

Collins Stewart plc

Interim Management Statement

19 May 2008

Collins Stewart plc, the investment banking group, today issues its Interim Management Statement for the period from 1 January 2008 to date.

Review

The challenging market conditions that arose in the second half of 2007 have, as indicated in our preliminary results announcement in March, continued to date. Although the group has not been exposed directly to the credit markets, the resultant general uncertainty has had an adverse impact on our activities, particularly on our Capital Markets business. Against this difficult background the group has benefited from its strategy of diversifying its business streams. The Board believes that the combination of the Company's sound balance sheet and the prevailing difficult market conditions presents an opportunity to invest in the longer-term development of the group. So far this year we have already invested in the recruitment of high-calibre staff across all our businesses, opened an office in Singapore and acquired International Securities Trading Corporation plc, a Dublin-based provider of bank capital.

Current trading

Unaudited revenues for the four months to 30 April 2008 were £57.6m compared to £73.1m for the equivalent period in 2007. Our Capital Markets business in the UK and the USA has generated very low revenues so far this year as issuance in the equity markets, its main activity, has been very limited. Our Wealth Management business has performed solidly. The Securities businesses in the UK and the US have also performed satisfactorily given the more difficult trading conditions. Market share has increased and dealing commissions have been robust but illiquidity and falling share prices have adversely impacted our market-making and trading businesses. Hawkpoint has largely been able to mitigate market pressures on its revenues by concentrating on more modest-sized M&A transactions, where financing has been less constrained, and through an increase in debt and restructuring advice.

Outlook

The Board expects the financial markets to remain challenging during 2008, particularly in Capital Markets. With a sound balance sheet and over £45m of cash our objective is for Collins Stewart to emerge from present market conditions with an even stronger franchise.

Enquiries

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