

CHARLES STANLEY GROUP PLC RESULTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010

Charles Stanley is one of the UK's leading independently owned, full service stockbroking and investment management groups, advising on substantial funds. Today it announces its interim results for the half-year ended 30 September 2010.

Highlights:

- Revenue for the half-year £59.7 million (2009/10: £55.9 million) 7% increase
- Reported profit before tax £7.3 million (2009/10: £5.5 million) 33% increase
- Adjusted profit before tax £8.2 million (2009/10: £6.6 million) 24% increase
- Funds under management and administration £13.5 billion (30 September 2009: £11.6 billion) 16% increase
- Private client income £49.9 million (2009/10: £45.7 million) 9% increase
- Reported earnings per share 11.53p (2009/10: 8.60p) 34% increase
- Adjusted earnings per share 12.92p (2009/10: 10.37p) 24% increase
- Interim dividend per share 2.50p (2009/10: 2.20p) 14% increase

Commenting on the outlook Sir David Howard, Chairman said:

"Charles Stanley has produced another excellent set of half-year results, with an increase of 33% in our profit before tax compared with 12 months ago, and an increase in the same period of 16% in clients' funds under management and administration. The second six months of our year have started strongly, and although the uncertainties for the medium-term make it difficult to see very far ahead, the performance of share prices suggests that investors are taking a positive view. I think they are right. While there is still some way to go before we can be clear about the broader outlook, in relation to Charles Stanley I feel a degree of optimism about the months ahead."

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CHAIRMAN'S STATEMENT

Charles Stanley Group is pleased to report another excellent half-year's results for the six months ended 30 September 2010. Despite quiet conditions during the half-year, revenue rose by 7% from £55.9 million (in the half-year to 30 September 2009) to £59.7 million at 30 September 2010, a new record. But firm control of costs led to an improvement in our reported profit before tax of 33% from £5.5 million in the first six months of the previous year to £7.3 million in the latest six months, and of 24% in our adjusted profit from £6.6 million to £8.2 million over the same period.

The revenue improvement was almost wholly due to an increase in fee income in our Private Client division. Our Financial Services division showed a resilient performance, coming in slightly ahead of the figure 12 months ago, while Charles Stanley Securities, our corporate finance and broking and institutional sales division, had a mixed performance, with overall revenue about 10% lower. This reflects principally a decline in the income generated by our bond trading team, in light of quieter bond markets, while elsewhere in the division the results were broadly in line with the previous period.

At 30 September 2010 the total value of clients' funds under management and administration was £13.5 billion, up 5.5% compared with £12.8 billion at 31 March 2010 and up 16.4% compared with £11.6 billion at 30 September 2009. Over the same twelve months to 30 September 2010 the FTSE-100 Share Index rose by 8.1%, the FTSE All-Share Index by 8.8% and the APCIMS Balanced Index by 7.0%. Within the overall figure of funds under management and administration the managed funds alone (including discretionary funds) increased over the twelve month period by 13.8% to £6.6 billion.

The present low interest rate regime continues to impact on our income in relation to the very substantial cash balances that we maintain both for the Group and for our clients. The Group's own cash balances stood at £35.1 million at 30 September 2010, up from £34.6 million at 30 September 2009. These Group cash balances vary from day to day in response to settlement requirements for clients' transactions, but the overall daily figure runs typically at around £40 million. As ever, and even more so in these unsettled times, we continue to pay particular emphasis to the strength of the Group's balance sheet and our levels of cash.

In the light of these results the Directors have decided to increase the interim dividend from 2.20p to 2.50p (an increase of 13.6%). We will once again be offering shareholders an alternative to the cash dividend in the form of shares of equivalent value (a "scrip" dividend). The dividend will be paid on 31 December 2010 to shareholders registered on 19 November 2010. Further details about the scrip dividend alternative are set out on page 5.

Change of auditors

Following a formal tender process, the Group's Board of Directors and Audit Committee have decided to change the Group's auditor to KPMG Audit Plc. Saffery Champness and its predecessor firms have served as the Group's auditors for more than 50 years, and we are extremely grateful for all their diligence and advice over those years.

Review of operations

Private Client division

The Private Client division has performed strongly during the half-year ended September 2010, with revenues increasing by 9.2% to £49.9 million. This figure arises from essentially two major streams, commission on stock exchange transactions and fees for investment management and administration. The uncertain economic outlook during the six months led to rather quieter trading conditions, so that, despite the growth in our client numbers and the value of their portfolios, commission income on stock exchange transactions remained steady at £26.1 million (2009/10: £26.1 million). However the level of fee income in the latest half-year rose to reflect this growth in client numbers and portfolio values to £23.8 million (2009/10: £19.6 million).

Financial Services

We have previously announced a number of developments over the past two or three years, to build on our growing Financial Services offering. Most recently, in their first year as part of Charles Stanley, the Matterley fund management team have gained increasing support from institutional and retail investors for their successful management style. This is a key element in developing our in-house funds, which have grown in value during the latest half-year from £104 million to £122 million as at 30 September 2010.

More generally, our Financial Services division has enjoyed a good half-year, achieving a further increase in income to £4.5 million compared with £4.3 million for the half-year to 30 September 2009, and this during a period of ongoing consolidation of our businesses offering employee and corporate benefits.

Charles Stanley Securities

Against a backdrop of historically low activity in small and mid cap equity fundraisings and corporate activity the division has achieved solid results. Corporate finance income remained steady at £1.8 million and equity commissions were up during the period. The decline in the overall income in this division relates to our institutional bond trading arm, CS Sutherlands, which – in line with bond markets generally – has experienced a reduction in trading activity during this period.

The Charles Stanley team

We have to work hard to produce these results. We pride ourselves on the quality of service and professionalism that we offer our clients, and we are constantly looking for ways to improve this. Our shareholders are generous in their praise for the Charles Stanley team and on behalf of both the shareholders and Directors I would like to thank everyone, throughout the Group, for their efforts in producing another good set of results.

Outlook

Since my last statement to shareholders the global economy has veered between glimmers of hope and then fears over currency wars which now dominate the news. In the 1930s the disjointed pursuit of individual economic agendas by the global powers led to disaster, and one lives in hope that the modern collaborative process, such as the G20 gatherings, will deliver a co-ordinated response to steer the world towards a resumption of growth and of stability in the capital markets. Conditions remain uncertain, and there is still some way to go before we can be clear about the outlook.

Share prices continue to rise, but we cannot say how much of this is due to the liquidity being pumped into the economy by the government, some of which was always likely to fuel a rise in asset prices and which will need to be withdrawn again at some stage; how much is due to the continuing strength of the corporate sector, which is seeing a steady improvement in profits which might also be a consequence of this excess liquidity in the economy; and how much is based on an expectation by investors that the economy has turned a corner. Of course, what has altered significantly in the past six months is the dramatic change of political scenery – from profligate and out-of-control spending, leading to exponential growth in the national deficit, to tight controls and savage cuts. Will this trigger a return to growth and sound finances, or will it cause another downturn? The performance of share prices suggests that investors are taking a positive view, and I think they are right.

Meanwhile we face a further slew of regulation which we continue to grapple with and to try and understand and implement. Most of our sector had little or nothing to do with the causes of the crisis, but we are in the front line when it comes to dealing with the consequences of it. Often the policy responses have been blunt and poorly targeted. We have this amazing world-beating industry – the financial services sector – based in the City of London and in our great financial centres such as Edinburgh, and by and large this continues to contribute significantly to the national wealth and to be best-of-breed, globally. This continues to function well, and we should like to see more precision in the way that the undoubted problems are cauterised.

The second six months of our year have started strongly, but the uncertainties for the medium-term make it difficult to see very far ahead. I have expressed a degree of optimism in my last two or three reports to shareholders. This has proved justified, and I feel a similar degree of optimism about the months ahead.

Sir David Howard
Chairman

10 November 2010

CHARLES STANLEY GROUP PLC
FUNDS UNDER MANAGEMENT AND ADMINISTRATION

	30 Sept 2010 £ billion	30 Sept 2009 £ billion	31 Mar 2010 £ billion
Discretionary funds under management			
In Group's nominee or Euroclear UK and Ireland ("EUI") personal membership	4.1	3.5	3.9
Advisory managed funds			
In Group's nominee or EUI personal membership	2.3	1.9	2.2
Not held in Group's nominee	0.2	0.4	0.2
	2.5	2.3	2.4
Total managed funds	6.6	5.8	6.3
Advisory dealing funds			
In Group's nominee or EUI personal membership	2.9	2.6	2.8
Execution only funds			
In Group's nominee or EUI personal membership	4.0	3.2	3.7
Total administered funds	6.9	5.8	6.5
Total funds under management and administration	13.5	11.6	12.8

Interim dividend

The Board is recommending an interim dividend of 2.50p (2009/10: 2.20p). A scrip alternative will be offered giving shareholders the opportunity to increase their shareholding without incurring dealing costs or stamp duty.

Details of the scrip dividend, including an election form, will be sent to shareholders with the interim report on 25 November 2010. If your shareholding is in uncertificated form in CREST (and was in uncertificated form as at the relevant record date), you can only elect to receive your dividend in the form of new shares by means of the CREST procedure to effect such an election.

Calendar

Date	Event
10 November 2010	Results announced
17 November 2010	Shares quoted ex-Dividend
17 to 23 November 2010	Dealing days for calculating the price of the new shares to be offered pursuant to the scrip
19 November 2010	Record date for the interim dividend
25 November 2010	Interim Report posted to shareholders
10 December 2010	Final date for receipt of the scrip dividend mandate forms, electronic elections or CREST elections
31 December 2010	Dividend payment date, first day of dealing in the new shares
June 2011	Final results announced

CHARLES STANLEY GROUP PLC
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
SIX MONTHS ENDED 30 SEPTEMBER 2010

	<i>Notes</i>	Unaudited Half-year 30 Sept 2010 £'000	<i>Unaudited Half-year 30 Sept 2009 £'000</i>	<i>Audited Year 31 Mar 2010 £'000</i>
Continuing operations				
Revenue	2	59,742	55,874	114,992
Administrative expenses		(52,705)	(50,867)	(105,356)
Other income		49	75	88
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Operating profit	4	7,086	5,082	9,724
Finance income	5	204	204	399
Finance costs	5	(18)	(30)	(22)
Gains and losses on available for sale financial assets	5	22	233	170
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Profit before tax		7,294	5,489	10,271
Tax expense	6	(2,179)	(1,688)	(3,428)
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Profit for the period attributable to equity shareholders		5,115	3,801	6,843
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Earnings per share				
Based on reported profit for the period				
Basic and diluted	7	11.53p	8.60p	15.44p

CHARLES STANLEY GROUP PLC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 30 SEPTEMBER 2010

	<i>Unaudited</i> <i>Half-year</i> 30 Sept 2010 £'000	<i>Unaudited</i> <i>Half-year</i> <i>30 Sept</i> <i>2009</i> <i>£'000</i>	<i>Audited</i> <i>Year</i> <i>31 Mar</i> <i>2010</i> <i>£'000</i>
Profit for the period	5,115	3,801	6,843
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Other comprehensive income			
Gains and losses on available for sale financial assets	50	153	343
Deferred tax on available for sale financial assets	20	(103)	(95)
Retirement benefit scheme actuarial deficit	-	-	(993)
Deferred tax on retirement benefit scheme actuarial deficit	(50)	-	297
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Other comprehensive income for the period, net of tax	20	50	(448)
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Total comprehensive income for the period attributable to equity shareholders	5,135	3,851	6,395
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CHARLES STANLEY GROUP PLC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2010

	<i>Notes</i>	Unaudited 30 Sept 2010 £'000	<i>Unaudited 30 Sept 2009 £'000</i>	<i>Audited 31 Mar 2010 £'000</i>
Assets				
Non-current assets				
Intangible assets	9	34,872	36,068	35,428
Property, plant and equipment	10	6,020	6,653	6,070
Deferred tax assets		755	309	516
Available for sale financial assets	11	6,526	6,487	6,426
Trade and other receivables	12	1,623	-	1,511
		49,796	49,517	49,951
Current assets				
Trade and other receivables	12	199,602	207,045	188,103
Financial assets at fair value through profit or loss	13	382	50	75
Cash and cash equivalents	14	35,113	34,554	36,617
		235,097	241,649	224,795
Liabilities				
Current liabilities				
Trade and other payables	15	(199,464)	(210,359)	(192,945)
Borrowings	16	(341)	(420)	(843)
Current tax liabilities		(2,405)	(1,886)	(1,662)
		(202,210)	(212,665)	(195,450)
Net current assets		32,887	28,984	29,345
Non-current liabilities				
Trade and other payables	15	-	(900)	(900)
Borrowings	16	(12)	(8)	(15)
Retirement benefit obligations		(4,956)	(3,894)	(4,956)
		(4,968)	(4,802)	(5,871)
Net assets		77,715	73,699	73,425
Shareholders' equity				
Ordinary shares	17	11,159	11,096	11,136
Share premium		1,749	1,812	1,772
Revaluation reserve		2,393	2,345	2,323
Retained earnings		62,361	58,349	58,097
Total shareholders' equity		77,662	73,602	73,328
Minority interests	18	53	97	97
Total equity		77,715	73,699	73,425

CHARLES STANLEY GROUP PLC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 SEPTEMBER 2010

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Revaln reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total £'000</i>	<i>Minority interests £'000</i>	<i>Total £'000</i>
1 April 2009 (audited)	11,035	1,873	2,295	56,850	72,053	97	72,150
Profit for the period	-	-	-	3,801	3,801	-	3,801
Other comprehensive income:							
Gains and losses on available for sale financial assets	-	-	153	-	153	-	153
Deferred tax on available for sale financial assets	-	-	(103)	-	(103)	-	(103)
Total other comprehensive income for the period	-	-	50	-	50	-	50
Total comprehensive income for the period	-	-	50	3,801	3,851	-	3,851
Dividends paid to equity shareholders	-	-	-	(2,375)	(2,375)	-	(2,375)
Shares issued in lieu of dividends	61	(61)	-	-	-	-	-
Share options – value of employee services	-	-	-	73	73	-	73
30 September 2009 (unaudited)	11,096	1,812	2,345	58,349	73,602	97	73,699
Profit for the period	-	-	-	3,042	3,042	-	3,042
Other comprehensive income:							
Gains and losses on available for sale financial assets	-	-	(30)	220	190	-	190
Deferred tax on available for sale financial assets	-	-	8	-	8	-	8
Retirement benefit scheme actuarial deficit	-	-	-	(993)	(993)	-	(993)
Deferred tax on retirement benefit scheme actuarial deficit	-	-	-	297	297	-	297
Total other comprehensive income for the period	-	-	(22)	(476)	(498)	-	(498)
Total comprehensive income for the period	-	-	(22)	2,566	2,544	-	2,544
Dividends paid to equity shareholders	-	-	-	(2,787)	(2,787)	-	(2,787)
Shares issued in lieu of dividends	40	(40)	-	-	-	-	-
Share options – value of employee services	-	-	-	(31)	(31)	-	(31)

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Revaln reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total £'000</i>	<i>Minority interests £'000</i>	<i>Total £'000</i>
31 March 2010 (audited)	11,136	1,772	2,323	58,097	73,328	97	73,425
Profit for the period	-	-	-	5,115	5,115	-	5,115
Other comprehensive income:							
Gains and losses on available for sale financial assets	-	-	50	-	50	-	50
Deferred tax on available for sale financial assets	-	-	20	-	20	-	20
Deferred tax on retirement benefit scheme actuarial deficit	-	-	-	(50)	(50)	-	(50)
Total other comprehensive income for the period	-	-	70	(50)	20	-	20
Total comprehensive income for the period	-	-	70	5,065	5,135	-	5,135
Change in ownership of a subsidiary	-	-	-	-	-	(44)	(44)
Dividends paid to equity shareholders	-	-	-	(828)	(828)	-	(828)
Shares issued in lieu of dividends	23	(23)	-	-	-	-	-
Share options – value of employee services	-	-	-	27	27	-	27
30 September 2010 (unaudited)	11,159	1,749	2,393	62,361	77,662	53	77,715

CHARLES STANLEY GROUP PLC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
SIX MONTHS ENDED 30 SEPTEMBER 2010

	<i>Notes</i>	Unaudited Half-year 30 Sept 2010 £'000	<i>Unaudited Half-year 30 Sept 2009 £'000</i>	<i>Audited Year 31 Mar 2010 £'000</i>
Cash flows from operating activities				
Cash generated from operations	19	2,473	5,780	12,405
Interest received		204	204	399
Interest paid		(18)	(30)	(22)
Tax paid		(1,705)	(202)	(2,067)
Net cash inflows from operating activities		954	5,752	10,715
Cash flows from investing activities				
Acquisition of subsidiaries and other businesses		-	(4,315)	(4,132)
Acquisition of intangible assets		(186)	(261)	(493)
Purchase of property, plant and equipment		(1,116)	(358)	(542)
Proceeds from sale of property, plant and equipment		-	-	39
Purchase of available for sale financial assets		(157)	(274)	(2,484)
Proceeds from sale of available for sale financial assets		128	373	2,770
Dividends received		49	76	88
Net cash used in investing activities		(1,282)	(4,759)	(4,754)
Cash flows from financing activities				
Cash outflow from change in debt and lease financing		(348)	(15)	(133)
Dividends paid to equity shareholders	8	(828)	(2,375)	(5,162)
Net cash used in financing activities		(1,176)	(2,390)	(5,295)
Net (decrease)/increase in cash and cash equivalents		(1,504)	(1,397)	666
Cash and cash equivalents at start of period		36,617	35,951	35,951
Cash and cash equivalents at end of period		35,113	34,554	36,617

CHARLES STANLEY GROUP PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Charles Stanley Group PLC is the parent company of a group of companies ("the Group") which provides a range of investment and financial services within the United Kingdom. The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in the United Kingdom.

The annual consolidated financial statements of the Group at 31 March 2010 are available upon request from the Company's registered office at 25 Luke Street, London EC2A 4AR or at www.charlesstanleyplc.co.uk.

1.1 Basis of preparation

The Group's consolidated financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. These condensed consolidated interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statements have been prepared on the basis of the accounting policies, methods of computation and presentation set out in the Group's consolidated financial statements for the year ended 31 March 2010. The condensed consolidated interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 March 2010.

The comparative figures for the financial year ended 31 March 2010 are not the Company's statutory accounts for the financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These condensed consolidated interim financial statements were approved by the Board of Directors on 10 November 2010.

1.2 Principal risks and uncertainties

The Directors believe that the nature of the principal risks and uncertainties facing the Group during the six months to 30 September 2010 and during the remainder of its financial year remain unchanged from those described on pages 15, 16 and 17 of the 2010 Annual Report and Financial Statements. These are summarised below.

Risk type	Risk
Credit risk	Default by counterparty
Market risk	Loss from fluctuations in asset values, interest rates or exchange rates
Operational risk	Loss resulting from inadequate or failed internal processes, people and systems
Liquidity risk	Risk that Group does not have sufficient resources to meet its obligations
Business risk	Exposure to macro economic, geopolitical, industrial, regulatory and other external risks
Reputational risk	Poor service provision and investment performance

1.3 Related party transactions

Related party transactions are described on page 81 of the 2010 Annual Report and Financial Statements. No transactions took place during the six months to 30 September 2010 that would materially affect the financial position or performance of the Group during the period.

1.4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2010. In particular, there were no changes in the following areas:

Retirement benefit obligations

The Directors requested the Company's actuaries to up date their valuation from 31 March 2010 to 30 September 2010. Due to the offsetting effect of changes to some of the underlying assumptions used in the valuation the deficit was not materially different from that used in the year end accounts.

Intangible assets

No trigger event occurred during the half-year to 30 September 2010 that would lead to an impairment review.

Available for sale financial assets

No new information has become available that would require a change in the valuation of unlisted investments.

1.5 Forward looking statements

These condensed consolidated interim financial statements contain certain forward looking statements which are made by the Directors in good faith based on the information available to them at the time of their approval of the accounts. Forward looking statements should be treated with caution due to the inherent uncertainties, including economic, regulatory and business risk factors underlying any such forward looking statements. We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise. The condensed consolidated interim financial statements have been prepared by Charles Stanley Group PLC to provide information to its shareholders and should not be relied upon by any other party or for any other purpose.

2 SEGMENT INFORMATION

For management purposes the Group is organised into three divisions – Private Clients, Financial Services and Charles Stanley Securities. The principal activity of the Private Client division is the provision of investment management services to individuals, trusts and charities. The Financial Services division includes a SIPP administrator, a discount financial intermediary, employee benefits providers and financial planning and wealth management areas. Charles Stanley Securities is the Group's advisory, broking and corporate finance arm for smaller and mid cap UK listed companies. Sales between segments are carried out at arm's length. All of the Group's activities are undertaken in the United Kingdom.

	<i>Private Clients</i>	<i>Financial Services</i>	<i>Charles Stanley Securities</i>	<i>Sub- total</i>	<i>Central costs</i>	<i>Total</i>
<i>Six months ended 30 September 2010</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Commission	26,080	124	3,363	29,567	-	29,567
Fees						
Investment management	12,946	214	-	13,160	-	13,160
Administration	10,904	4,173	132	15,209	-	15,209
Corporate finance	-	-	1,806	1,806	-	1,806
	23,850	4,387	1,938	30,175	-	30,175
Total revenue	49,930	4,511	5,301	59,742	-	59,742
Administrative expenses	(29,354)	(4,388)	(4,509)	(38,251)	(14,454)	(52,705)
Other income	-	-	-	-	49	49
Operating profit	20,576	123	792	21,491	(14,405)	7,086
Segment assets	215,099	13,988	2,115	231,202	53,690	284,892
Segment liabilities	189,426	800	541	190,767	16,410	207,177
<i>Six months ended 30 September 2009</i>						
Commission	26,141	27	4,081	30,249	-	30,249
Fees						
Investment management	11,090	103	-	11,193	-	11,193
Administration	8,472	4,144	-	12,616	-	12,616
Corporate finance	-	-	1,816	1,816	-	1,816
	19,562	4,247	1,816	25,625	-	25,625
Total revenue	45,703	4,274	5,897	55,874	-	55,874
Administrative expenses	(27,557)	(4,053)	(5,627)	(37,237)	(13,630)	(50,867)
Other income	-	-	-	-	75	75
Operating profit	18,146	221	270	18,637	(13,555)	5,082
Segment assets	222,668	14,184	2,080	238,932	52,233	291,165
Segment liabilities	201,595	1,042	1,102	203,739	13,727	217,466

<i>Year ended</i> 31 March 2010	<i>Private Clients</i>	<i>Financial Services</i>	<i>Charles Stanley Securities</i>	<i>Sub- total</i>	<i>Central costs</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Commission	54,768	135	7,123	62,026	-	62,026
Fees						
Investment management	22,695	261	-	22,956	-	22,956
Administration	18,690	8,054	152	26,896	-	26,896
Corporate finance	-	-	3,114	3,114	-	3,114
	41,385	8,315	3,266	52,966	-	52,966
Total revenue	96,153	8,450	10,389	114,992	-	114,992
Administrative expenses	(58,064)	(8,511)	(10,478)	(77,053)	(28,303)	(105,356)
Other income	-	-	-	-	88	88
Operating profit	38,089	(61)	(89)	37,939	(28,215)	9,724
Segment assets	189,535	13,923	17,498	220,956	53,790	274,746
Segment liabilities	164,217	800	18,996	184,013	17,308	201,321

3 EMPLOYEE BENEFIT EXPENSES

	30 Sept 2010	30 Sept 2009	31 Mar 2010
	£'000	£'000	£'000
Staff costs for the Group during the period:			
Wages and salaries	18,958	17,714	39,313
Social security costs	1,938	1,909	4,276
Share options – value of employee services	27	-	42
Pension costs:			
Defined contribution plans	1,561	1,226	2,649
Defined benefit plan	553	528	1,056
	23,037	21,377	47,336

4 OPERATING PROFIT

The following items have been included in arriving at operating profit:

Depreciation of property, plant and equipment:			
- owned assets	1,052	1,430	2,694
- assets held under finance leases	97	22	50
Amortisation of intangible assets	878	840	1,712
Other operating lease rentals payable	1,020	929	1,811
One-off revenue costs relating to new investment teams	-	485	1,217

5 FINANCE INCOME – NET

	30 Sept 2010 £'000	30 Sept 2009 £'000	31 Mar 2010 £'000
Interest income	204	204	399
Interest expense:			
Interest payable on bank borrowings	(2)	(3)	(7)
Interest payable on other loans	(15)	(21)	(8)
Interest payable on finance leases	(1)	(6)	(7)
Interest and similar charges payable	(18)	(30)	(22)
Gains and losses on available for sale financial assets	22	233	170
Finance income – net	208	407	547

6 TAX EXPENSE

Analysis of charge in the period			
Current tax			
- Continuing operations	2,445	1,713	3,245
- Adjustment in respect of prior periods	3	(200)	(90)
Deferred tax			
Origination and reversal of timing differences			
- Continuing operations	(269)	175	(220)
- Adjustment in respect of prior periods	-	-	493
	2,179	1,688	3,428

7 EARNINGS PER SHARE

The Directors believe that a truer reflection of the performance of the Group's ongoing business is given by a number of different measures of earnings per share. "Adjusted earnings" represent earnings before gains and losses on available for sale financial assets, one-off costs and amortisation of customer relationships. This measure is also followed by the analyst community as a benchmark of the Group's on-going performance.

	30 Sept 2010	<i>30 Sept 2009</i>	<i>31 Mar 2010</i>
	No. 000	<i>No. 000</i>	<i>No. 000</i>
Weighted average number of shares in issue in the period	44,348	44,219	44,320
Dilution	-	-	-
	44,348	44,219	44,320
	£'000	<i>£'000</i>	<i>£'000</i>
Reported earnings attributable to ordinary shareholders	5,115	3,801	6,843
Gains and losses on available for sale financial assets	(22)	(233)	(170)
Amortisation of customer relationships	878	840	1,712
One-off revenue costs relating to new investment teams	-	485	1,217
Financial Services Compensation Scheme Levy	-	-	686
Tax on these costs	(240)	(306)	(903)
Adjusted earnings attributable to ordinary shareholders	5,731	4,587	9,385
Based on reported earnings			
Basic and diluted earnings per share	11.53p	8.60p	15.44p
Based on adjusted earnings			
Basic and diluted earnings per share	12.92p	10.37p	21.18p

8 DIVIDENDS PAID

	30 Sept 2010	<i>30 Sept 2009</i>	<i>31 Mar 2010</i>
	£'000	<i>£'000</i>	<i>£'000</i>
Final paid of 2.25p per share (2009: 6.65p)	828	2,375	2,375
First interim paid of 2.20p per share (2009: 2.10p)	-	-	813
Second interim 5.00p per share (2009: nil)	-	-	1,974
	828	2,375	5,162

The Directors are proposing an interim dividend in respect of the six months ended 30 September 2010 of 2.50p per share which will absorb an estimated £1.1 million of shareholders' funds. A scrip alternative will also be offered. It will be paid on 31 December 2010 to shareholders who are on the register of members on 19 November 2010.

9 INTANGIBLE ASSETS

	<i>Goodwill</i>	<i>Customer relationships</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost			
1 April 2010	25,450	13,819	39,269
Additions	-	322	322
30 September 2010	25,450	14,141	39,591
Amortisation			
1 April 2010	-	3,841	3,841
Amortisation during period	-	878	878
30 September 2010	-	4,719	4,719
Net book value			
30 September 2010	25,450	9,422	34,872
31 March 2010	25,450	9,978	35,428

10 PROPERTY, PLANT AND EQUIPMENT

	<i>Freehold premises</i>	<i>Long leasehold premises</i>	<i>Short leasehold premises</i>	<i>Office equipment and motor vehicles</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost					
1 April 2010	474	2,012	5,345	9,996	17,827
Additions	-	-	370	746	1,116
Disposals	-	-	-	(37)	(37)
30 September 2010	474	2,012	5,715	10,705	18,906
Depreciation					
1 April 2010	50	1,654	3,132	6,921	11,757
Charge for the period	5	10	252	882	1,149
Disposals	-	-	-	(20)	(20)
30 September 2010	55	1,664	3,384	7,783	12,886
Net book value					
30 September 2010	419	348	2,331	2,922	6,020
31 March 2010	424	358	2,213	3,075	6,070

11 AVAILABLE FOR SALE FINANCIAL ASSETS

	<i>Listed investments £'000</i>	<i>Unlisted investments £'000</i>	<i>Total £'000</i>
Fair value 1 April 2010	3,016	3,410	6,426
Additions	157	-	157
Disposals	(107)	-	(107)
Revaluation in period	50	-	50
Fair value 30 September 2010	3,116	3,410	6,526

12 TRADE AND OTHER RECEIVABLES

	30 Sep 2010 £'000	30 Sep 2009 £'000	31 Mar 2010 £'000
Current			
Trade receivables	194,807	202,865	184,142
Other receivables	2,391	717	1,048
Prepayments and accrued income	2,404	3,463	2,913
	199,602	207,045	188,103
Non-current			
Other receivables	277	-	200
Prepayments and accrued income	1,346	-	1,311
	1,623	-	1,511

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Current			
Listed investments	382	50	75

14 CASH AND CASH EQUIVALENTS

Cash at bank	35,113	34,554	36,617
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At the balance sheet date there were also deposits for clients, not included in the condensed consolidated statement of financial position, which were held in trust in segregated bank accounts amounting to £907 million (September 2009: £924 million; March 2010: £927 million).

15 TRADE AND OTHER PAYABLES

	30 Sep 2010 £'000	30 Sep 2009 £'000	31 Mar 2010 £'000
Current			
Trade payables	188,308	200,880	181,692
Other taxes and social security	2,494	1,968	3,627
Other payables	4,011	3,907	4,236
Accruals and deferred income	4,651	3,604	3,390
	199,464	210,359	192,945
Non current			
Other payables – deferred consideration	-	900	900

16 BORROWINGS

Current			
Bank of England base rate redeemable loan	-	157	157
4.5% convertible redeemable loan note	173	201	173
Obligations under finance leases	168	62	513
	341	420	843
Non-current			
Obligations under finance leases	12	8	15

17 CALLED UP SHARE CAPITAL

	30 Sept 2010 £'000	30 Sept 2009 £'000	31 Mar 2010 £'000
Authorised 80,000,000 ordinary shares of 25p each	20,000	20,000	20,000
Allotted and fully paid 44,636,777 (44,385,422) ordinary shares of 25p each	11,159	11,096	11,136

During the period 89,267 shares were issued in lieu of cash dividends.

On 30 September 2010 the following options have been granted and remain outstanding in respect of ordinary shares of 25p in the Company under the Company's Save As You Earn Scheme.

	<i>No of shares</i>	<i>Option price</i>
Grant dated 19 December 2007 Exercisable during the six months commencing 1 February 2011	346,078	£2.48

18 MINORITY INTERESTS

£'000

1 April 2010	97
Redemption of preference shares by a subsidiary	(44)
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30 September 2010	53

19 RECONCILIATION OF NET PROFIT TO NET CASH GENERATED FROM OPERATIONS

	30 Sept 2010 £'000	30 Sept 2009 £'000	31 Mar 2010 £'000
Profit before tax	7,294	5,489	10,271
Adjustments for:			
Depreciation	1,149	1,452	2,744
Amortisation of customer lists	878	840	1,712
Share options – value of employee services	27	73	42
Retirement benefit scheme	-	-	69
Dividend income	(49)	(76)	(88)
Interest income	(204)	(204)	(399)
Interest expense	18	30	22
Profit on disposal of fixed assets	-	-	(12)
Net change in fair value of available for sale financial assets re-classified to profit/loss	(22)	(233)	(170)
Changes in working capital:			
(Increase)/decrease in financial assets at fair value through profit or loss	(307)	113	89
(Increase)/decrease in receivables	(11,610)	50,142	67,573
Increase/(decrease) in payables	5,299	(51,846)	(69,448)
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Cash generated from operations	2,473	5,780	12,405

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;
- The interim management report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the board:

PETER HURST
FINANCE DIRECTOR
10 November 2010

INDEPENDENT REVIEW REPORT TO CHARLES STANLEY GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-year financial report for the six months ended 30 September 2010 which comprises the consolidated income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related explanatory notes. We have read the other information contained in the half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 reached.

Directors' responsibilities

The half-year financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-year financial report in accordance with the DTR of the UK FSA.

As disclosed in the notes to the financial statements, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-year financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-year financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-year financial report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Mike Peck

For and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square
London E14 5GL
10 November 2010