.2	8.4	14.8
Prior year UK corporation tax under/(over) provided	0.1	(0.1)	(0.6)
Prior year overseas corporation tax (over)/under provided	(0.6)	0.4	2.8
	35.1	14.9	24.7
Deferred tax:			
Current year	(0.9)	1.6	13.9
Prior year deferred tax assets understated	-	(2.3)	(2.0)
	34.2	14.2	36.6

6. Dividends

During the first six months a dividend of 11p (2005: 5.75p) per share was paid to the shareholders, amounting to £23.1m (2005: £12.0m).

The proposed interim dividend for 2006 of 5p (2005: 3p) per share, £10.5m (2005: £6.3m), was approved by the Board on 15 September 2006 and has not been included as a liability as at 30 June 2006.

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

Earnings	Six months ended 30 June 2006 (unaudited) £m	Six months ended 30 June 2005 (unaudited) £m	Year ended 31 December 2005 £m
Earnings for the purposes of the basic and diluted earnings per share	68.1	25.7	61.0
IDB reorganisation costs	-	28.6	38.3
Tax credit on reorganisation costs	-	(7.3)	(11.3)
Earnings for the purposes of the basic earnings per share before exceptional items	68.1	47.0	88.0

Weighted average number of shares	Six months ended 30 June 2006 (unaudited) No. (m)	Six months ended 30 June 2005 (unaudited) No. (m)	Year ended 31 December 2005 No. (m)
Number of ordinary shares at start of period	209.6	207.6	207.6
ESOT allocations	-	0.2	0.4
Share option exercises	0.7	0.3	0.5
Basic earnings per share denominator	210.3	208.1	208.5
Issuable on exercise of options	2.9	2.8	2.7
Diluted earnings per share denominator	213.2	210.9	211.2

Earnings per share			
Basic	32.4p	12.3p	29.3p
Diluted	31.9p	12.2p	28.9p
Basic before exceptional items	32.4p	22.6p	42.2p

8. Reconciliation of movements in equity

The following table shows an analysis of the change in equity attributable to equity shareholders of Collins Stewart Tullett.

	Share capital £m	Share premium account £m	Merger reserve £m	Hedging and translation reserve £m	Retained earnings £m	Total shareholders' equity £m
Balance at 1 January 2005	53.0	249.7	121.5	(0.4)	66.1	489.9
Profit for the period	-	-	-	-	25.7	25.7
Dividends paid in the period	-	-	-	-	(12.0)	(12.0)
Issue of ordinary shares	0.1	1.2	-	-	-	1.3
Credit arising on share options	-	-	-	-	3.3	3.3
Actuarial gain on defined benefit pension schemes	-	-	-	-	3.5	3.5
Losses on cash flow hedges	-	-	-	(4.3)	-	(4.3)
Foreign currency translation	-	-	-	4.5	-	4.5
Taxation on items taken directly to equity	-	-	-	-	4.4	4.4
Balance at 30 June 2005	53.1	250.9	121.5	(0.2)	91.0	516.3
Balance at 1 January 2005	53.0	249.7	121.5	(0.4)	66.1	489.9
Profit for the period	-	-	-	-	61.0	61.0
Dividends paid in the period	-	-	-	-	(18.3)	(18.3)
Issue of ordinary shares	0.1	1.2	-	-	-	1.3
Credit arising on share options	-	-	-	-	6.5	6.5
Cash cancellation of share options	-	-	-	-	(0.3)	(0.3)
Actuarial gain on defined benefit pension schemes	-	-	-	-	0.9	0.9
Losses on cash flow hedges	-	-	-	(7.2)	-	(7.2)
Foreign currency translation	-	-	-	7.9	-	7.9
Taxation on items taken directly to equity	-	-	-	-	0.4	0.4
Balance at 31 December 2005	53.1	250.9	121.5	0.3	116.3	542.1
Balance at 1 January 2006	53.1	250.9	121.5	0.3	116.3	542.1
Profit for the period	-	-	-	-	68.1	68.1
Dividends paid in the period	-	-	-	-	(23.3)	(23.3)
Credit arising on share options	-	-	-	-	3.9	3.9
Exercise of share options previously expensed through income statement	-	-	-	-	(0.9)	(0.9)
Actuarial gain on defined benefit pension schemes	-	-	-	-	8.0	8.0
Gain on cash flow hedges	-	-	-	4.9	-	4.9
Foreign currency translation	-	-	-	(8.3)	-	(8.3)
Taxation on items taken directly to equity	-	-	-	-	4.7	4.7
Balance at 30 June 2006	53.1	250.9	121.5	(3.1)	176.8	599.2

9. Reconciliation of operating profit to net cash from operating activities

	Six months ended 30 June 2006 (unaudited) £m	Six months ended 30 June 2005 (unaudited) (as restated) £m	Year ended 31 December 2005 £m
Operating profit	95.0	40.8	93.1
Adjustments for:			
(Gains)/loss on derivatives	(1.9)	1.8	1.7
Expense arising from share option plans	3.9	3.3	6.5
Profit on sale of other financial assets	(1.4)	(0.5)	(0.5)
Depreciation of furniture, fixtures and equipment	3.8	5.7	9.2
Amortisation of intangible assets	0.6	1.5	1.4
Assets written (back)/off	(0.6)	-	7.8
(Gain)/loss on disposal of furniture, fixtures and equipment	(0.2)	0.2	-
Increase/(decrease) in provisions	1.5	2.8	(4.1)
(Decrease)/increase in non-current payables	(0.9)	1.0	0.1
Operating cash flows before movement in working capital	99.8	56.6	115.2
(Increase)/decrease in trade and other receivables	(15,472.6)	(41,130.4)	7,192.2
Decrease/(increase) in net long and short positions	11.1	0.2	(6.8)
Increase/(decrease) in trade and other payables	15,423.5	41,078.7	(7,175.0)
Cash generated from operations	61.8	5.1	125.6
Income taxes paid	(17.7)	(5.9)	(23.7)
Interest paid	(3.6)	(1.8)	(17.9)
Net cash flows from operating activities	40.5	(2.6)	84.0

10. Reconciliation of net cash flow to movements in net funds

	Six months ended 30 June 2006 (unaudited) £m	Six months ended 30 June 2005 (unaudited) (as restated) £m	Year ended 31 December 2005 £m
Net increase/(decrease) in cash and cash equivalents during the period	26.2	(8.7)	57.5
Cash (inflow)/outflow from repayment of loans and loan notes	(0.2)	1.0	1.2
Cash outflow from lease financing	0.1	0.1	0.5
(Decrease)/increase in trading investments	(8.9)	(7.7)	1.9
Increase in net funds resulting from cash flows	17.2	(15.3)	61.1
Amortisation of debt issue costs and discount	(0.3)	(0.2)	(0.3)
Increase/(decrease) in finance leases	(0.2)	0.1	(0.9)
Currency translation differences	(6.2)	4.9	8.4
Increase in net funds	10.5	(10.5)	68.3
Net funds at the start of the period	123.1	54.8	54.8
Net funds at the end of the period	133.6	44.3	123.1

11. Analysis of net funds

	At 1 January 2005 £m	Cash flow £m	Non-cash items £m	Exchange Differences £m	At 30 June 2005 (unaudited) (as restated) £m
Cash in hand and at bank	132.9	3.4	-	1.8	138.1
Cash equivalents	43.2	(15.6)	-	2.4	30.0
Client settlement money	7.0	1.9	-	-	8.9
Overdraft	(14.0)	1.6	-	-	(12.4)
	169.1	(8.7)	-	4.2	164.6
Loans due within one year	(1.3)	1.0	-	-	(0.3)
Loans due after one year	(148.3)	-	(0.2)	-	(148.5)
Finance leases	(3.1)	0.1	0.1	-	(2.9)
	(152.7)	1.1	(0.1)	-	(151.7)
Other trading investments	38.4	(7.7)	-	0.7	31.4
Total net funds	54.8	(15.3)	(0.1)	4.9	44.3

	At 1 January 2005 £m	Cash flow £m	Non-cash items £m	Exchange Differences £m	At 31 December 2005 £m
Cash in hand and at bank	132.9	76.8	-	6.0	215.7
Cash equivalents	43.2	(37.9)	-	1.6	6.9
Client settlement money	7.0	5.7	-	-	12.7
Overdraft	(14.0)	12.9	-	-	(1.1)
	169.1	57.5	-	7.6	234.2
Loans due within one year	(1.3)	1.2	-	-	(0.1)
Loans due after one year	(148.3)	-	(0.3)	-	(148.6)
Finance leases	(3.1)	0.5	(0.9)	-	(3.5)
	(152.7)	1.7	(1.2)	-	(152.2)
Other trading investments	38.4	1.9	-	0.8	41.1
Total net funds	54.8	61.1	(1.2)	8.4	123.1

	At 1 January 2006	Cash flow	Non-cash items	Exchange Differences	At 30 June 2006 (unaudited)
	£m	**£m**	**£m**	**£m**	**£m**
Cash in hand and at bank	215.7	37.7	-	(5.3)	248.1
Cash equivalents	6.9	1.3	-	(0.2)	8.0
Client settlement money	12.7	(3.2)	-	-	9.5
Overdraft	(1.1)	(9.6)	-	-	(10.7)
	234.2	26.2	-	(5.5)	254.9
Loans due within one year	(0.1)	(0.2)	-	-	(0.3)
Loans due after one year	(148.6)	-	(0.3)	-	(148.9)
Finance leases	(3.5)	0.1	(0.2)	-	(3.6)
	(152.2)	(0.1)	(0.5)	-	(152.8)
Other trading investments	41.1	(8.9)	-	(0.7)	31.5
Total net funds	123.1	17.2	(0.5)	(6.2)	133.6

Trading investments per the balance sheet comprise:	Six months ended 30 June 2006 (unaudited)	Six months ended 30 June 2005 (unaudited) (as restated)	Year ended 31 December 2005
	£m	**£m**	**£m**
Long trading positions	40.0	45.0	49.5
Other trading investments	31.5	31.4	41.1
	71.5	76.4	90.6

Loans due after one year are stated net of the fair value adjustment required by International Accounting Standard 39: Financial Instruments of £0.3m (half year 30 June 2005: £2.8m, year ended 31 December 2005: £1.6m).

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 2006 which comprise the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 11. 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 are 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 International Standards on Auditing (UK and Ireland) 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 2006.

Deloitte & Touche LLP
Chartered Accountants
London
18 September 2006