



Annual Report &
Accounts 2008

WHO WE ARE

A **leading** independent investment banking and stockbroking group.

We offer a full range of research, execution, corporate broking and corporate finance services to companies quoted in the UK and their investors.

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FINANCIAL HIGHLIGHTS

Total revenue

£51.4m £87.6m
2007

Profit before tax

£16.1m £38.8m
2007

Profit after tax

£14.8m £27.6m
2007

Earnings per share

14.9p 27.5p
2007

Total dividend per share

7.50p 7.00p
2007

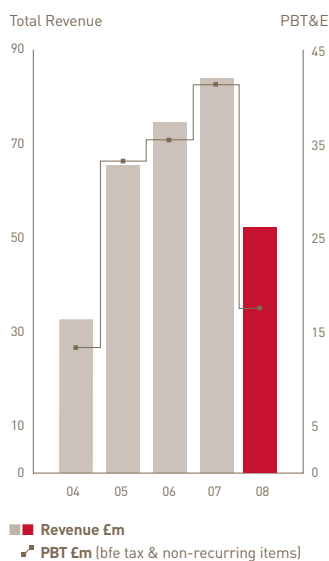
Net assets

£118.4m £109.0m
2007



FIVE YEAR SUMMARY

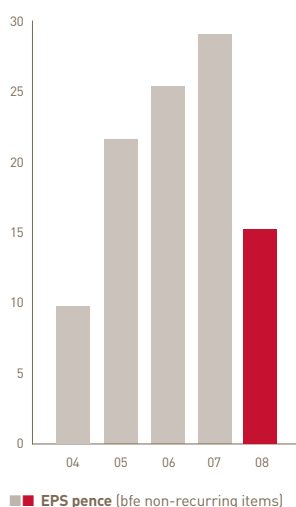
Total Revenue and Profit Performance



4.9%

Annual compound growth in profit before tax and before non-recurring property cost over 5 years reflecting the decline in primary revenues, during 2008

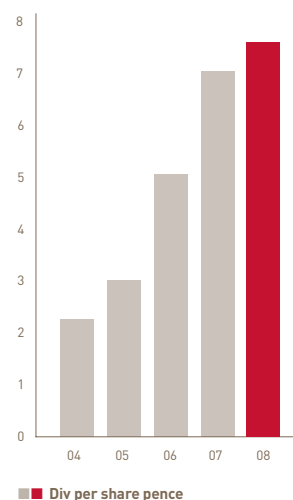
EPS Performance (before exceptional items)



10.8%

Annual compound growth in EPS before non-recurring property costs over 5 years reflecting the underlying profitability of the business despite the current financial turmoil

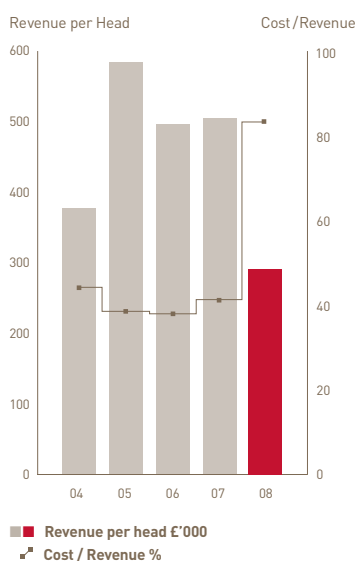
Dividend Performance



37.5%

Annual compound growth in total dividend per share over 5 years reflecting our progressive dividend policy and strong balance sheet

Cost Ratio and Revenue per Head

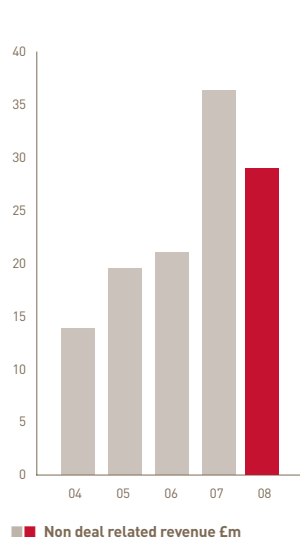


-7.9%

Annual compound decline

in revenue per head over 5 years (2007: 7.6%) reflecting a sharp primary revenue decline during 2008 but willingness to invest in our most important resource ie quality staff

Non Deal Related Revenue

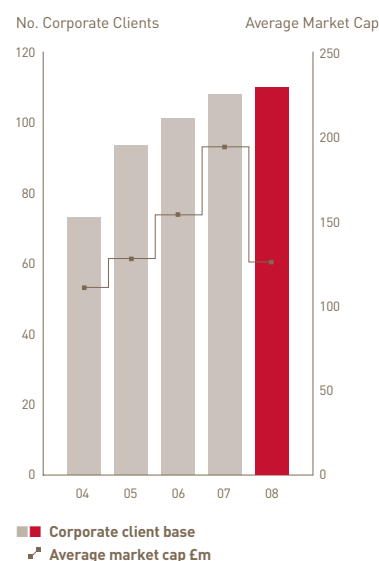


20.6%

Annual compound growth

in non deal income over 5 years reflecting the resilient performance of Institutional commissions

Corporate Client Base and Average Market Cap



4.1%

Annual compound growth

in average market capitalisation over 5 years (2007: 24.9%) of our corporate client base reflecting recent asset price deterioration

CHAIRMAN'S STATEMENT

I am pleased to report that Numis has made good progress and has weathered the extraordinary storms in capital markets over the past few months. Numis is financially robust, blessed with a strong team and positioned to exploit current turmoil. Since Numis was founded, the Company has gone from **strength to strength**, growing organically by investing in high calibre people, its operating platform and financial resources; and, creating a partnership culture where all staff can participate in the success of the firm.



Numis' franchise has been built on high quality research, excellent execution and good advice to our corporate clients. In today's turbulent market conditions, these strengths are as valuable as ever. However, it is our financial strength, and our commitment to the London equity market, that marks out Numis and reassures our clients and staff. It is this strength and that of our people, platform and franchise that enables us to take advantage of current troubles by allowing us to step up our recruitment of both clients and talent.

We are continuing the work done by management during the year in adding new clients, strengthening teams and upgrading our technology and operating platform. Of course, while management seeks out new opportunities to deliver value to clients we will continue to maintain tight control of our cost base. The exceptional recognition received for the third year running from our clients in this year's Thomson Extel survey is a demonstration of how we enter the new financial year as a stronger and more mature business.

Despite recent turmoil and setbacks, London continues to be seen as a leading international financial market, offering major opportunities for a business focused on delivering an exceptional quality of service to both its corporate and institutional clients. Numis is in a strong position to benefit from this interest, particularly through its rapidly developing New York business.

Our people are exceptional and are dedicated to serving our clients and pursuing our goal of becoming a leader in the London investment banking and stockbroking market. We are grateful for their efforts, without which we would have been unable to make such good progress over the past year.

Michael Spencer

Chairman
18.12.08



Our people are exceptional and are dedicated to serving our clients.

CHIEF EXECUTIVE'S STATEMENT

We are pleased to report **another profitable year** for Numis, a creditable performance in very challenging conditions. For the year ended 30 September 2008 total revenue was £51.4m (2007: £87.6m) and profit before tax for the year was £16.1m (2007: £38.8m). Profit after tax for the year was £14.8m (2007: £27.6m) and earnings per share were 14.9p (2007: 27.5p) while net assets increased to £118.4m (2007: £109.0m).

A creditable performance in challenging markets

Market recognition
in the Thomson Extel survey (2007: No.1)

No.2

Corporate client base increased (2007: 109)

111

Funds raised for clients despite near market paralysis (2007: £1,182m)

£654m

Institutional commissions resilient
(2007: £27.6m)

£27.1m

Investment in high calibre staff with average headcount up (2007: 172)

188

Overall cost base reduced by 12% to

£47.8m

There can be no doubt that a virtual cessation of capital markets activity coupled with a lack of liquidity present an extraordinarily challenging business environment. Therefore, it is pleasing to note that, against this back-drop, our secondary market business is resilient, both in the UK and US. Numis has also made great strides in building its franchise and whilst maintaining a very healthy balance sheet and appropriate cost control, we have been successful in recruiting some first class people during the year. We are particularly pleased to note the arrival of our new Investment Trust team and our increased capacity in program trading, both of which are developing into successful businesses. Since the year end we have attracted the pre-eminent mid-cap sales team together with industry leading corporate brokers and top ranked analysts.

Our investing activities have not been immune to the deterioration in market conditions. As previously reported, during the year we crystallised a profit through the IPO of Abbey Protection Group Ltd (APG). This has more than offset the losses incurred on other investments and, excluding the gain treated as a profit on the partial disposal of APG, the aggregate result for investment activities has been a modest profit of £0.7m.

Numis' focus on balance sheet strength and risk management has proved its worth during the recent banking failures. It has enabled us to provide and maintain an excellent service to institutional and corporate clients during volatile and uncertain market conditions. Whilst we have avoided any exposure to the sub-prime and other credit markets, we are not immune from the challenging stock market conditions, but we are well positioned and remain committed to building the business during the downturn.

Corporate Broking and Advisory

The results this year clearly have been affected by a much reduced equity capital raising activity. Total equity money raised on the LSE main and junior markets excluding bank rescues is 51% lower than last year. Therefore we are pleased to report that our clients raised a total of £654m (2007: £1,182m) through 20 transactions (2007: 40). Numis' ability to source mandates for private placements as well as for primary and secondary market offerings has continued to make a difference to our performance. The number of corporate clients for whom we act has risen over the year to 111 (September 2007: 109) and has resulted through 21 new corporate brokerages being won, partially offset by losses attributable, in the main, to M&A and takeover activity.

CHIEF EXECUTIVE'S STATEMENT

Research, Sales and Trading

Our research and execution services are recognised as being exceptional. In the 2008 Thomson Extel survey, Numis was rated 2nd overall broker for UK companies of up to £1bn market capitalisation. Our research teams were ranked in the top 3 in a majority of sectors that we cover. Our highly rated independent analysts produce research on nearly 300 companies and we have a recognised capability in 14 sectors, including aerospace & defence, building & property, consumer goods, engineering, media, metals & mining, new energy & emissions, non-life insurance, retail, speciality financials, support services, technology, travel & leisure, and investment trusts & funds.

Our execution services continue to make a major contribution to the development of our reputation and the resilience of our institutional commissions. It is pleasing to note that, in the FTSE 250 stocks in which we trade, our market share has shown significant improvement throughout the year. Our execution business is focused on client facilitation, rather than generating proprietary trading profits and was rewarded with a 2nd place in the 2008 Thomson Extel survey. Having developed algorithmic and other electronic trading capabilities during the course of last year we continue to seek best execution for our institutional clients across multiple execution venues.

Sales & Trading is a competitive area with pressure on commission levels for trades in liquid stocks from electronic trading. However, clients have a strong demand for independent and well-researched ideas combined with high quality execution. We believe our platform is well placed to improve performance for our 450+ institutional clients across the UK, Europe and the USA.

Investment Business

During the year we used the strength of our balance sheet to increase our stake in Paternoster, the insurance company set up by Numis and Mark Wood to purchase closed final salary pension schemes and we have also made an investment in Randall & Quilter, the non-life run off insurance provider. Following the partial disposal of our associate holding in Abbey Protection we also disposed of our investment in Pinnacle Regeneration Group Ltd. The investment portfolio was valued at £29.7m as at 30 September 2008 (value £25.3m as at 2 December 2008) and includes a small number of quoted and private company holdings. We continue to monitor the performance of these investments and, where prudent and appropriate to do so, explore their monetisation.

Dividend and Scrip Alternative

The Board has proposed a final dividend of 5.00p per share (2007: 5.00p) giving a total distribution of 7.50p per share (2007: 7.00p). The dividend will be payable on 6 February 2009 to all shareholders on the register at 12 December 2008. Shareholders will be offered the option to receive shares instead of a cash dividend, the details of which will be explained in a circular to accompany our Annual Report, which will be circulated to all shareholders on 5 January 2009.

Post year-end trading and outlook

Although market conditions remain challenging to both our securities and investment activities, Numis will use this period of market dislocation to attract high quality staff and corporate clients to the organisation. During the previous downturn of 2001 to 2003, Numis expanded significantly, building the business whilst others were retrenching. Our ability to act in a contracyclical fashion is what sets us apart from our competitors and is the reason why we have maintained very strong cash balances in the group.

We cannot predict when conditions will improve but we can use this very difficult period to our advantage. We are increasingly confident that Numis will emerge from this financial turmoil as a key player in the UK investment banking and stockbroking arena.

Oliver Hemsley

Chief Executive
18.12.08

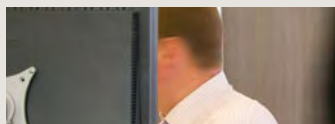
BUSINESS REVIEW

Numis is a **leading** independent investment banking and stockbroking group offering a full range of research, execution, equity capital markets, corporate broking and corporate finance services to UK quoted companies and their investors.



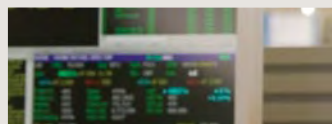
Research

Through the recruitment of highly ranked specialist teams and the development and training of talented individuals, we are able to provide in-depth sector coverage. Our research is recognised by fund managers and corporates alike as among the best. Our research attracts institutional clients, builds relationships with them and thereby enables us to offer superior distribution to our corporate clients.



Corporate Finance

The success of our Corporate Finance team springs from its ability to understand our clients' businesses, to know what they are looking for and where to locate it. Our Corporate Finance team operates an industry-focused approach in sectors covered by our highly rated research teams. We provide a full range of services including advice in relation to M&A, public bids, IPOs, secondary fundraisings, convertible securities and private equity.



Corporate Broking

We have an ability to bring the right people together at the right time, to provide quality links between investors and companies on every level, with rewarding outcomes for all concerned. Our brokers provide ongoing advice to our corporate clients on market conditions and perceptions, and deal with all aspects of investor relations including institutional road show presentations to existing and potential shareholders.



Execution

Our Sales Trading and Market Making desks form a highly capable execution team to facilitate our clients' business. Working together they combine their strengths to deliver a substantial resource. Our institutional clients need best execution to capture the value of our research and trading ideas. Our execution team delivers market leading mid and small cap execution in over 400 stocks.

OUR STRATEGY

Numis' overarching objective is to become one of the leading independent investment banking and stockbroking businesses in the UK. Our strategy to achieve this has the following key elements:

Staying focused (on making money)

- By focusing on the UK market, where Numis has a clear competitive advantage in its core integrated business
- By putting institutional and corporate clients' interests first
- By providing high quality research and the best execution for institutional and corporate clients

Creating a collegial partnership culture, recruiting the best talent and rewarding performance

- Attracting superb professionals looking for an opportunity to serve clients without latent conflicts
- Offering the opportunity to make a visible difference and participate in the direction and profit of the business

Selectively investing

- In adding research, distribution and client service capability to profitable sectors so that the business continues to strengthen its offer and is able to serve more clients
- In building non-UK distribution and alternative execution capability to improve service to clients
- In adding origination capacity to win more attractive UK corporate clients, bring more exceptional investment opportunities to institutional clients and leverage our secondary distribution platform

Running a tight ship

- Making disciplined operational improvements and maintaining a prudent risk management culture to ensure continued profitability
- Actively evaluating and managing financial and other, especially reputational, risks
- Continuing to manage our finances conservatively by retaining substantial liquidity while operating a sustainable dividend policy – in the medium term we anticipate using surplus liquidity to exploit investment opportunities, fund buybacks and to recycle senior employee owned stock

RESEARCH

Independent **high quality** research is at the heart of Numis' business. It creates trust-based relationships with our institutional customers that are strengthened by our execution service.

Independent, high quality, research is at the heart of Numis' business. It creates trust-based relationships with our key institutional customers. These are strengthened by our execution services creating exceptional distribution and corporate client fundraising potential.

Numis provides extensive coverage of mid cap and smaller companies, delivering valuable insights for our institutional clients and attracting high quality corporates. Numis analysts also cover FTSE100 stocks where this provides industry insights and perspectives on valuation.

Numis provides independent stock analysis coverage on nearly 300 companies by 39 recognised leading analysts organised into 14 sector teams. Numis analysts are much in demand for commentary and provide value-added services to all sectors by orchestrating high profile conferences and international roadshows.

We are particularly pleased that, for the third year running, Numis achieved exceptional recognition this year in the Thomson Extel industry-wide survey, being ranked in the top 3 in the majority of sectors that we cover. Of the 14 research sectors surveyed Numis was ranked 1st in four: Financials, Media, Capital Goods and Technology. In addition, Numis has had a top 2 ranking in four more sectors: Construction, New Energy, Leisure & Gambling and Metals and Mining.



EXECUTION

We provide high quality execution services to our institutional clients. Although Numis is committed to providing liquidity in its corporate stocks, our focus remains on client facilitation rather than proprietary trading. As a result, Numis has established a strong reputation for providing best execution for its institutional clients.

Numis provides active execution services in 403 stocks (2007: 405) of which 257 are listed on the main market (2007: 264). Importantly, Numis has the leading market share in 71 (2007: 62) stocks across these markets and is a top three service provider in a further 74 stocks.

Working alongside Numis' traders are teams of experienced salesmen and sales-traders who provide sales, trading's customer service and account management to our institutional clients.

Exploiting new technology and commercial arrangements for competitive advantage

Numis has been steadily building its larger cap institutional broking business. Numis now generates 80% of its total commission from FTSE350 business, has seen its share of FTSE250 trading treble over the past 15 months and now has 11 FTSE250 corporate clients. A key contributor to this development has been the comprehensive upgrading of Numis' sales and trading platform.

The new platform has enabled Numis to respond to client and regulator demand for demonstrable best execution across multiple venues with the use of smart order routing; and, enabled the application of algorithmic trading to accelerate executions. Our algorithmic trading now accounts for more than 25% of our institutional commissions – a fraction that is expected to increase as we develop our distinctive mid-cap algo capabilities and launch our Direct Service Access connectivity service to institutional clients.

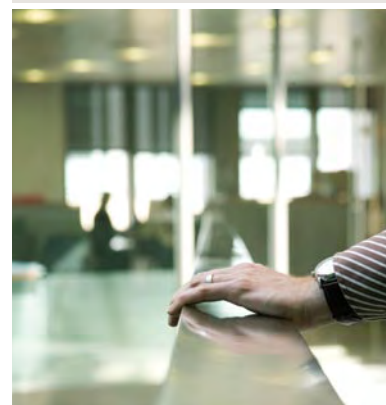
The platform also now delivers high quality electronic links to our institutional clients, streamlined straight-through processing from the front office through the middle office and settlements operations to the integrated back office financial systems. This has simultaneously reduced unit costs – which are now being driven down still further by the application of comprehensive settlement netting, and improved control.

The key element in the latest stage in Numis' programme of technology development has been to move the front office platform from Fidessa's widely used hosted service to Fidessa's new Managed Enterprise offering. This model provides Numis with access to the same architecture and functionality used by large global players, but without requiring an investment in technology and other trading support staff that could not be justified in a business of Numis' scale. It therefore provides a significant step up in the functionality, flexibility and service over that available from Fidessa's hosted service offering.

The Managed Enterprise service gives us dedicated development and service staff inside Fidessa, who can respond rapidly to our client service and other service development priorities. The service also allows us to deliver multiple upgrades and enhancements simultaneously. As a result, the Managed Enterprise service is enabling Numis to roll out a credible programme trading capability at the same time as making a significant upgrade to the core platform and beginning to integrate Fidessa managed data and services into Numis' own systems and Management Information.

Numis' small in-house IT team has a strong culture of innovation for and service delivery to Numis' clients and revenue generators. However, this team has often been constrained by the natural limitations of a common hosted service offer to the broking industry. The more collaborative relationship engendered by the move to Fidessa's Managed Enterprise service is therefore expected to bring future service innovation and customisation benefits as our IT team, and front office colleagues, build closer relationships with the development and delivery teams at Fidessa.

Our platform enables us to provide a full range of execution services across multiple execution venues.



CORPORATE BROKING AND FINANCE

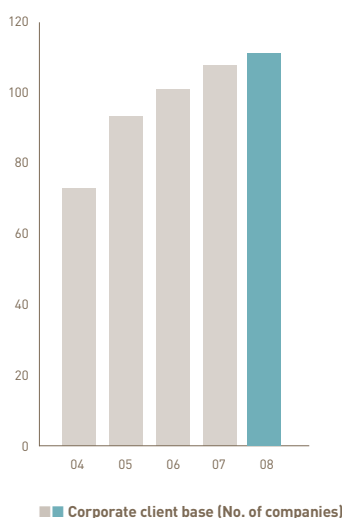
Corporate broking and corporate finance execution and advisory services are provided by **highly experienced** teams. They have helped our clients complete a range of fundraising and other corporate finance transactions, consisting of primary and secondary issues and M&A, particularly Rule 3 advice.

The much reduced equity capital raising activity in the London market has clearly impacted our activity in this area. Total equity money raised on the LSE main and junior markets excluding bank rescues was 51% lower than last year. However, we successfully raised £654m (2007: £1,182m) for our clients of which 64% (2007: 63%) represented funds raised for established clients.

Our corporate client list has also strengthened, increasing from 109 to 111. Over the year Numis won 21 new corporate brokerage clients in total, bringing new businesses to market and winning 18 established quoted corporates. As with any investment bank serving attractive, high growth companies, Numis lost 8 clients as a result of takeovers.

It is pleasing to note that we now have 11 FTSE 250 clients and, subsequent to the year end have won a further 8 corporate clients.

Number of Corporate Clients



Source of Income



CASE STUDIES

Our contribution to our **clients' successes** and the record of our corporate client service teams continues to attract high quality corporate clients. Numis' contribution to client success during the year ended 30 September 2008 includes:



Ashley House Plc

- Nominated adviser and broker since IPO in January 2007
- Acted as nominated advisor and broker to Ashley House in relation to £45.0 million acquisition of seven LIFT Companies from Babcock & Brown

Ashley House Plc (AIM: ASH) is a white collar services company providing services around UK Primary Care infrastructure. The business comprises two divisions: the Design & Construction division delivers Health Care facilities for General Practices / Primary Care Trusts (PCT) and NHS Local Improvement Finance Trust (LIFT) projects. The Management Services division manages many of the properties it delivers, Health Parks and provides medical services.

In January 2007 Numis acted as nominated adviser and broker to Ashley House with a £5.0m institutional fundraising at a placing price of 150 pence.

In June 2008 Ashley House entered into a strategic alliance with international investment and specialised fund and asset management group, Babcock & Brown (ASX: BNB), to acquire a controlling interest in the private sector partner in seven LIFT franchises.

- Total maximum consideration of £45.0 million payable in cash and shares
- The acquisition gives Ashley House the opportunity to deliver design development and construction services to the seven LIFTCo's which have an identified pipeline of approximately £300m over the next three years from the date of acquisition.



IBS OPENSystms Plc

- Nominated adviser and broker since IPO in March 2005
- Acted as Rule 3 Adviser on the £78 million recommended cash offer by The Capita Group in June 2008

IBS OPENSystms Plc (IBS) is a dedicated supplier of software solutions to Local Authorities and Housing Organisations throughout the UK. IBS became a public company in March 2005 when it was admitted to trading on AIM following a Numis-led Accelerated IPO. Numis acted as Nominated adviser and broker for the admission and raised £56 million of new equity capital from institutional investors.

In 2008 Numis acted as IBS's Rule 3 Adviser in its sale to the Capita Group Plc (LSE: CPI):

- Recommended all cash offer at 187.85p per share valuing IBS at £78 million
- Offer price represented a premium of 52% to the closing price of 123.5p per IBS share on 23 April 2008, being the last day prior to market rumours about a potential offer for IBS; and a 66% premium to the average three month closing price
- Irrevocable undertakings or letters of intent were received in respect of 70.1% of the issued share capital
- Offer declared wholly unconditional in all respects on 27 June 2008.



Whatman Plc

- Numis was appointed broker in September 2007
- Numis acted as rule 3 adviser, broker and joint financial adviser for the £376m recommended offer by GE Healthcare Life Sciences Ltd

Whatman Plc provides separations technology for analytical laboratories, bioscience, and healthcare applications throughout Europe, North America and Asia.

Numis acted as Rule 3 adviser, broker and joint financial adviser with Goldman Sachs on the recommended £363m cash acquisition for Whatman by GE Healthcare Life Sciences Ltd in February 2008.

- Offer of 270p per share represented a premium of:
31 per cent. to Whatman's closing price of 206 pence on 14 January 2008, the last business day prior to Whatman's announcement that it had received an approach
41 per cent. to Whatman's average closing price of 191 pence for the month ended 14 January 2008
- The acquisition was implemented by way of a scheme of arrangement.



Domino's Pizza UK & IRL Plc

- Nominated adviser and broker from November 2002 to May 2008
- **Introduction to the Official List in May 2008: sponsor, financial adviser and joint broker**

Domino's Pizza UK & IRL Plc is recognised as a leading pizza delivery company in the United Kingdom.

Numis was appointed as nominated adviser and broker to Domino's in November 2002 when the company had a market capitalisation of approximately £43 million and was admitted to AIM. Numis has acted throughout a successful period of growth for the company and has implemented share buy back programmes and restructured the share register.

In May 2008, Numis acted as sponsor, financial adviser and broker for Domino's in relation to the company's introduction to the Official List. Domino's subsequently entered the FTSE 250 index in June 2008 with a market capitalisation of approximately £330 million.



Randall & Quilter Investment Holdings Plc

- **Joint broker since December 2007**

Randall & Quilter Investment Holdings Plc (R&Q) operates in the non-life run-off insurance sector. It manages, acquires and realises the surplus assets of solvent non-life insurance companies in run off and acquires and realises reinsurance receivables.

Numis acted as joint broker to R&Q in its AIM IPO in December 2007:

- £31m placing comprising £20m of new money to fund the development of the group and an £11m placing of existing stock
- Market capitalisation of £70m at the placing price of 125p per share
- Numis invested £5m as principal as part of the placing.



Abbey Protection Plc

- **Broker since AIM IPO in October 2007**

Abbey Protection Plc (Abbey) (AIM: ABB) is an integrated specialist insurance and consultancy group which focuses on the delivery of legal and tax related professional fees insurance products and services to UK companies.

In November 2007, Numis acted as broker to Abbey on its admission to AIM, raising approximately £5 million of new equity capital and placing £10.3 million for selling shareholders to institutional investors:

- Placing price of 55p
- Market capitalisation upon admission of £55 million
- Numis owned 29.4% of Abbey before the admission to AIM and approximately half of this holding was sold down at the time of IPO.

FINANCIAL REVIEW

Despite the very challenging market conditions and impact of subdued capital markets activity the business remain profitable. Our **strong balance sheet and prudent approach to risk management enables Numis to continue to selectively invest in the long-term future of the business.**

Revenue

Total revenues of £51.4m (2007: £87.6m) have clearly been impacted by the sharp decline in capital markets activity. However it is pleasing to note that despite these challenging markets our secondary sales performance has remained resilient generating revenues of £27.1m (2007: £27.6m) and we have also increased our recurring income from retainer fees payable by our corporate clients by 5% to £4.0m (2007: £3.8m) as we have won new corporate brokering ships.

In total our recurring income, comprising that derived from secondary sales and trading, corporate retainers and net interest and similar income has reduced from £40.4m to £33.5m and now covers 80% (2007: 107%) of our continuing expense base before non-recurring property costs and performance-related pay.

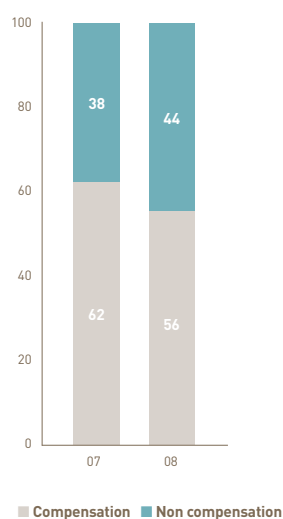
Costs

Our overall expense base has decreased by 12% from £54.1m to £47.8m which largely reflects the reduction in compensation related costs which result from the alignment of our incentive related pay policy with the performance and results of the Group.

Compensation related costs account for 56% (2007: 62%) of the overall expense base and have fallen this year by £7.3m (22%). This has been achieved despite a 9% increase in average headcount year-on-year and certain costs incurred in attracting additional high quality staff to the Group.

Non-compensation related costs account for 44% (2007: 38%) of the overall expense base and have increased marginally this year by £0.9m (5%). The primary drivers of this increase have been £1.1m additional costs in respect of our technology platform (particularly with regard to electronic trading capabilities and increased execution across multiple execution venues); increased trade and volume related costs which have been impacted by continued double digit growth in trade volume metrics and have resulted in a £1.0m increase in our direct variable cost base; a £0.6m increase in our occupancy costs largely as a result of the relocation of our New York business to new premises; these increases being partially offset by the £2.2m non-recurring property costs incurred during 2007.

Costs: % compensation versus non compensation



Financial Position

Our prudent approach to risk management and conservative approach to the retention of liquid resources has helped to ensure that we continue to maintain a strong capital position. As at 30 September 2008 our post CRD regulatory financial resources requirement was £19.9m (2007: £17.6m) including £10.9m (2007: £8.5m) of operational capital requirement. Our worst plausible case stress test, which mimics the impact of a 1929 type event, identifies a loss potential which has averaged £30.9m over the year and totalled £26.4m as at 30 September 2008 (2007: £21.0m), which when added to the average regulatory requirement of £19.9m leaves a post-stress test capital margin of £42.1m (2007: £32.7m).

Our balance sheet has also improved over the year as a result of profitability and capital management with net assets rising to £118.4m (2007: £109.0m).

Group cash as at 30 September 2008 of £59.9m (2007: £76.7m) was somewhat depressed by particularly high secondary trading activity around that time requiring cash collateral to be placed with securities clearing houses coupled with our expansion of execution capability across multiple venues. These factors have since subsided and our cash balance stood at £75.1m as at 2 December 2008.

Delivery of Value

Our focus on high quality business has enabled us to deliver strong growth in revenues, profits and distributions to shareholders over the previous 4 year period. This year has been challenging but Numis has remained profitable and delivered further value to its shareholders by way of a progressive and sustained dividend policy.



	IFRS			UK GAAP	
	2008	2007	2006	2005	2004
Total revenue (£m)	51.4	87.6	72.2	65.7	32.7
Profit before tax and exceptional items (£m)	16.1	40.3	35.8	33.4	13.3
Earnings per share before exceptional items (pence)	14.9	28.6	25.4	21.7	9.9
Dividends per share (pence)	7.50	7.00	5.00	3.15	2.10
Dividend distribution (£m)	7.7	5.9	3.8	2.2	2.0
Total distribution to shareholders (£m)	13.2	16.2	10.3	3.1	2.0

BOARD & COMMITTEES

Corporate Governance Policy

AIM companies are not required to comply with the Combined Code 2006 (Principles of good governance and code of best practice) adopted by the London Stock Exchange but the directors have chosen to make these disclosures to provide corporate governance information.

The Board

The Board of Numis Corporation Plc, chaired by Michael Spencer, meets 8 times a year and at other times as necessary, to discuss a formal schedule of matters specifically reserved for its decision including major strategic and operational issues of the Group. It reviews trading performance, business strategy, investment and divestment opportunities and any other matters of significance to the Group.

Remuneration Committee

The Remuneration Committee, chaired by Tom Bartlam, comprises the Non-executive Directors of the Company. It determines salary levels, discretionary bonuses and the terms and conditions of service of the executive directors together with their equity awards. The Remuneration Committee also reviews the compensation decisions made in respect of all other senior executives and bonus distribution policy in respect of the rest of the firm.

Audit Committee

The Audit Committee is chaired by Geoffrey Vero and comprises the Non-executive Directors of the Company. The Audit Committee meets at least 4 times a year and is responsible for the internal control environment, reviews external financial reporting and monitors the system for compliance with relevant laws and regulations. Other directors, members of staff and the external auditors are invited to attend these meetings as appropriate. The Committee reports to the Board on the Company's full and half year results, having examined the accounting policies on which they are based and ensured compliance with relevant accounting standards. In addition, it reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the auditors.

Nominations Committee

The Company's Nominations Committee is chaired by Michael Spencer and comprises the Non-executive Directors and Oliver Hemsley.

Management Committee

The Management Committee, chaired by Oliver Hemsley deals with the implementation of business strategy and day-to-day operational matters. It normally meets weekly to discuss the core activities of the Group, current performance, progress on management initiatives and corporate compliance matters.

Financial Risk Committee

The Financial Risk Committee, chaired by Bill Trent meets regularly to discuss and to manage the market, credit, liquidity and related operational risks of the Group, including amongst other financial risks the market risk of the Group's trading book and investment portfolio. The Financial Risk Committee makes recommendations on Risk Policy which sets individual stock limits and overall trading book limits as well as review and approval of counterparty limits.

New Business Committee

The New Business Committee, chaired by Oliver Hemsley is responsible for the quality of new business taken on.

Internal Control

The Board is responsible for maintaining the Group's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, as such it can provide only reasonable but not absolute assurance against material misstatement or loss. The Group's system of internal control has been actively managed throughout the year. The Group has a number of committees with formal terms of reference and a Compliance department responsible for the Group's adherence to the rules of the Financial Services Authority. In response to the growing complexities and demands of the business, this year the Board has established an Internal Audit function in order to provide further independent assurances over the adequacy and effectiveness of the systems of internal control throughout the business and ensure that the Group's approach to continuous improvement is maintained at the high standards achieved thus far.

BOARD OF DIRECTORS

Michael Spencer

Michael Spencer is the Non-executive Chairman of Numis and is the Group Chief Executive of Intercapital Plc (ICAP Plc), which is the world's largest interdealer broker. Michael Spencer is also Chairman of IPGL Limited, which he founded in 1986, a private company which owns a leading financial spread betting bookmaker, City Index and various other interests, including a 12.22% stake in Numis Corporation Plc.

Oliver Hemsley

Oliver Hemsley is the Chief Executive Officer of Numis and is responsible for the implementation of, and the day-to-day operational and strategic running of the business. Oliver is a Non-executive Director of RI3K Limited (the electronic trading services business serving the insurance sector) and Quantasol Limited (the solar cell technology business). Prior to founding Numis, Oliver worked as a Marine Underwriter at Lloyd's for the Brockbank Group.

Declan Kelly

Declan Kelly is a Non-executive Director of Numis, and acts as Michael Spencer's alternate. Declan Kelly is the Chief Executive of IPGL Limited.

Tom Bartlam

Tom Bartlam is a Non-executive Director of Numis and is a chartered accountant. Prior to his retirement in 2005 Tom was Managing Director of Intermediate Capital Group Plc (ICG), which he co-founded in 1989. Tom Bartlam is Chairman of both Pantheon International Participations Plc and Polar Capital Holdings Plc and remains a Non-executive Director of ICG and F & C UK Select Trust Plc.

Geoffrey Vero

Geoffrey Vero is a Non-executive Director of Numis, and is a chartered accountant with a distinguished career in the private equity industry. Geoffrey Vero was an Investment Director of ABN Amro Private Equity, Lazard Development Capital and previously held senior positions at Savills and Diners Club. Geoffrey Vero is also a Non-executive Director of Crown Place VCT, Close Brothers Development VCT and Epic Special Opportunities Plc.

Lorna Tilbian

Lorna Tilbian is an Executive Director and has worked as a Media Analyst in the City for nearly a quarter of a century with a distinguished track record. Lorna Tilbian joined Numis in 2001 having previously worked at SG Warburg and Panmure Gordon. Lorna Tilbian is a Non-executive Director of Jupiter Primadonna Growth Trust Plc and appears in the Campaign "A" List which states "Advertising analysts don't come much more astute, knowledgeable or experienced than Tilbian." Lorna Tilbian was recently appointed a C&binet Ambassador (an Ambassador for Creative Britain) by the DCMS as part of its commitment to support the development of the creative economy.

Bill Trent

Bill Trent is the Chief Financial Officer of Numis and is a chartered accountant having spent eight years with Price Waterhouse. Bill Trent had previously worked as an independent strategic adviser following 14 years with McKinsey where he co-led their wholesale financial institutions practice. Bill Trent brought with him extensive experience in growing professional services businesses and risk management which have been utilised to the benefit of the Group. As announced on the 8 October 2008, he will be leaving the Group on 31 December 2008 to take up an opportunity helping to build a London market restructuring and advisory business for Oliver Wyman.

Nigel Turner

Nigel Turner was an Executive Director and the Deputy Chairman of the Group as well as Chairman of Numis Securities Limited up to his retirement on 30 November 2007. Nigel Turner joined Numis in December 2005 from ABN Amro, where he was Vice Chairman of the Bank's Wholesale Banking Group and had responsibility within it for the Global Corporate Finance and Global Equities Divisions. Prior to that Nigel Turner was at Lazard Brothers in London from 1985 but he also spent three years as Head of the Lazard Brothers office in New York before returning to London and becoming a member of the Supervisory Board of the Lazard Group.



RISK MANAGEMENT

Numis is exposed to a number of business risks. The Board is responsible for determining Numis' risk appetite and for ensuring that Numis' risk management processes are appropriate and operating effectively. Day-to-day management of risk is delegated to the Management Committee and, where appropriate to preserve Chinese Walls within the business, to the New Business Committee and Financial Risk Committee. Whilst encouraging an entrepreneurial and commercial culture that is focused on making money for our clients, the Board actively seeks to minimise avoidable, value-destroying risk exposures. In particular, the Board deliberately sought to strengthen the balance sheet so that Numis is well able to withstand, and even benefit from, long-term opportunities created by market downturns.

The framework employed by the Group to manage the day-to-day risks faced in the normal course of business is described in detail in note 31.

Major Risks and Controls:

Reputational risk

The Board believes that the greatest risk to the firm comes from the potential for loss of reputation. Whilst entrepreneurial staff are always encouraged to develop new clients and streams of revenue, all new business is subject to a rigorous appraisal process supervised by the New Business Committee. This discriminates strongly in favour of high quality, high potential businesses and management teams.

Loss of staff

Retaining key staff, including in particular significant current and future revenue generators, is essential to the long-term health and growth of the business. The Board has therefore made significant improvements to share incentive scheme arrangements available by shortening the vesting periods, increasing its budget and by providing significant funding for employee share purchases. The nature of these schemes is described in note 27.

Poor quality execution

Further, continued improvement in quality of service to all our clients is central to the Board's strategy of long-term reputation building. Numis, therefore, places great emphasis on employing and adding highly experienced senior staff who are very closely engaged with clients. To aid the application of best practice, regulatory compliance and consistency Numis management makes ever-increasing use of standardised operating procedures. Finally the Board demands a culture of best practice conduct and rigorous compliance.

Capital market volatility

The Board's policy is to hold regulatory capital that meets our most conservative interpretation of Basle II and CRD requirements and the worst plausible case losses from a major stock market downturn. In this latter regard, particular attention is also paid to the potential for counterparty credit losses on securities settlement following the failure of a substantial intermediary. As a result there are conservative limits on trading activity, substantial surplus capital (over four times post Basle II regulatory requirements) and substantial liquidity resources – at a minimum representing worst case stress test market and credit risk losses and one year's cash operating expenses.

Loss of performance control

The Board's policy is to encourage an intense focus by top management on long-term business building and revenue generation. It also promotes a culture among staff of seeking to build the long-term value of the business through personal initiative and entrepreneurship and exceptional client service. The Board therefore encourages an "ownership culture" with growing employee share ownership, aspirational revenue targets, tight cost budgets and structured performance-based staff evaluations.

Counterparty or deposit taking institution failure

Counterparty credit exposure is controlled through the application of credit quality limits and the settlement of trading through collateralised central securities depositories. The Board has also established a policy of keeping substantial liquidity with major UK banking institutions holding at least a "AA" long-term credit rating.

Major infrastructural failure and/or terrorist event

Numis aims to be able to sustain operations and client service, with minimum of disruption, with a combination of business continuity planning, duplicated infrastructure and remote facilities.

REMUNERATION

The remuneration policy for executive directors and the setting of individual directors' remuneration packages are delegated to the Board's Remuneration Committee. The Remuneration Committee also oversees the remuneration of senior executives within the business. The Remuneration Committee consists of the Non-executive Directors.

Remuneration Policy

Remuneration is structured to reflect the profitability of the business. Much the largest portion of the remuneration of directors is a profit and personal performance related bonus. The Remuneration Committee determines the proportion of the staff bonus pool allocated to executive directors. Executive directors also receive a relatively modest base salary and 7% of base salary contribution to a defined contribution pension saving scheme. In addition, they are entitled to insured death in service benefits of twice their base salary.

The share incentive scheme awards shown in the remuneration table reflect awards made as part of the 2008 annual remuneration process. These awards are subject to vestings conditions as described in the policy set out below.

The total amounts for directors' remuneration and other benefits were as follows:

	2008 £000	2007 £000
Emoluments	2,373	3,066
Money purchase contributions	175	22
	2,548	3,088

Directors' Pension Entitlements

All executive directors are members of money purchase schemes. Contributions paid by the Group in respect of these directors are shown above.

Directors' Share Options

The Company no longer makes share option awards. There are no outstanding, unexercised options to acquire ordinary shares in the Company granted to or held by the directors as at 30 September 2008.

Remuneration for the year

	Base Salary	Bonus	Share Incentive Scheme Awards	Benefits	Total 2008 £,000	Total 2007 £,000
Executive Directors						
Oliver Hemsley	225	500	–	37	762	1,193
Bill Trent	150	750	–	11	911	561
Lorna Tilbian	200	175	150	165	690	774
Nigel Turner*	25	–	–	–	25	400
Non-executive Directors						
Geoffrey Vero	40	–	–	–	40	40
Declan Kelly	30	–	–	–	30	30
Michael Spencer	50	–	–	–	50	50
Tom Bartlam	40	–	–	–	40	40
	760	1,425	150	213	2,548	3,088

* retired effective 30 November 2007

Directors' Interests under Share Incentive Schemes

The Company has share incentive schemes through which discretionary share based awards may be made. The schemes fall into two categories; Long Term Incentive Plans (LTIP) and Restricted Stock Units (RSU).

Under the terms of the LTIP, employees and directors are invited to subscribe for new ordinary shares or purchase existing ordinary shares in the Company on terms the effect of which is that for each new ordinary share subscribed for or purchased, employees and directors will receive, at no further cost to them, one further ordinary share (each a "matching share"). Subject to certain limited exceptions employees and directors must remain in employment with the Numis Group for a period of between 3 to 5 years to achieve the matching benefit. The matching shares to which the directors are prospectively entitled are as follows:

	2008	2007
Oliver Hemsley	–	79,365
Bill Trent	93,575	93,575
Lorna Tilbian*	107,142	39,685
Nigel Turner *	–	392,157

* retired effective 30 November 2007

* prospective award of £150k to be granted in Feb 2009. Number of shares estimated based on year end share price of 140p.

Under the terms of the RSU, a proportion of the total compensation paid to directors and employees is paid in ordinary shares in the Company which vests in equal tranches over the 3 years following the award.

The shares to which the directors are prospectively entitled under RSU awards are as follows:

	2008	2007
Bill Trent	43,103	43,103

DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the report of the independent auditors, set out on page 25, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are responsible for preparing the annual report and accounts. They are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for the financial year. In preparing those financial statements, the directors are required to:

- 1 select suitable accounting policies and then apply them consistently;
- 2 make judgements and estimates that are reasonable and prudent;
- 3 state whether applicable accounting standards have been followed; and
- 4 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors consider that the Group has adopted suitable accounting policies and they have been used and applied consistently, except as explained in note 2 'Prior Year Adjustment'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2008 and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and enable them to ensure the financial statements comply with company law. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT

The directors present their report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 30 September 2008.

Principal Activity

The principal activity of the Group is to provide integrated investment banking services. This activity encompasses research, institutional sales, market making, corporate broking and corporate finance. The Group has one principal operating subsidiary, Numis Securities Limited, which is authorised and regulated by the Financial Services Authority and is a member firm of the London Stock Exchange. During 2003 Numis Securities Limited established a subsidiary in the United States of America, Numis Securities Inc, which is registered with the SEC and a member of the National Association of Securities Dealers, Inc. In September 2006 Numis Corporation Plc established a subsidiary in Kazakhstan, Numis Caspian Limited LLP, which is registered with the Ministry of Justice of the Republic of Kazakhstan.

Review of the Business and Future Developments

A review of the Group's business and an indication of likely future developments is contained in the Chief Executive's statement.

Post Balance Sheet Events

Details of post balance sheet events are set out in note 32 to the financial statements.

Results and Dividends

The results of the Group for the year are set out in the consolidated income statement on page 26. The Directors propose to pay a final dividend of 5.00p per share (2007: 5.00p) which, together with the interim dividend of 2.50p per share already declared and paid, makes a total for the year ended 30 September 2008 of 7.50p per share (2007: 7.00p). Subject to approval at the annual general meeting the final dividend will be paid on 6 February 2009 to shareholders on the register on 12 December 2008.

Directors and their Interests

There have been no changes to the Board since the last Annual Report with the exception of the retirement of Nigel Turner effective 30 November 2007

The directors serving during the year ended 30 September 2008 and their interests in the ordinary shares of 5p each ("ordinary shares") of the Company, excluding share incentive scheme awards made but not yet vested (details shown on page 21), were as follows:

	30 September 2008 ordinary shares No.	30 September 2007 ordinary shares No.
MA Spencer *	13,142,934	11,756,398
PNN Turner (retired 30.11.07)	nil	399,919
OA Hemsley	13,799,865	13,718,713
WEJ Trent	99,363	95,988
L Tilbian	4,034,959	3,867,142
TH Bartlam *	25,000	25,000
DP Kelly *	nil	nil
GO Vero *	20,000	20,000

* Non-executive director

DIRECTORS' REPORT

Michael Spencer, together with his wife and children's trusts, own approximately 55.1% of Intercapital Private Group Limited (IPGL) issued share capital. Incap Finance B.V. is a wholly owned subsidiary of IPGL and is the registered shareholder of 13,142,934 (12.22%) ordinary shares in Numis. Michael Spencer (Non-executive Chairman of Numis) is Chairman of IPGL and is accordingly deemed under the Companies Act 2006 to be interested in all of the shares in Numis in which Incap Finance B.V. is interested.

There have been no changes in the interests of directors in ordinary shares and options over ordinary shares during the period 30 September 2008 to 2 December 2008 except for a transfer of 20,000 ordinary shares from MA Spencer to DP Kelly. Accordingly their respective interests in the ordinary shares of the Company have decreased/increased by this amount.

Substantial Shareholders

Except for the directors' interests noted above, the directors are aware of the following who are interested in 3% or more of the Company as at 30 September 2008 as follows:

	Registered holding No of ordinary shares	% of issued share capital
Mr DJ Poutney	7,529,000	7.00%
Mr EPH Farquhar	8,867,164	8.24%
Halifax EES Trustees International Limited	4,768,625	4.43%
Halifax EES Nominees International Limited	6,513,977	6.06%
BlackRock Investment Management (UK) Limited	5,305,095	4.94%
Citigroup Global Markets UK Equity Ltd	3,467,051	3.23%
Lehman Brothers International (Europe) Ltd	3,371,662	3.14%
Deutsche Bank AG London	3,347,455	3.11%

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP will be placed before the Annual General Meeting of the Company on 27 January 2009.

Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 19. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Trade Receivables

The Group does not extend credit terms to its clients. On average the Group's clients have taken 3 days to settle (2007: 3 days).

Trade Payables Payment Policy

The Group agrees terms and conditions for its goods or services with suppliers. Payment is then made based on these terms and conditions, subject to the agreed terms and conditions being met by the supplier. On average the Group has taken 14 days (2007: 17 days) to pay suppliers during the past financial year.

Charitable Donations

During the year, the Group made charitable donations of nil to UK charities (2007: £50,000).

Employment Policy

The Group's employment policies are based on a commitment to equal opportunities from the selection and recruitment process through to training, development, appraisal and promotion.

Risk Management

The major business risks to which Numis is exposed along with the controls in place to minimise these risks are described within the Business Review on pages 9 to 17. The financial risks faced by the Group are further described in note 31 to the financial statements.

By order of the Board

WEJ Trent

Company Secretary

18.12.08

Numis Corporation Plc
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NUMIS CORPORATION PLC

We have audited the group and parent company financial statements (the "financial statements") of Numis Corporation Plc for the year ended 30 September 2008 which comprise the consolidated income statement, the consolidated and Company balance sheets, the consolidated and Company statements of changes in equity, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chief Executive's statement that is cross referred from the review of business section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 September 2008 and of the Group's profit and cash flows for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 September 2008 and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors
22.12.08

London

CONSOLIDATED INCOME STATEMENT

	Note	2008 £'000	2007 £'000
Continuing operations			
Revenue	5	50,714	85,694
Other operating income	6	723	1,898
Total revenue		51,437	87,592
Administrative expenses		(47,757)	(54,097)
Operating profit		3,680	33,495
Analysed as follows:			
Operating profit before exceptional non-recurring items	9	3,680	35,691
Exceptional non-recurring items	9	–	(2,196)
Operating profit		3,680	33,495
Share of profits of associate	7	803	1,469
Profit on disposal of associate	8	5,854	–
Finance income	11	5,816	4,121
Finance costs	12	(60)	(285)
Profit before tax		16,093	38,800
Taxation	13	(1,317)	(11,169)
Profit after tax		14,776	27,631
Attributable to:			
Equity holders of the parent		14,776	27,631
Earnings per share			
Basic	28	14.9	27.5p
Diluted	28	14.6	26.8p
Memo – dividends for the year	14	(7,700)	(5,876)

The notes on pages 32 to 57 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Notes	2008 €'000	As restated 2007 €'000
Non current assets			
Property, plant and equipment	15	3,086	3,238
Intangible assets	16	290	382
Investment in associate	17	-	3,063
Derivative financial instruments	19	1,796	1,071
Deferred tax	20	-	1,840
		5,172	9,594
Current assets			
Trade and other receivables	21	221,373	157,086
Trading investments	22	36,136	38,106
Stock borrowing collateral		92	8,605
Derivative financial instruments	19	3,010	4,000
Current income tax		836	-
Cash and cash equivalents	23	59,899	76,666
		321,346	284,463
Current liabilities			
Trade and other payables	24	(206,126)	(169,089)
Financial liabilities		(1,287)	(8,237)
Provisions	25	(75)	(2,377)
Current income tax		-	(3,391)
		(207,488)	(183,094)
Net current assets		113,858	101,369
Non current liabilities			
Provisions	25	(616)	(1,927)
Net assets		118,414	109,036
Equity			
Share capital	26	5,378	5,324
Share premium account		24,719	22,376
Capital reserve		1,503	294
Retained profits		86,814	81,042
Equity attributable to equity holders of the parent		118,414	109,036

The notes on pages 32 to 57 form an integral part of these financial statements.

Signed on behalf of the Board on 18 December 2008

OA Hemsley
Chief Executive

WEJ Trent
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Retained Profits £'000	Total £'000
Attributable to equity holders of the parent at 1 October 2007	5,324	22,376	294	81,042	109,036
New shares issued	54	2,343	–	–	2,397
Profit after tax				14,776	14,776
Dividends paid				(7,700)	(7,700)
Deferred tax related to share based payments				(1,313)	(1,313)
Exchange differences on translation of foreign operations			(36)	–	(36)
Movement in respect of employee share plans			1,245	40	1,285
Other				(31)	(31)
Attributable to equity holders of the parent at 30 September 2008	5,378	24,719	1,503	86,814	118,414
Attributable to equity holders of the parent at 1 October 2006	5,295	20,727	68	67,481	93,571
New shares issued	29	1,649	–	–	1,678
Profit after tax				27,631	27,631
Dividends paid				(5,876)	(5,876)
Deferred tax related to share based payments				100	100
Exchange differences on translation of foreign operations			125	–	125
Movement in respect of employee share plans			101	(8,118)	(8,017)
Other				(176)	(176)
Attributable to equity holders of the parent at 30 September 2007	5,324	22,376	294	81,042	109,036

The notes on pages 32 to 57 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2008 £'000	As restated 2007 £'000
Cash flows from operating activities	29	(12,268)	24,293
Interest paid		(60)	(285)
Taxation paid		(4,963)	(9,140)
Net cash (used in)/from operating activities		(17,291)	14,868
Investing activities			
Purchase of property, plant and equipment		(671)	(3,097)
Purchase of intangible assets		(163)	(197)
Net proceeds from disposal of associate		7,170	–
Interest received		3,716	4,121
Dividends received from associate		1,236	615
Net cash from investing activities		11,288	1,442
Financing activities			
Purchase of own shares		(5,462)	(10,345)
Dividends paid		(5,302)	(4,198)
Net cash used in financing		(10,764)	(14,543)
Net movement in cash and cash equivalents		(16,767)	1,767
Opening cash and cash equivalents		76,666	74,899
Net movement in cash and cash equivalents		(16,767)	1,767
Closing cash and cash equivalents		59,899	76,666

The notes on pages 32 to 57 form an integral part of these financial statements.

HOLDING COMPANY BALANCE SHEET

	Notes	2008 €'000	2007 €'000
Non current assets			
Investment in associates	17	–	48
Investment in subsidiaries	18	3,348	2,103
Derivative financial instruments	19	1,796	1,071
		5,144	3,222
Current assets			
Trade and other receivables	21	15,980	19,826
Trading investments	22	25,392	16,393
Derivative financial instruments	19	1,844	1,071
		43,216	37,290
Current liabilities			
Trade and other payables	24	(1,840)	(1,415)
Current income tax		–	(420)
		(1,840)	(1,835)
Net current assets		41,376	35,455
Net assets		46,520	38,677
Equity			
Share capital	26	5,378	5,324
Share premium account		24,719	22,376
Capital reserve		1,346	101
Retained profits		15,077	10,876
Equity attributable to equity holders of the Company		46,520	38,677

The notes on pages 32 to 57 form an integral part of these financial statements.

Signed on behalf of the Board on 18 December 2008

OA Hemsley
Chief Executive

WEJ Trent
Chief Financial Officer

HOLDING COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Retained Profits £'000	Total £'000
Attributable to equity holders of the Company at 1 October 2007	5,324	22,376	101	10,876	38,677
New shares issued	54	2,343	–	–	2,397
Profit after tax				11,901	11,901
Dividends paid				(7,700)	(7,700)
Movement in respect of employee share plans			1,245	–	1,245
Attributable to equity holders of the Company at 30 September 2008	5,378	24,719	1,346	15,077	46,520
Attributable to equity holders of the Company at 1 October 2006	5,295	20,727	–	8,404	34,426
New shares issued	29	1,649			1,678
Profit after tax				8,348	8,348
Dividends paid				(5,876)	(5,876)
Movement in respect of employee share plans			101	–	101
Attributable to equity holders of the Company at 30 September 2007	5,324	22,376	101	10,876	38,677

The notes on pages 32 to 57 form an integral part of these financial statements.

The Company had no cash or cash equivalent balances as at 30 September 2006, 30 September 2007 or 30 September 2008. Similarly there were no movements in cash or cash equivalents during the year ended 30 September 2007 or the year ended 30 September 2008. Therefore no cash flow statement is presented for the Company.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

The principal accounting policies applied in the preparation of the annual report and financial statements of the Group and the Company are described below. These policies have been consistently applied to the years presented.

(a) Basis of preparation

The Group and the Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. These financial statements have been prepared under the historical cost convention as modified by revaluation of financial assets, liabilities and derivative contracts.

In publishing the Company financial statements together with those of the Group, the Company has taken advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes.

Standards and interpretations effective in 2008

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the group's financial instruments, or the disclosures relating to taxation and trade and other payables.

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The interpretation does not have an impact on the group's financial statements as it does not operate defined benefit pension schemes.

IFRIC 11, 'IFRS 2 – Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. The group's and company's accounting policy for share based compensation arrangements is already in compliance with the interpretation.

Interpretations effective in 2009 but not relevant

The following interpretation to published standards is mandatory for accounting periods beginning on or after 1 January 2008 but is not relevant to the group's operations:

IFRIC 12, 'Service concession arrangements'; and

IFRIC 13, 'Customer loyalty programmes'.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 October 2008 or later periods, but the group has not early adopted them:

IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131. This standard is not expected to have a significant impact on the Group and the Company's financial statements.

(b) Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all its subsidiary undertakings. The results of subsidiaries acquired are consolidated from the date on which control passed. Acquisitions are accounted for under the purchase method. Goodwill represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. If the fair value of the consideration is less than the fair value of identifiable assets and liabilities acquired, the difference is recognised directly in the income statement.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group. Revenue comprises institutional commissions, net trading gains or losses, corporate broking retainers, deal fees, placing commissions and investment income. Institutional commissions are recognised on trade dates. Net trading gains or losses are the realised and unrealised profits and losses from market making long and short positions on a trade date basis. Investment income is the realised and unrealised profits and losses from securities held outside of the market making portfolio on a trade date basis. Corporate retainers are recognised on an accruals basis. Deal fees and placing commissions are only recognised once there is an absolute contractual entitlement for Numis to receive them.

(d) Segment reporting

Business segments are distinguishable components of the Group that provide products or services that are subject to risks and rewards that are different to those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and rewards that are different to those of components operating in other economic environments. Numis operates a single integrated business and, although there are different revenue types (the contributions from which are separately disclosed), there is no segmentation of profits, assets, liabilities or net assets.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is provided for on a straight line basis at the following rates:

Office and computer equipment	3 years
Motor vehicles	4 years
Furniture and fittings	5 years

Leasehold improvements are depreciated on a straight line basis over the term of the lease or estimated useful economic life whichever is the shorter.

(f) Intangible assets

Acquired computer software licences are capitalised where it is probable that future economic benefits that are attributable to the asset will flow to the Company or Group and the cost of the assets can be reliably measured. Software is stated at cost, including those costs incurred to bring to use the specific software, less amortisation and provisions for impairment, if any. Costs are amortised on a straight line basis over the estimated useful life of the software.

Costs associated with maintaining or developing the software are recognised as an expense when incurred.

1 Accounting Policies (continued)

(g) Impairment of assets

The carrying value of property, plant and equipment and intangibles is reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

(h) Investment in associates

Associates comprise those undertakings, not being subsidiary undertakings, which carry out related activities and where the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Generally a shareholding of between 20% to 50% of the voting rights is considered to be an associate.

In the Group's financial statements, investments in associated undertakings are accounted for using the equity method. The consolidated income statement includes the Group's share of these associated undertakings' profits less losses and the Group's share of net assets is shown in the consolidated balance sheet. In the Company's financial statements the investments in associated undertakings are held at cost.

(i) Financial assets and liabilities

Trading investments and financial liabilities represent market making positions and other investments held for resale in the near term and are stated at fair value. Gains and losses arising from the changes in fair value are taken to the income statement.

For trading investments and financial liabilities which are quoted in active markets, fair values are determined by reference to the current quoted bid/offer price, with financial assets marked at the bid price and financial liabilities marked at the offer price. Where independent prices are not available, fair values are determined using valuation techniques with reference to observable market data. These may include comparison to similar instruments where observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Loans and receivables are non-derivative financial instruments which have a fixed or easily determinable value. They are recognised at cost less any impairment in their value and are included in trade and other receivables.

The Group makes an assessment at each balance sheet date as to whether there is any objective evidence of impairment, being any circumstance where an adverse impact on estimated future cash flows of the financial asset or group of assets can be reliably estimated.

(j) Derivatives

The Group utilises forward exchange contracts to manage the exchange risk on actual transactions related to amounts receivable, denominated in a currency other than the functional currency of the business. The Group has not sought to apply the hedging requirements of IAS 39.

The Group's forward exchange contracts do not subject the Group to risk from exchange rate movements because the gains and losses on such contracts offset losses and gains, respectively, on the underlying foreign currency transactions to which they relate. The forward contracts and related amounts receivable are recorded at fair value at each period end. Fair value is calculated using the settlement rates prevailing at the period end.

All gains and losses resulting from the settlement of the contracts are recorded within Finance Income/Costs in the income statement.

The Group does not enter into forward exchange contracts for the purpose of hedging future anticipated transactions.

Equity options and warrants are initially accounted for and measured at fair value on the date the Company or Group becomes a party to the contractual provisions of the derivative contract and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement within net trading income. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions and valuation techniques including discounted cash flow models and option pricing models as appropriate. All derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative.

(k) Deferred tax

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

(l) Stock borrowing collateral

The Group enters stock borrowing arrangements with certain institutions which are entered into on a collateralised basis with securities or cash advanced or received as collateral. Under such arrangements a security is purchased with a commitment to return it at a future date at an agreed price. The securities purchased are not recognised on the balance sheet and the transaction is treated as a secured loan made for the purchase price. Where cash has been used to effect the purchase, the cash collateral amount is recorded as a pledged asset on the balance sheet. Where trading investments have been pledged as security these remain within trading investments and the value of security pledged disclosed separately except in the case of short-term highly liquid assets with an original maturity of 3 months or less, which are reported within cash and cash equivalents with the value of security pledged disclosed separately.

(m) Trade and other receivables

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Client, broker and other counterparty balances represent unsettled sold securities transactions and are recognised on a trade date basis. All such balances are shown gross.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies (continued)

(n) Trade and other payables

Trade and other payables are stated at their nominal value. The Group accrues for all goods and services consumed but as yet unbilled at amounts representing management's best estimate of fair value. Client, broker and other counterparty balances represent unsettled purchased securities transactions and are recognised on a trade date basis. All balances are shown gross.

(o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with an original maturity of 3 months or less.

(p) Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation and it can be reliably estimated. Provisions believed to relate to periods greater than 12 months are discounted to the net present value using an effective discount rate that reliably calculates the present value of the future obligation.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised in the financial statements; however they are disclosed unless their likely occurrence is remote.

(q) Clients' deposits

All money held on behalf of clients has been excluded from the balances of cash and cash equivalents and amounts due to clients, brokers and other counterparties. Client money is not held directly, but is placed on deposit in segregated designated accounts with a bank. The amounts held on behalf of clients at the balance sheet date are included in Note 23.

(r) Pension costs

The Group has a Group Personal Pension Plan and death in service benefits that are available to full-time employees of the Group over the age of 18 who have served the Group for at least 3 months. The plan is a defined contribution scheme; costs of the scheme are charged to the income statement in the year in which they arise.

(s) Operating leases

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term even if the payments are not made on such a basis. Lease incentive received are recognised in the income statement as an integral part of the total lease expense.

(t) Foreign currencies

In individual entities, transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at rates prevailing on the balance sheet date. Exchange differences are taken to the income statement, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to reserves. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

On consolidation, the results of overseas businesses are translated into the presentational currency of the Group at the average exchange rates for the period where these approximate to the rate at the date of transaction. Assets and liabilities of overseas businesses are translated into the presentational currency of the Group at the exchange rate prevailing at the balance sheet date. Exchange differences arising are classified as a separate component within equity. Cumulative translation differences arising after the transition to IFRS are taken to the income statement on disposal of the net investment.

(u) Taxation

Taxation on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior years. Taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also included within equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantially enacted by the balance sheet date.

(v) Employee share ownership plans

The Group has a number of Employee Share Ownership Plans (ESOP), as set out in Note 27, which provide a mechanism for the Board to award employees of the Group share-based payments on a discretionary basis.

Employee Benefit Trusts established by the Company acquire ordinary shares in the Company to be held on trust for the benefit of, and ultimately distributed to, employees either on the exercise of share options or other remuneration arrangements.

In the case of equity settled awards, the cost of share awards made under employee share ownership plans, as measured by the fair value of awards at the date of granting, are taken to the income statement over the vesting period (if any), and disclosed under staff costs with a corresponding increase in equity.

In the case of cash settled awards, the cost of share awards made under employee share ownership plans, as measured by the fair value of awards at the date of granting, are taken to the income statement over the vesting period with a corresponding increase in provisions representing the cash obligation. At each subsequent accounting date the fair value of the obligation is re-assessed with reference to the underlying share price and the provision adjusted accordingly.

1 Accounting Policies (continued)

On consolidation, the cost of shares acquired by the Employee Benefit Trusts is deducted as an adjustment to equity. Gains and losses arising on Employee Benefit Trust related transactions are taken directly to equity. No expense is recognised in respect of option awards granted before 7 November 2002 or which have vested before 1 October 2005.

(w) Dividends

Dividends payable are recognised when the dividend is paid or approved by shareholders.

(x) Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

(y) Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those of estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are set out below:

Valuation of financial assets where there is no quoted price

Such assets principally comprise minority holdings in unquoted securities and are valued with reference to financial information available at the time of original investment updated to reflect all relevant changes to that information as at the reporting date. This determination requires significant judgement in determining changes in fair value since the last valuation date. In making this judgement the Group evaluates among other factors recent

offerings or transaction prices, changes in the business outlook affecting a particular investment since purchase, performance of the underlying business against original projections, valuations of similar quoted companies and relevant industry valuation techniques, for example, discounted cashflow or market approach.

An increase / decrease by 5% to the adjustments made in respect of illiquidity would decrease / increase respectively profit in the income statement and the combined carrying value of trading investments and derivative financial instruments by £499,000 / £507,000.

Valuation of quoted financial assets where there is no active market

Quoted investments held by the Group may not always be actively traded in financial markets. In such cases the Group applies appropriate valuation techniques to determine fair value.

In practice this has resulted in certain holdings having been discounted from the most recent price, to reflect illiquidity in the market.

In addition to the above accounting policies the following relate specifically to the Company.

(z) Investment in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment.

Where the Company makes equity settled awards for the benefit of its subsidiaries, the value of such awards is treated as an additional cost of investment in these subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

2 Prior Year Adjustment

Prior to our conversion to IFRS and indeed subsequently, Numis has consistently included certain cash collateral balances held with securities clearing houses (Fortis, EMCF and EUROCCP) as part of the reported cash and cash equivalent balances in all external and internal financial reporting. However, after discussion with our auditors and accounting advisers we have now concluded that such balances do not qualify under IFRS to be classified within cash and cash equivalents. Therefore these financial statements include a prior year adjustment. There is no impact on reported net assets or profits of the Group or the Company, but there is a decrease in the prior year Group cash and cash equivalent balance of £1,731,000 and a corresponding increase to trade and other receivables. In order to fully understand the year-on-year impact on our cash and cash equivalents balance the prior year adjustment together with the impact on the current year balance is set out below:

	2008 £'000	2007 £'000
Previously reported	69,773	78,397
Reclassification to trade and other receivables	(9,874)	(1,731)
Revised cash and cash equivalents	59,899	76,666

The increase in these collateral balances is a direct result of increased trading activity, across multiple trading venues.

3 Profit of the Parent Company

As provided by Section 230 Companies Act 1985, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the financial year amounted to £11,901,000 (2007: £8,348,000).

4 Segmental Information

The analysis by class of business of the Group's revenue, profit before taxation, assets, liabilities and net assets is set out below.	2008 £'000	2007 £'000
Total revenue		
Investment banking	51,437	87,592
Associate – Insurance Broking	5,541	7,147
	56,978	94,739
Profit before tax		
Investment banking	15,290	37,331
Associate – Insurance Broking (Share of post tax profit)	803	1,469
	16,093	38,800
Depreciation and amortisation		
Investment banking	1,055	910
Associate – Insurance Broking	39	43
	1,094	953
Capital expenditure		
Investment banking	834	3,294
Associate – Insurance Broking	14	110
	848	3,404
Total assets		
Investment banking	326,518	294,057
Total liabilities		
Investment banking	208,104	185,021
Net assets		
Investment banking	118,414	105,973
Associate – Insurance Broking	–	3,063
	118,414	109,036

4 Segmental Information (continued)

The Group operates an integrated investment banking business and, although there are different revenue types (the contributions from which are separately disclosed in note 5), there is no further distinguishable segmentation of the business.

The Group's business arises mainly from the United Kingdom and amounts arising outside the United Kingdom are not material to the Group's business in the context of segmental reporting.

In addition to the above disclosure made in accordance with IAS 14 – Segmental Reporting, the analysis below sets out the revenue performance and net asset split between our core investment banking & broking business and our investing activities. This information is provided as supplementary analysis only.

	2008 £'000	2007 £'000
Net institutional income	23,680	32,790
Corporate transaction revenues	23,005	49,074
Corporate retainers	4,029	3,830
Revenue from Investment Banking & Broking (see note 5)	50,714	85,694
Investment activity net gains	723	1,898
Share of profits of associate	803	1,469
Profit on disposal of associate (see note 8)	5,854	–
Contribution from Investing Activities	7,380	3,367
Total	58,094	89,061
Investment banking & broking	28,784	8,569
Investing activities	29,731	23,801
Cash and cash equivalents	59,899	76,666
Total net assets	118,414	109,036

	2008 £'000	2007 £'000
5 Revenue		
Net trading (losses)/gains	(3,460)	5,145
Institutional commissions	27,140	27,645
Net institutional income	23,680	32,790
Corporate retainers	4,029	3,830
Deal fees	9,751	15,461
Placing commissions	13,254	33,613
	50,714	85,694

	2008 £'000	2007 £'000
6 Other Operating Income		
Investment income	660	1,874
Other	63	24
	723	1,898

Investment income represents gains and losses made on trading investments which are held outside of the market making portfolio.

NOTES TO THE FINANCIAL STATEMENTS

7 Share of Profits of Associate

The analysis of the Group's interest in the associated undertaking's revenue, profit, assets and liabilities is set out below:

	2008 £'000	2007 £'000
Revenue	5,541	7,147
Profit after tax	803	1,469
Assets	–	13,739
Liabilities	–	(10,186)

8 Profit on Disposal of Associate

	2008 £'000	2007 £'000
Sale proceeds	7,206	–
Share of net assets disposed of	(1,316)	–
Disposal expenses (comprising charges)	(36)	–
	5,854	–

The profit on disposal of associate relates to the reduction of the Group's holding in Abbey Protection Group Limited from 29.41% to 13.10% following the IPO of Abbey Protection Group Limited on 29 November 2007. Gains and losses arising on the reduced holding subsequent to the IPO are included within other operating income on the face of the consolidated income statement. The profit on disposal and subsequent revaluation gains and losses are exempt from UK corporation tax under substantial shareholdings relief.

9 Operating Profit

Operating profit is stated after charging:	2008 £'000	2007 £'000
Depreciation charges on property, plant and equipment	800	681
Amortisation of intangible assets	255	229
Operating lease costs	1,745	1,807
Staff costs (see note 10)	26,534	33,805
Auditors' remuneration		
PricewaterhouseCooper LLP		
– Audit fee for Company's accounts and Annual Report	89	59
– Year end audit services to the Subsidiaries of the Company	395	338
– Tax services	122	50
– Regulatory services	320	62

Exceptional non-recurring property costs incurred in 2007 comprise costs associated with the exit from our previous principal office at 138 Cheapside, London EC2 in March 2007.

10 Staff Costs

Particulars of employees (including executive directors) are as shown below.

Employee costs during the year amounted to:

	2008 £'000	2007 £'000
Wages and salaries	17,582	14,000
Bonuses	6,146	14,145
Social security costs	2,065	3,896
Compensation for loss of office	166	53
Other pension costs (see note 30d)	640	511
Share based payments	(65)	1,200
	26,534	33,805

The share based payment award credits/costs shown above include an amount of £1,245,000 (2007: £101,000) in respect of share-based payment transactions which are accounted for as equity-settled payments. The credit in 2008 arises principally from declines in the Company's share price and resulting impact on cash-settled employee share scheme accounting.

<i>Number of staff employed:</i>	2008 Number	2007 Number
Average for the year		
Professional	136	128
Administration	52	44
	188	172
At the year end	180	186

Details of directors' emoluments are presented in the Remuneration Report on page 21.

11 Finance Income	2008 £'000	2007 £'000
Interest receivable and similar income	4,012	4,121
Net foreign exchange gains	1,804	–
	5,816	4,121

12 Finance Costs	2008 £'000	2007 £'000
Interest payable	60	25
Net foreign exchange losses	–	260
	60	285

NOTES TO THE FINANCIAL STATEMENTS

13 Taxation

The tax charge is based on the profit for the year and comprises:	2008 £'000	2007 £'000
Current tax		
Corporation tax at 29% (2007:30%)	828	11,188
Corporation tax (over)/under provided in previous year	(38)	(565)
Total current tax	790	10,623
Deferred tax		
Origination and reversal of timing differences	527	17
Adjustments in respect of previous years	–	529
Total tax charge	1,317	11,169

Factors affecting the tax charge for the year:	2008 £'000	2007 £'000
Profit before tax	16,093	38,800
Profit before tax multiplied by the standard rate of UK corporation tax	4,667	11,208
Effects of:		
Net expenses not deductible for tax purposes	221	226
Capital allowances for the period in excess of depreciation	14	(77)
Other timing differences	18	(257)
Non-taxable income/credit	(236)	12
Losses not available for utilisation in the UK	109	17
Utilisation of losses brought forward	(44)	(201)
Income from sale and revaluation of investment in Abbey / other permanent differences	(3,921)	260
Option exercises during the year	–	–
Corporation tax (over)/under provided in previous year	(38)	(565)
Origination and reversal of timing differences	527	17
Adjustments in respect of prior years	–	529
Total tax charge	1,317	11,169

14 Dividends

	2008 £'000	2007 £'000
Final dividend for year ended 30 September 2006 (3.75p)		3,842
Interim dividend for year ended 30 September 2007 (2.00p)		2,034
Final dividend for year ended 30 September 2007 (5.00p)	5,120	
Interim dividend for year ended 30 September 2008 (2.50p)	2,580	
	7,700	5,876

Dividends declared on shares held by the EBT that have not been purchased by or vested in employees are waived under the terms of the employee share ownership plan arrangements.

On 2 December 2008 the Board proposed a final dividend of 5.00p per share for the year ended 30 September 2008. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by the shareholders. Based on the number of shares in issue at the year end the total amount payable would be £5,014,004.

15 Property, Plant and Equipment

The movement during the year and the prior year was as follows:

	Furniture and fittings £'000	Leasehold improvements £'000	Office and computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 2007	800	1,879	2,475	27	5,181
Additions	134	351	79	107	671
Impairment	(10)	(17)	(19)	–	(46)
Disposals	(5)	(24)	(49)	–	(78)
Exchange adjustment	2	4	19	9	34
At 30 September 2008	921	2,193	2,505	143	5,762
Depreciation					
At 1 October 2007	442	89	1,385	27	1,943
Charge for the year	117	140	503	40	800
Disposals	(5)	(24)	(49)	–	(78)
Exchange adjustment	–	2	7	2	11
At 30 September 2008	554	207	1,846	69	2,676
Net book value					
At 1 October 2007	358	1,790	1,090	–	3,238
At 30 September 2008	367	1,986	659	74	3,086

	Furniture and fittings £'000	Leasehold improvements £'000	Office and computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 2006	607	1,263	1,514	27	3,411
Additions	227	1,903	967	–	3,097
Impairment	(33)	(520)	–	–	(553)
Disposals	–	(764)	–	–	(764)
Exchange adjustment	(1)	(3)	(6)	–	(10)
At 30 September 2007	800	1,879	2,475	27	5,181
Depreciation					
At 1 October 2006	339	726	931	27	2,023
Charge for the year	103	126	452	–	681
Disposals	–	(764)	–	–	(764)
Exchange adjustment	–	1	2	–	3
At 30 September 2007	442	89	1,385	27	1,943
Net book value					
At 1 October 2006	268	537	583	0	1,388
At 30 September 2007	358	1,790	1,090	0	3,238

NOTES TO THE FINANCIAL STATEMENTS

16 Intangible Assets

The movement during the year and the prior year was as follows:

	2008 Purchased Software £'000	2007 Purchased Software £'000
Cost		
At 1 October	953	756
Additions	163	197
Impairment	–	–
Disposals	–	–
At 30 September	1,116	953
Amortisation		
At 1 October	571	342
Charge for the year	255	229
Disposals	–	–
At 30 September	826	571
Net book value		
At 1 October	382	414
At 30 September	290	382
17 Investment in Associates	2008 £'000	2007 £'000
Group		
At 1 October	3,063	2,209
Share of profit for the period	803	1,469
Dividends received	(1,235)	(615)
Disposal/transfer to trading investments	(2,631)	–
At 30 September	–	3,063
Holding Company	–	48

The Group's holding in Abbey Protection Group Limited was reduced from 29.41% to 13.10% following the IPO of Abbey Protection Group Limited on 29 November 2007. The Group and the Company are no longer in a position to exercise significant influence over the investee and therefore this investment no longer represents an associate. The profit on disposal is set out in Note 8.

18 Investment in Subsidiary Undertakings

<i>a) Holding company investment in subsidiaries</i>	2008 €'000	2007 €'000
As at 1 October	2,103	2,002
Additions (see below)	1,245	101
As at 30 September	3,348	2,103

Additions reflect the accounting treatment required by IFRS 2 and IFRIC 11 in relation to awards made under the Group's share plans which are accounted for as equity-settled share transactions and relate to employees in subsidiaries.

b) Subsidiaries

The Group beneficially owns the issued share capital of the following companies:

Subsidiary	Country of incorporation	Principal activity	Group shareholding
Numis Securities Limited	United Kingdom	Financial services	100%
Numis Securities Inc*	United States of America	Financial services	100%
Numis Corporate Finance Limited	United Kingdom	Dormant	100%
Numis Nominees (NSI) Limited*	United Kingdom	Dormant	100%
Numis Nominees Limited*	United Kingdom	Dormant	100%
Numis Caspian Limited LLP	Kazakhstan	Financial Services	100%

* Held through a subsidiary

19 Derivative Financial Instruments

Group	€'000
At 1 October 2007	5,071
Additions	2,874
Exercise	(2,913)
Revaluation to fair value in the year recognised in the income statement	(226)
At 30 September 2008	4,806

Group	2008 €'000	2007 €'000
Included in current assets – listed	602	2,429
Included in current assets – unlisted	2,408	1,571
Included in non-current assets – unlisted	1,796	1,071
	4,806	5,071

Holding Company	€'000
At 1 October 2007	2,142
Additions	2,142
Revaluation to fair value in the year recognised in the income statement	(644)
At 30 September 2008	3,640

	2008 €'000	2007 €'000
Included in current assets – unlisted	1,844	1,071
Included in non-current assets – unlisted	1,796	1,071
	3,640	2,142

The Group and the Company hold equity options and warrants over certain securities. Although the options and warrants themselves are not generally listed the underlying securities may be listed or otherwise. In the information presented above the listed and unlisted distinction relates to the underlying security. As at 30 September 2008 the fair value of outstanding foreign exchange contracts was €64,000 (2007: nil).

NOTES TO THE FINANCIAL STATEMENTS

20 Deferred Tax

The movement in the deferred tax balance is as follows:	2008 £'000	2007 £'000
At 1 October	1,840	2,904
Amounts charged to the income statement	(527)	359
Adjustments in respect of previous years	-	(546)
Amounts recognised on share based payments – equity	(1,313)	(877)
At 30 September	-	1,840
Deferred tax assets comprise:		
In respect of share based payments	-	1,313
In respect of tax allowances in excess of depreciation	-	251
In respect of other timing differences	-	276
	-	1,840

Potential deferred tax assets totalling £1,078,000 (2007: nil) have not been recognised as at 30 September 2008 due to uncertainty in assessing the level of future taxable gains within the next 12 month period against which the deferred tax asset could be utilised.

21 Trade and Other Receivables

The following amounts are included within trade and other receivables:	2008 £'000	As restated 2007 £'000
Group		
Due from clients, brokers and other counterparties	197,828	146,586
Loans to employees	4,945	2,687
Other debtors, including corporate finance receivables	16,557	6,443
Prepayments and accrued income	2,043	1,370
	221,373	157,086
Other debtors is net of an impairment adjustment of £386,000 (2007: nil).		
Holding Company		
Amounts due from subsidiaries	13,883	19,549
Loans to employees	2,097	277
	15,980	19,826

22 Trading Investments

	2008 £'000	2007 £'000
Group		
Listed on the LSE main market	1,498	6,487
Listed on AIM	26,552	20,721
Listed overseas	1,499	1,274
Unlisted UK investments	6,386	8,021
Unlisted overseas investments	201	1,427
Other	-	176
	36,136	38,106
Holding Company		
Listed on AIM	19,016	8,971
Unlisted UK investments	6,376	7,422
	25,392	16,393

	2008 £'000	As restated 2007 £'000
23 Cash and Cash Equivalents		
Cash and cash equivalents included in current assets	59,899	76,666

Cash and cash equivalents comprise cash in hand and deposits held at call with banks and other institutions and short term highly liquid investments having an original maturity of less than three months.

The balances exclude interest-bearing deposits of clients' monies placed by the Group with banks on an agency basis. All such deposits are designated by the banks as clients' funds and are not available to the banks to satisfy any liability the Group may have with them at that time. The balance on 30 September 2008 held on deposit for private clients was £84,263 (2007: £80,652). Similarly cash held in segregated bank accounts in respect of placings undertaken for corporate clients amounted to £0.35m (2007: £5.61m)

	2008 £'000	2007 £'000
24 Trade and Other Payables		
Group		
Amounts due to clients, brokers and other counterparties	189,103	142,265
VAT	101	515
Social security and PAYE	797	558
Sundry creditors	1,229	2,212
Accruals	14,896	23,539
	206,126	169,089
Holding Company		
Amounts due to subsidiaries	1,840	1,415

25 Provisions			
The movement in provisions during the year and during the prior year was as follows:	LTIP £'000	Dilapidation £'000	Total £'000
Group			
At 1 October 2007	4,304	–	4,304
Recognised in the income statement	(1,299)	–	(1,299)
Recognised in equity	(2,314)	–	(2,314)
At 30 September 2008	691	–	691
	LTIP £'000	Dilapidation £'000	Total £'000
At 1 October 2006	3,207	200	3,407
Amounts charged against provisions		(200)	(200)
Recognised in the income statement	1,097		1,097
At 30 September 2007	4,304	–	4,304

	2008 £'000	2007 £'000
Included in current liabilities	75	2,377
Included in non-current liabilities	616	1,927
	691	4,304

The LTIP provision relates to the cash settled element of the the Group's share plan arrangements, and is determined with reference to all the unvested awards that are expected to vest (taking into account management estimates regarding fulfilment of vesting conditions) and the year end share price. The weighted average life of the non current portion of the liability is 2.02 years (2007: 2.74 years). Amounts recognised in equity relate to awards which vested in the year.

NOTES TO THE FINANCIAL STATEMENTS

	2008 £'000	2007 £'000
26 Share Capital		
Authorised		
140,000,000 (2007: 140,000,000) 5p ordinary shares	7,000	7,000
Allotted, issued and fully paid		
107,555,594 (2007: 106,472,996) 5p ordinary shares	5,378	5,324

During the year 1,082,598 (2007: 570,490) ordinary shares were issued for a total consideration £2,397,729 (2007: £1,667,503) of which £2,343,599 (2007: £1,648,978) has been included as share premium.

All shares issued during the year were in respect of scrip dividend elections. No share issuance has been made during the year in respect of the Group's share plan arrangements (2007: nil).

Movements in the number of outstanding share options during the year and their weighted average exercise prices are as follows:

	2008		2007	
	Average exercise price (pence per share)	Outstanding options	Average exercise price (pence per share)	Outstanding options
At 1 October	39.41	1,881,025	35.53	3,147,025
Exercised	58.50	[65,000]	29.78	(1,266,000)
At 30 September	38.72	1,816,025	39.41	1,881,025

The date range over which the above options may be exercised is set out in the table below. The overall weighted average life of the remaining options is 2.38 years (2007: 3.35 years).

At 30 September 2008 the following options granted to employees to acquire ordinary shares in the Company were outstanding:

Grant date	Number of options outstanding	Exercise price	Earliest exercise date	Latest exercise date
28 March 2000	305,000	58.5p	28 March 2004	28 March 2010
9 May 2000	250,000	50.5p	9 May 2004	9 May 2010
15 May 2001	1,136,025	30.0p	15 May 2005	15 May 2011
8 August 2002	125,000	46.2p	8 August 2005	8 August 2012

In accordance with IFRS 1 'First-time adoption of International Financial Reporting Standards', the Company and Group have chosen not to apply IFRS 2 'Share Based Payments' ('IFRS 2') to share options granted before 7 November 2002 that had not vested by 1 October 2005. Consequently there is no requirement to provide fair values for the outstanding options.

27 Employee Share Schemes

The Company has established employee benefit trusts in respect of the Group share schemes which are funded by the Group and have the power to acquire shares in the open market to meet the Group's future obligations under these schemes. As at 30 September 2008 the trusts owned 7,275,524 ordinary 5p shares in the Company (2007: 7,470,040) with a market value of £10.2m as at 30 September 2008 (2007: £20.3m).

	2008 Number of shares	2007 Number of shares
At 1 October	7,470,040	5,877,024
Acquired during the year	3,267,767	4,029,889
Shares vested in employees	(1,540,256)	(37,510)
Shares used to satisfy issuances during the year	(1,857,027)	(1,133,363)
Shares used to satisfy option exercises	(65,000)	(1,266,000)
At 30 September	7,275,524	7,470,040

At 30 September 2008 the number of shares held by the trusts in respect of awards made to, but not yet vested in, employees totalled 4,886,098 (2007: 4,211,389). During the year further awards of 2,726,174 shares (2007: 1,133,363 shares) were granted at a weighted average share price of 204.5p (2007: 287.8p). The weighted average market price on grant date for all awards was 209.2p.

27 Employee Share Schemes (continued)

Long Term Incentive Plan (LTIP) 2003 Scheme

The Board approved this plan on 28 April 2003 and it was approved by shareholders on 5 June 2003.

Eligibility

Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Nature of plan

The scheme provides a framework by which employees are awarded a free share in exchange for their purchasing a stake in the Company. The free, or "matching", shares replicate the number of shares purchased by the participant. Both the purchased and matching shares are held in trust by the Trustee, HBOS EES Trustees International Limited, for five years, after which time the participant has full entitlement, if they continue to be employed by the Group at that date.

On vesting, the matching shares are normally sold by the Trustee and the proceeds passed to the participant. The purchased shares are transferred into the personal ownership of the participant.

US Restricted Stock Plan (USRSP) 2003 Scheme

The Board approved this plan on 28 April 2003 and it was approved by shareholders on 5 June 2003.

Eligibility

Any Director or employee of Numis Securities Incorporated (NSI), the US 100% subsidiary of Numis Securities Limited (NSL), itself the UK 100% subsidiary of Numis Corporation Plc, may be invited to participate in the plan.

Nature of plan

The mechanics of the scheme, are the same as for the LTIP 2003 scheme. Differences arise in treatment of awards under differing tax jurisdictions.

Long Term Incentive Plan (LTIP) 2008 Scheme

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

Eligibility

Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Nature of plan

The scheme is similar to the 2003 LTIP scheme. The concept of the Company awarding free shares to match the shares purchased by the participant at the award date remains the same. However, this scheme is administered by a different Trustee, HBOS EES Nominees International Limited, and maintained within a separate Trust company. The vesting conditions too are different; in this case, shares vest in three equal tranches at the end of the third, fourth and fifth anniversaries of the award date if the participant continues to be employed by the Group at these dates.

On vesting, the matching and purchased shares are transferred into the personal ownership of the participant.

US Restricted Stock Plan (USRSP) 2008 Scheme

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

Eligibility

Any Director or employee of Numis Securities Incorporated (NSI), the US 100% subsidiary of Numis Securities Limited (NSL), itself the UK 100% subsidiary of Numis Corporation Plc, may be invited to participate in the plan.

Nature of plan

The scheme operates in the same way as the LTIP 2008 scheme. Differences arise in treatment of awards under differing tax jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

27 Employee Share Schemes (continued)

Restricted Stock Unit (RSU) 2008 Plan

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

Eligibility

Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Nature of plan

This scheme is open to both UK and US directors and employees and operates as a deferred bonus payment in the form of shares. This award vests in the hands of the participant in three equal tranches at the end of the first, second and third anniversaries following the award of the shares if they continue to be employed by the Group on those dates.

The movement in award shares for each share incentive award scheme is detailed in the tables below:

	LTIP 2003 Number of shares	USRSP 2003 Number of shares	LTIP 2008 Number of shares	USRSP 2008 Number of shares	RSU 2008 Number of shares	Total Number of shares
As at 30 September 2008						
Award shares at 1 October 2007	4,030,986	180,403	–	–	–	4,211,389
New awards	–	7,797	804,736	1,052,291	1,035,475	2,900,299
Vesting of awards	(1,539,194)	–	(1,062)	–	–	(1,540,256)
Forfeiture of awards	(575,192)	–	(76,524)	–	(33,618)	(685,334)
Award shares at 30 September 2008	1,916,600	188,200	727,150	1,052,291	1,001,857	4,886,098

	LTIP 2003 Number of shares	USRSP 2003 Number of shares	LTIP 2008 Number of shares	USRSP 2008 Number of shares	RSU 2008 Number of shares	Total Number of shares
As at 30 September 2007						
Award shares at 1 October 2006	3,630,863	162,218	–	–	–	3,793,081
New awards	1,111,181	22,182	–	–	–	1,133,363
Vesting of awards	(37,510)	–	–	–	–	(37,510)
Forfeiture of awards	(673,548)	(3,997)	–	–	–	(677,545)
Award shares at 30 September 2007	4,030,986	180,403	–	–	–	4,211,389

Option Schemes

A number of historic option schemes remain open which were formulated between 1993 and 2001. However no awards have been made since August 2002. As at 30 September 2008 there were 1,816,025 unexercised options outstanding (2007: 1,881,025) details of which are shown in Note 26. There is currently no intention of granting any further options under these old schemes.

28 Earnings per Share

The calculation of basic earnings per ordinary share is calculated on profit after taxation for the year of £14,776,000 (2007: £27,631,000) and 99,187,412 (2007: 100,389,740) ordinary shares being the weighted average number of ordinary shares in issue during the year. Diluted earnings per share assumes that the weighted average number of options outstanding during the year were exercised at 1 October 2007, for options where the exercise price was less than the average price of the share during the year.

The calculations exclude shares held by the Employee Benefit Trusts on behalf of the Group.

	2008 Number 000	2007 Number 000
Weighted average number of ordinary shares in issued during the year – basic	99,187	100,390
Effect of options over ordinary shares	1,835	2,713
Diluted number of ordinary shares	101,022	103,103

29 Consolidated Cash Flow Statement Group

	2008 £'000	As restated 2007 £'000
Reconciliation of operating profit to net cash (used in)/ from operating activities		
Operating profit	3,680	33,495
Impairment of property, plant and equipment	46	553
Depreciation charges on property, plant and equipment	800	681
Amortisation of intangible assets	255	229
Share based payments	(65)	1,200
Decrease/(increase) in current asset trading investments	3,285	(13,910)
Increase in trade and other receivables (net of impairment)	(59,996)	(6,315)
Decrease/(increase) in stock borrowing collateral	8,513	(546)
Increase in trade and other payables	30,989	11,292
Decrease/(increase) in derivatives	265	(2,399)
Other non-cash movements	(40)	13
Net cash (used in)/from operating activities	(12,268)	24,293

Holding Company

The Company does not hold any cash balances, and cash based transactions are effected on its behalf by Numis Securities Limited, a subsidiary. The operating profit of the Company includes gains on investments of £10,418,000 (2007: £1,374,000), and investing activity related dividend income of £1,427,000 (2007: £7,364,000) that passed through intercompany accounts. The issuance of shares in the period were scrip and hence no cash flows were involved.

30 Guarantees and Other Financial Commitments

a) Capital commitments

Amounts contracted for but not provided in the accounts amounted to Enil for the Group (2007: Enil).

b) Contingent liabilities

In the ordinary course of business, the Group has given letters of indemnity in respect of lost certified stock transfers and share certificates. No claims have been received in relation to the year ended 30 September 2008 (2007: nil). The contingent liability arising thereon cannot be quantified, although the directors do not believe that any material liability will arise under these indemnities.

The Company currently has in place an unlimited guarantee to the Company's bankers, Barclays Bank plc for the debts of Numis Securities Limited. As at 30 September 2008 the company did not have any indebtedness to Barclays Bank plc (2007: nil).

The Company has given a guarantee to Pershing LLC for any indebtedness of Numis Securities Inc., an indirect wholly owned subsidiary of the Company. Pershing LLC provides securities clearing and settlement services to Numis Securities Inc. for its broker activities. As at 30 September 2008 that company did not have any indebtedness to Pershing LLC (2007: nil).

The Company has given a commitment to an investee, by way of subscription agreement, to provide further funding up to a maximum of £311,400 (2007: nil) at the absolute discretion of that investee. This commitment expires on 21 July 2009.

NOTES TO THE FINANCIAL STATEMENTS

30 Guarantees and Other Financial Commitments (continued)

c) Operating leases

At 30 September 2008 the Group had annual non-cancellable commitments under operating leases of £1,745,000 (2007: £1,462,000).

The leases to which these amounts relate expire as follows:

	Property 2008 £'000	Property 2007 £'000
Within one year	54	32
In two to five years	–	58
After five years	1,691	1,372
	1,745	1,462

d) Pension arrangements

The pension cost charge for the year was £640,000 (2007: £511,000).

A defined contribution Group Personal Pension Plan has been in operation from 6 April 1997 for all full-time employees of the Group over the age of 18 who have served the Group for at least three months. The Group Personal Pension Plan is funded through monthly contributions. The Group contributes 7% of members' salaries with members contributing at least 2.5% of their salary. Employees who join the Group Personal Pension Plan are eligible for death-in-service benefits.

31 Financial Instruments and Risk Management Group

The Group's financial instruments comprise trading investments, financial liabilities, cash and cash equivalent balances, derivative financial instruments and various items such as trade receivables and trade payables that arise from the normal course of business.

Trading investments and financial liabilities are long and short positions respectively held as a result of market making activities in listed investments and holdings in unlisted investments. These investments are equity securities. Trading investments and financial liabilities are held at fair value, in accordance with the accounting policy provided in Note 1(i).

Derivative financial instruments comprise equity options and warrants over listed and unlisted securities and may also include foreign exchange contracts used to hedge known transactional exposures arising from normal operational activities. Derivative financial instruments are held at fair value in accordance with the accounting policy provided in Note 1(j).

Sterling and foreign currency cash balances are invested in the Group's approved banks and other short term highly liquid instruments which satisfy the Group's credit risk policies.

As at 30 September 2008 the Group had no undrawn committed borrowing facilities (2007: nil).

Risk management

The Group places great weight on the effective management of exposures to market, credit, liquidity and operational risk and our risk management policies are specifically designed to identify, monitor and manage such exposures to ensure that the operating activities of the Group are managed within the risk appetite set out by the Plc Board (the Board).

Financial risk exposure is monitored, controlled and overseen by separate but complementary committees which consist of senior management from revenue generating areas, compliance and finance. Management oversight and segregation of duties are fundamental to the risk management framework.

Responsibility for the approval of all risk management policies and setting the overall risk appetite of the Group is held by the Board, to which all risk management functions ultimately report. The Board receives financial risk updates which detail the Group's exposure to market, credit, liquidity, and operational risks.

The Audit Committee is responsible for the evaluation and maintenance of the Group's control framework and ensuring that policies are in place and operating effectively to identify, assess, monitor and control risk throughout the Group. The Audit Committee similarly receives financial risk updates which detail the Group's exposure to market, credit, liquidity and operational risks. Controls and policies are reviewed and challenged to ensure their effectiveness and to reflect changes in requirements and best practice.

31 Financial Instruments and Risk Management (continued)

The Financial Risk Committee (FRC) is responsible for ensuring that the day-to-day operating activities are managed within the risk appetite and controls framework approved by the Board and Audit Committee and has delegated responsibility for preparing the risk management policies for review and approval by the Board and Audit Committee. The FRC reviews the detailed components of market, credit, liquidity, and operational risk exposures of the business to ensure that such risks are monitored and assessed appropriately. The Committee met 20 times during the year (at least monthly) and following the recent market turmoil has increased this frequency to once a week. As a minimum, the FRC reviews:

- market risk exposures associated with our equity and derivative positions
- trading book and individual stock positions versus limits and resulting breaches
- performance of the trading book overall and at individual stock level
- credit risk exposures to trading counterparties and deposit-taking counterparties
- liquidity and concentration risk of our cash and cash equivalent assets
- currency risk exposures of our foreign denominated assets and liabilities
- operational risk matters
- capital resources of the Group in comparison with the Capital Requirements Directive Pillar I capital requirement and additional internal economic capital measures

The Finance department has day-to-day responsibility for monitoring and reporting risk exposures within the Group and escalation of issues to senior management. In addition to daily reporting of market, credit and liquidity risk key indicators to senior management, automated intraday reporting also exists for credit exposures and associated limit breaches (hourly reporting) and individual stock position limit breaches (two hourly reporting). Finally, our trading system has real-time trading book and stock limit alerts to flag individual stock holdings and trading book positions which are approaching their predefined limit.

Equity risk

The Group is affected by conditions in the financial markets and the wider economy through its holdings of equity investments arising through the normal course of its market making, trading and investing activities. Equity risk arises from the exposures of these holdings to changes in prices and volatilities of equity prices. An adverse movement in the fair value of our holdings has consequences for the capital resources of the Group and therefore it is important for management to understand the potential impact of such movements.

On a daily basis the Finance department compute a stress test value at risk measurement, based on the most severe catastrophic movements in market prices, applied to the end of day portfolio of holdings to show the loss that would occur under these conditions. The results are reported to senior management at the end of each day on the closing positions on that day and compared to the daily revenue performance and our capital resources.

The equity risk exposures are primarily managed by the use of individual stock position and trading book limits, such limits being established for long, short, gross and net positions. The table below shows the highest, lowest, and average total long, short, gross, and net position in listed securities during the year, together with positions at year end. Positions are calculated daily and compared to the limits.

	Long £'000	Short £'000	Gross £'000	2008 Net £'000
Highest position	44,503	(8,115)	51,852	40,077
Lowest position	28,969	(1,285)	31,436	21,504
Average position	37,697	(4,639)	42,336	33,059
As at 30 September 2008	30,151	(1,287)	31,436	28,866
	Long £'000	Short £'000	Gross £'000	2007 Net £'000
Highest position	37,063	(9,309)	44,036	31,677
Lowest position	20,330	(5,229)	25,559	15,101
Average position	31,645	(7,313)	38,959	24,332
As at 30 September 2007	30,911	(8,237)	39,148	22,674

The Group's equity holdings comprise trading investments, financial liabilities and derivative financial instruments.

Trading investments

Equity risk on the trading investments held within the market-making book is the day-to-day responsibility of the Head of Trading, whose decision making is independently monitored. Trading investments held outside the market making activities are monitored by the CEO, CFO and operating entity senior management.

NOTES TO THE FINANCIAL STATEMENTS

31 Financial Instruments and Risk Management (continued)

Equity risk is managed through the setting of cash investment limits on the entire trading book, the individual book structure, and each individual line of stock. These limits are approved by the Board, the Audit Committee, and the Financial Risk Committee, and monitored and reported by the Finance department daily. Breaches of the stock and book limits are initially flagged in real time on the trading platform and monitored by the traders and the Finance department. Breaches are either addressed by the traders or, if they are unable to take corrective action, will be discussed with the Finance department and reported to senior management as part of the usual end of day reporting mechanism. An internal stress test on equity holdings is reported to senior management each day on the daily closing positions of the Group.

In addition to the internal stress test scenario referred to above, a sensitivity analysis based on a 10% increase/decrease in underlying equity prices on the trading investments held at the year end has been performed and indicates that the impact of such a movement would be to increase/decrease respectively profit in the income statement by £3,614,000 (2007: £3,811,000).

Financial liabilities

Financial liabilities comprise short positions in quoted stocks arising through the normal course of business in facilitating client order flow. Equity risk on financial liabilities is the day-to-day responsibility of the Head of Trading. Exposures of this nature are monitored in exactly the same way as trading investments above as these positions form part of the trading book. In addition to the internal stress test scenario referred to above, a sensitivity analysis based on a 10% increase/decrease in underlying equity prices on the financial liabilities held at the year end has been performed and indicates that the impact of such a movement would be to decrease/increase respectively profit in the income statement by £129,000 (2007: £824,000).

Derivative financial instruments

Derivative financial instruments primarily comprise equity options and warrants over listed and unlisted securities and are predominantly received by the Group as non-cash consideration for advisory and other services. In addition they may also include foreign exchange contracts used to hedge known transactional exposures arising from normal operational activities.

Equity risk arising on derivative financial instruments is the day-to-day responsibility of the Head of Trading. Exposures are measured using the Group's internal stress test scenario and are reported to senior management daily along with a detailed inventory of option and warrant holdings and their individual valuation.

In addition to the internal stress test scenario, a sensitivity analysis based on a 10% increase/decrease in underlying equity prices of the derivative financial instruments held at the year end has been performed and indicates that the impact of such a movement on the profit in the income statement would be an increase of £920,000 (2007: £971,000) and decrease of £1,003,000 (2007: £746,000) respectively.

Currency Risk

Currency risk arises from the exposure to changes in foreign exchange spot and forward prices and volatilities of foreign exchange rates. The Group is exposed to the risk that the Sterling value of the net assets or the Sterling value of the profit and loss could change as a result of foreign exchange rate movements.

The Group's activities are primarily denominated in Sterling and therefore it has minimal foreign exchange risk arising from activities undertaken in the normal course of business. There are however three sources of currency risk to which the Group may be exposed. Firstly, foreign currency denominated financial assets and liabilities arising as a result of occasional trading in foreign securities; secondly foreign currency financial assets and liabilities as a result of foreign currency denominated corporate finance fees, supplier payments or Treasury activities; and finally as a result of the consolidation of its foreign subsidiaries, Numis Securities Inc. and Numis Caspian Ltd LLP. The Finance department is responsible for monitoring the Group's currency exposures.

The Group's net assets by currency as at 30 September were as follows:

	Net foreign currency assets/(liabilities)					Total £'000
	Sterling £'000	Euro £'000	Canadian \$ £'000	US \$ £'000	Other £'000	
2008 Sterling equivalent	110,437	1,576	455	6,288	(342)	118,414
2007 Sterling equivalent	101,800	647	283	6,241	65	109,036

The Group hedges all significant transactional currency exposures arising from trading activities using spot or forward foreign exchange contracts. Derivative financial instruments held to manage such currency exposure as at 30 September 2008 had a fair value of £64,000 (2007 Nil). The Group does not attempt to hedge future anticipated transactions. Currency exposure to foreign currency denominated corporate finance receivables and supplier payables is not considered material.

31 Financial Instruments and Risk Management (continued)

The Group does not enter into foreign exchange transactions to hedge the translation risk of its foreign subsidiaries. However, it has been our policy and practice to hold a certain level of US\$ cash deposits in order to provide a prudent currency hedge against the forward cashflow risk arising from the US\$ expense base and bonus liabilities of Numis Securities Inc. whose income stream is predominantly Sterling based. As at 30 September 2008 the Group held US\$ cash deposits covering approximately two years of forecast US\$ cashflow risk.

The table below shows the impact on the Group's results of a 10 cent movement in the US\$ and Euro in terms of transactional and translational exposures.

10 cent increase:	US \$ £'000	Euro £'000	Total £'000
Profit before tax	(273)	(128)	(401)
Equity	(309)	(128)	(437)
10 cent decrease:	US \$ £'000	Euro £'000	Total £'000
Profit before tax	305	150	455
Equity	346	150	496

Interest rate risk

Interest rate risk arises as a result of changes to the yield curve and the volatilities of interest rates.

The Group's interest bearing assets are predominantly held in cash or cash equivalents. Excess cash funds may be invested in Gilts, held on short term floating rate terms or placed on overnight or short-term deposit so interest rate exposures are considered to be immaterial. Investment of excess funds into cash equivalent instruments may occur from time to time depending on management's view of yields on offer, liquidity requirements and credit risk considerations. The Group does not use any derivatives to hedge interest rate risk and has no debt.

The table below shows the interest rate profile of the Group's cash and cash equivalents and, while not interest bearing, also shows the Group's exposure to listed equity investments as these have an indirect sensitivity to significant changes in and volatility of interest rates.

	2008			As restated 2007		
Currency	Cash and cash equivalents £'000	Listed equity investments £'000	Total £'000	Cash and cash equivalents £'000	Listed equity investments £'000	Total £'000
Sterling	47,094	26,735	73,829	68,231	20,119	88,350
US Dollars	13,171	158	13,329	6,939	1,359	8,298
Euro	150	1,185	1,335	805	140	945
Canadian Dollars	(586)	299	(287)	484	362	846
Kazakhstan Tenge	27	337	364	25	469	494
Other	43	150	193	182	225	407
At 30 September	59,899	28,864	88,763	76,666	22,674	99,340
Fixed Rate	19,793			–		
Floating Rate	40,106			76,666		

Fixed interest rate cash and cash equivalents comprise Gilts and have an effective interest rate of 4.75% for a period of three months. In addition, stock broking collateral balances of £92,000 (2007: £8,605,000) generate floating rate interest.

A sensitivity analysis based on a 100 basis point increase/decrease to prevailing market rates of interest as at 30 September 2008 indicates that the impact of such a movement on the profit in the income statement, and equity, would be a decrease of £62,000 (2007: nil) and increase of £27,000 (2007: nil) respectively.

Credit risk

Credit risk is the potential loss that the Group would incur if a counterparty fails to settle under its contractual obligations or a deposit taking institution fails. Credit risk exposure therefore arises as a result of trading, investing, and financing activities although the primary source of credit risk faced by the Group is that arising from the settlement of equity trades carried out in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

31 Financial Instruments and Risk Management (continued)

The credit risk on a particular equity trade receivable is measured by reference to the original amount owed to the Group less any partial payments less any collateral to which the Group is entitled. For example, in accordance with the delivery versus payment principle, the potential exposure at default sustained by the Group would not be the amount of the outstanding receivable balance, but rather the amount representing commission due to the Group, and any residual exposure from market risk on the underlying equity after a sell-out (or buy-in) has been effected.

In order to assess the credit risk exposures faced by the Group, management employ an internal stress test value at risk measurement based on the most severe catastrophic movements in market prices combined with a conservative judgement of the likelihood of counterparty default. This value at risk assessment is applied to the end of day equity trade receivable and payable balances and the results are reported to senior management at the start of the following business day.

Credit risk exposures are also managed by the use of individual counterparty limits, such limits being applied initially on the categorisation of the counterparty e.g. hedge fund, long only fund, broker etc. and revised further according to the results of external credit rating and/or relevant financial indicators or news flow. In addition, from time to time certain counterparties may be placed on an internal watch list in reaction to adverse news flow or market sentiment. The Finance department prepares a summary daily report for senior management which identifies all individual counterparty exposures greater than £5m and the exposures to watch list counterparties greater than £0.1m. This reporting incorporates the Sterling equivalent gross inward, outward and net cash flow exposure. Finally, automated hourly intraday reporting of all gross inward, outward and net cash flow exposures by individual counterparty against assigned limits is provided to senior management and independently monitored to ensure appropriate escalation and mitigation action is taken.

Trade receivables relating to fees due on the Group's corporate finance and advisory activities are monitored on a weekly basis.

Management believe that the current framework for the reporting and monitoring of credit risk has proved to be a robust control during the recent period of exceptional market volatility and credit related issues. We are pleased to note that the Group has not sustained any credit risk default losses and has achieved a substantial reduction in its stress test value at risk measurement through active management and reduction of credit exposures. In addition, and where possible, Numis seeks to enter into netting agreements with counterparties that permit the offset of receivables and payables with those counterparties.

Cash and cash equivalents are held in Gilts or with large UK based commercial clearing banks with credit ratings at or above AA Fitch investment grade. Credit exposures may be further reduced by diversification of deposits across a number of institutions.

The Group's financial assets are analysed by their ageing in the table below:

As at 30 September 2008	Overdue but not impaired						Impaired	Total
	Not Overdue	0 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 1 year		
Derivative financial instruments	4,806	-	-	-	-	-	-	4,806
Trade and other receivables	131,637	86,972	38	156	29	364	386	219,582
Trading investments	36,136	-	-	-	-	-	-	36,136
Stock borrowing collateral	92	-	-	-	-	-	-	92
Cash and cash equivalents	59,899	-	-	-	-	-	-	59,899
	232,570	86,972	38	156	29	364	386	320,515

As at 30 September 2007	Overdue but not impaired						Impaired	Total
	Not Overdue	0 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 1 year		
Derivative financial instruments	5,071	-	-	-	-	-	-	5,071
Trade and other receivables	132,867	18,173	1,409	64	2,785	485	-	155,783
Trading investments	38,106	-	-	-	-	-	-	38,106
Stock borrowing collateral	8,605	-	-	-	-	-	-	8,605
Cash and cash equivalents	76,666	-	-	-	-	-	-	76,666
	261,315	18,173	1,409	64	2,785	485	-	284,231

Concentration risk

Concentration risk is the risk arising from exposures to groups of connected parties, counterparties in the same sector, or counterparties undertaking the same activity. Concentration risk arises, in particular, with respect to the Group's exposures to hedge fund prime brokers. These exposures are monitored intraday on an hourly basis using the credit risk exposure reports and processes outlined above.

Concentration of credit risk to a particular counterparty or issuer may also arise from deposits placed with commercial banks, investments in cash equivalents and as a result of normal trading activity through LCH. The credit quality of these counterparties is kept under review by management.

31 Financial Instruments and Risk Management (continued)

Concentration of trading investments by market is disclosed in note 22. There are no significant concentration risks arising in any other class of financial asset as at 30 September 2008 (2007: nil).

Liquidity risk

Liquidity risk is the risk that funds are either not available to service day-to-day funding requirements, are only available at a high cost, or need to be arranged at a time when market conditions are unfavourable and consequently the terms are onerous. Liquidity is of vital importance to the Group to enable it to continue operating in even the most adverse circumstances.

In order to monitor the Group's liquidity position an internal minimum cash requirement is employed, being the aggregate of the Group's stress test market value at risk, credit value at risk and one year's cash cost base (before bonus). This minimum requirement is reported along with the actual closing cash and cash equivalent position of the Group each day to senior management. The Group currently maintains substantial excess liquidity over the minimum requirement so that it can be confident of being able to settle transactions and continue operations even in the most difficult foreseeable circumstances.

The Group's financial liabilities are expected to mature in the following time periods:

As at 30 September 2008	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	200,783	728	1,991	1,693	205,195
Financial liabilities	-	1,287	-	-	1,287
Provisions	-	75	616	-	691
	200,783	2,090	2,607	1,693	207,173

As at 30 September 2007	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	164,003	1,914	1,992	322	168,231
Financial liabilities	-	8,237	-	-	8,237
Provisions	-	2,377	1,927	-	4,304
	164,003	12,528	3,919	322	180,772

Operational risk

Operational risk is the risk of loss arising from short comings or failures in internal processes, people or systems, or from external events. Operational risk can also be impacted by factors such as the loss of key staff, the quality of execution of client business, the maintenance of performance management controls, and a major infrastructural failure and/or terrorist event.

The Group takes steps to identify and avoid or mitigate operational risk wherever possible. Continuously evolving control standards are applied by suitably trained and supervised individuals and senior management is actively involved in identifying and analysing operational risks to find the most effective and efficient means to mitigate and manage them.

During the course of the year, several steps have been taken to further improve operational risk management, including the establishment of an Internal Audit function, enhancements to and formalisation of staff training programmes, and reporting of non-financial key performance indicators to the Audit Committee.

Capital risk management

During the year the Board reviewed and approved the Group's Internal Capital Adequacy Assessment Process (ICAAP) which documents management's assessment of the risk profile of the business and conclusions as to resulting capital requirements. The conclusion drawn from the ICAAP is that the Group has more than sufficient capital for its size and complexity taking into account all material risks faced in carrying out the Group's activities.

The Group manages its capital resources on the basis of the regulatory capital requirement as per the Capital Requirements Directive plus the addition of internal stress test market and credit value at risk assessments. Both the minimum regulatory capital requirement and the more severe internal measurement are compared with total available regulatory capital on a daily basis and monitored by the Finance department. The excess capital resources under both scenarios are reported to the FRC, Audit Committee and Board at every meeting.

On 30 September 2008, the Group had £88m (2007: £72m) of regulatory capital resources, which is comfortably in excess of both its regulatory capital requirement and the internally measured worst-case market and credit risk stress test guideline.

The Group has adopted the standardised approach to credit risk and market risk and the basic indicator approach for operational risk. Compliance with FSA capital related regulatory requirements was maintained throughout the year.

NOTES TO THE FINANCIAL STATEMENTS

31 Financial Instruments and Risk Management (continued)

Valuation techniques

The fair value of certain financial assets has been determined using valuation techniques as described in accounting policy note 1(a). The combined fair value of such financial assets as at 30 September 2008 was £11,393,000 (2007: £14,519,000) and the movement in fair value recognised in the income statement during the year amounted to £2,191,000 loss (2007: £5,044,000 gain).

There is no material difference between the book values and fair values of the Group's financial assets and liabilities.

Holding Company

The risk management processes for the Company are aligned with those of the Group as a whole and fully integrated into the risk management processes and reporting outlined in 'Risk Management' within the Governance section on page 20 and in the Group section of this note starting on page 50. The Company's specific risk exposures are explained below:

Equity risk

The Company is exposed to equity risk on its trading investments and derivative financial instruments. Trading investments comprise holdings in quoted and unquoted securities whereas derivative financial instruments comprise solely of warrants over unquoted securities.

In addition to internal stress test reporting carried out on the Group's equity-based holdings as a whole, a sensitivity analysis based on a 10% increase/decrease in the underlying equity prices on the aggregate trading investments and derivative financial instruments held at the year end has been performed and indicates that the impact of such a movement would be to increase/decrease respectively profit in the income statement by £2,903,000 (2007: £1,854,000).

Currency risk

The Company has no material exposure to transactional or translational foreign currency risk as it rarely undertakes transactions in currencies other than Sterling and consequently rarely has financial assets or liabilities denominated in currencies other than Sterling.

Interest rate risk

The Company has no material exposure to interest rate risk as it has limited interest bearing assets and liabilities.

Credit risk

The Company has exposure to credit risk from its normal activities where there is a risk that a counterparty will be unable to pay in full amounts when due. The Company's counterparties are primarily its subsidiaries or employees of the Group and therefore there is no external credit risk exposure.

Liquidity risk

The Company has no cash and cash equivalent balances. The management of the Group's ability to meet its obligations as they fall due is set out in the Group section of this note on page 55. The Company manages its liquidity risk by utilising surplus liquidity within the Group through transactions which pass through intercompany accounts when it is required to meet current liabilities.

Fair value of financial instruments

There is no material difference between the book values and fair values of the Company's financial assets and liabilities.

32 Post Balance Sheet Events

a) Final dividend

A final dividend of 5.00p per share (2007: 5.00p) was proposed by the directors at their meeting on 2 December 2008. These financial statements do not reflect this dividend payable.

b) Decline in investment valuation

Since 30 September 2008 one of the Group's material quoted investments has suffered a decrease in value amounting to £3,676,000. Consequently fair value losses of this amount have been recognised in the subsequent period.

33 Related Party Transactions

Group

a) Intra-group trading

Transactions or balances between Group entities have been eliminated on consolidation and, in accordance with IAS 24, are not disclosed in this note.

b) Key management compensation

The compensation payable to key management is set out below. Key management has been determined as the executive management teams of the Group operating subsidiaries, who are also directors of those subsidiaries:

	2008 £'000	2007 £'000
Salaries and short term employment benefits	4,155	6,051
Post-employment benefits	365	62
Gains made on exercise of share options	55	2,976
Share based payments	(335)	1,023
	4,240	10,112

The above includes amounts payable to directors of the holding company.

c) Share scheme loans

Under the terms of the Group's share scheme arrangements, participants may be offered a loan in order to fund their purchased shares. The loans outstanding to key management as at 30 September 2008 amounted to £1,732,000 (2007: £282,000). Such loans are made at market rates and the amounts outstanding are secured by shares held within the Employee Benefit Trusts and will be settled in cash. No guarantees have been given or received and no expense for bad or doubtful debts has been recognised in the year in respect of amounts owed.

d) Dealings with directors

During the year, Urless Farm, a company controlled by Mr and Mrs O Hemsley charged the Group £28,400 (2007: nil) in respect of services provided.

Holding Company

a) Transactions between related parties

Details of transactions between the Company and its subsidiaries, which are related parties of the Company, are set out below:

	2008 £'000	2007 £'000
Dividends received	–	6,750

Amounts owed to the Company from subsidiaries are disclosed in note 21 and amounts owed by the Company to subsidiaries are disclosed in note 24.

b) Key management compensation

The compensation paid to key management is set out below.

	2008 £'000	2007 £'000
Salaries and short term employment benefits	2,223	2,967
Post-employment benefits	175	21
Gains made on exercise of share options	–	2,899
Share based payments	(94)	330
	2,304	6,217

Details of the remuneration of each director, including the highest paid director, can be found within the Remuneration report on page 21.

The compensation in the above table has been paid and recognised by a subsidiary of the holding company.

NOTICE OF ANNUAL GENERAL MEETING

See explanatory notes commencing on page 60 for a brief explanation of each of the proposed resolutions

Notice is hereby given that the Annual General Meeting of Numis Corporation plc (the "Company") will be held at The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT on Tuesday 27 January 2009, at 11.00 a.m. for the following purposes:

Ordinary business

To receive and, if thought fit, resolve as ordinary resolutions:

1. To receive and adopt the Company's annual accounts for the financial year ended 30 September 2008, together with the directors' report and auditors' report for such year.
2. To declare a final dividend for the year ended 30 September 2008 of 5.0p per ordinary share payable on 6 February 2009 to shareholders on the register at the close of business on 12 December 2008.
3. To re-appoint as a director Mr Tom Bartlam, who was re-appointed to the Board of the Company since the last Annual General Meeting and, being eligible, offers himself for election.
4. To re-appoint as a director Mr Declan Kelly, who was re-appointed to the Board of the Company since the last Annual General Meeting and, being eligible, offers himself for election.
5. To reappoint as a director Mr Michael Spencer, who was re-appointed to the Board of the Company since the last Annual General Meeting and, being eligible, offers himself for election.
6. To reappoint as a director Mr Geoffrey Vero, who was re-appointed to the Board of the Company since the last Annual General Meeting and, being eligible, offers himself for election.
7. To reappoint PricewaterhouseCoopers LLP as auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at which accounts are laid and to authorise the directors to fix their remuneration.

Special business

To consider and, if thought fit, pass the following resolutions of which resolution 8 is being proposed as an ordinary resolution and resolutions 9, 10 and 11 will be proposed as special resolutions:

Ordinary resolution – authority to allot relevant securities

8. That in place of all existing such authorities the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act"), to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) of the Company up to a maximum aggregate nominal amount equal to £1,622,220.30, provided that:

- a) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or (if earlier) on 26 April 2010, unless previously revoked, varied or renewed by the Company in general meeting;
- b) the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot relevant securities pursuant to such offer or agreement as if this authority had not expired; and
- c) all prior authorities to allot relevant securities be revoked but without prejudice to any allotment of relevant securities already made thereunder.

Special resolution – disapplication of statutory pre-emption rights

9. That, subject to and conditional upon the passing of resolution 8 set out in the notice of this meeting, the directors be generally empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred by the said resolution 8, as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- a) the allotment of equity securities in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) in favour of ordinary shareholders on the register on a date fixed by the directors, where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on that date, but subject to such exclusions and/or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or any legal, regulatory or practical difficulties under the

laws of any territory, or the requirements of any regulatory body or stock exchange, or as regards shares in uncertificated form; and

- b) the allotment (otherwise than pursuant to sub-paragraph a) above) of equity securities having an aggregate nominal amount not exceeding £268,888.95;

and this power shall expire at the conclusion of the next Annual General Meeting of the Company or (if earlier) on 26 April 2010, unless previously revoked, varied or renewed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Special resolution – authority to purchase Company's own shares

10. That the Company be generally authorised in accordance with section 166 of the Act to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 5p each in the capital of the Company, provided that:

- a) the maximum number of ordinary shares hereby authorised to be purchased is limited to an aggregate of 10,755,559;
- b) the minimum price, exclusive of any expenses, which may be paid for each ordinary share is 5p;
- c) the maximum price, exclusive of any expenses, which may be paid for each ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such share is contracted to be purchased;
- d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or (if earlier) on 26 April 2010, unless such authority is previously revoked, varied or renewed; and

e) the Company may make a contract to purchase ordinary shares under this authority prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares pursuant to any such contract as if such authority had not expired.

Special Resolution – adoption of new Articles of Association

11. That:

a) the regulations contained in the printed document produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of, the current Articles of Association; and

b) with effect on and from 1 October 2009, the Articles of Association of the Company be further amended by deleting (i) all the provisions of clauses 4 and 6 the Company's Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as part of the Company's Articles of Association; and (ii) all provisions referred to in paragraph 42 of Schedule 2 of Statutory Instrument 2008 No. 2860.

By order of the Board

WEJ Trent

Company Secretary

18 December 2008

Registered Office
10 Paternoster Square
London
EC4M 7LT

Notes:

Right to appoint a proxy

1. Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.

2. A proxy form which may be used to make such appointment and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact the Company's registrar, Computershare Investor Services Plc on 0870 707 1203.

Procedure for appointing a proxy

3. To be valid, the proxy form must be received by post or (during normal business hours only) by hand at the office of the Company's registrar, Computershare Investor Services Plc, The Pavilions, Bridgewater Road, Bristol BS99 6ZY, no later than 23 January 2009 at 11.00 a.m. (or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned meeting). It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority.

4. The return of a completed proxy form will not preclude a member from attending the Annual General Meeting and voting in person if he or she wishes to do so.

Record date

5. To be entitled to attend and vote at the annual general meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at Monday 26 January 2009 at 9.30 am (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the meeting.

Corporate representatives

6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:

- if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

- if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (<http://www.icsa.org.uk>) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in the first bullet point above.

Communications

7. Members who have general enquiries about the meeting should use the following means of communication. No other means of communication will be accepted. You may:

- call our members' helpline on 0870 707 1203 or

- write to Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgewater Road, Bristol, BS99 6ZZ.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

In the following notes, references to the “current” issued share capital of the Company are to the 107,555,594 issued ordinary shares of 5p each in the capital of the Company in issue as at the close of business of 18 December 2008 (being the latest practicable date before the publication of this document) and references to the current authorised but unissued share capital are accordingly to the 32,444,406 ordinary shares authorised but unissued at that time.

Resolution 1 – report and accounts

The directors are required to present the accounts for the year ended 30 September 2008 to the meeting.

Resolution 2 – declaration of final dividend

A final dividend can only be paid if it is recommended by the directors and approved by the shareholders at a general meeting. The directors propose that a final dividend of 5.0 p per ordinary share be paid on 6 February 2009 to ordinary shareholders who are on the register at the close of business on 12 December 2008. Shareholders are being offered the option to receive new ordinary shares as an alternative to cash in respect of this dividend.

Resolutions 3, 4, 5 and 6 – reappointment of directors

The Articles of Association of the Company require the nearest number to, but not exceeding, one third of the directors to retire at each Annual General Meeting. In addition, any director who has been appointed since the last Annual General Meeting must retire and may offer him- or herself for re-election and such directors are not counted in calculating the number of directors to retire by rotation. As announced by the Company on 21 November 2008, following a detailed legal review of the Company’s Articles of Association, the Company identified certain technical breaches of the requirement that each director hold, personally and directly, at least 20,000 ordinary shares in the Company (a “qualifying shareholding”). After acquiring their qualifying shareholdings, Messrs Kelly, Spencer and Vero were re-appointed to the Board on 20 November 2008 and Mr Bartlam was re-appointed to the Board on 11 December 2008. Each of them, being eligible, now offers himself for re-election. Because there are only two directors (Mr Hemsley and Ms Tilbian) to be counted for the purpose of calculating the number of directors to retire by rotation, neither is actually required to do so.

Resolution 7 – reappointment of auditors

The Company is required to appoint auditors at each Annual General Meeting to hold office until the next such meeting at which accounts are presented. The resolution proposes the reappointment of the Company’s existing auditors, PricewaterhouseCoopers LLP, and authorises the directors to agree their remuneration.

Resolution 8 – authority to allot relevant securities

The Company requires the flexibility to allot shares from time to time. The directors’ existing authority under Section 80 of the Companies Act 1985 (the “1985 Act”) to allot “relevant securities” (including ordinary shares and/or rights to subscribe for or convert into ordinary shares), which was granted at the Annual General Meeting held on 29 January 2008, will expire at the end of this year’s Annual General Meeting. Accordingly, resolution 8 would renew and increase this authority (until the next Annual General Meeting or unless such authority is revoked or renewed prior to such time) by authorising the Directors to allot relevant securities up to an aggregate nominal amount equal to the current authorised but unissued share capital of the Company, representing an amount equal to approximately 30 per cent. of the current issued share capital of the Company. Save in respect of the issue of new ordinary shares pursuant to the Company’s share incentive schemes or as a result of scrip dividends, the directors currently have no plans to allot relevant securities, but the directors believe it to be in the interests of the Company for the Board to be granted this authority, to enable the Board to take advantage of appropriate opportunities which may arise in the future.

Resolution 9 – disapplication of statutory pre-emption rights

This resolution seeks to disapply the pre-emption rights provisions of section 89 of the 1985 Act in respect of the allotment of equity securities for cash pursuant to rights issues and other preemptive issues, and in respect of other issues of equity securities for cash up to an aggregate nominal value of £268,888.95, being an amount equal to approximately 5 per cent. of the current issued share capital of the Company. If given, this power will expire at the same time as the authority referred to in resolution 8. The directors consider this power desirable due to the flexibility afforded by it. Save in respect of the issue of new ordinary

shares pursuant to the Company’s share incentive schemes, the] directors have no present intention of issuing any equity securities for cash pursuant to this disapplication.

Resolution 10 – authority to purchase Company’s own shares

The Articles of Association of the Company provide that the Company may from time to time purchase its own shares subject to statutory requirements. Such purchases must be authorised by the shareholders at a general meeting. This resolution seeks to grant (until the next Annual General Meeting or unless such authority is revoked or renewed prior to such time) the directors authority to make market purchases of the Company’s own ordinary shares, up to a maximum of 10,755,559 shares, being an amount equal to approximately 10 per cent. of the current issued share capital of the Company. The maximum price payable would be an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share of the Company for the five business days immediately preceding the date of purchase and the minimum price would be the nominal value of 5p per share. Although the directors have no current intention to make such purchases, they consider that it is in the best interests of the Company and its shareholders to keep the ability to make market purchases of the Company’s own shares in appropriate circumstances, without the cost and delay of a general meeting. The authority would only be exercised if the directors believe the purchase would enhance earnings per share and be in the best interests of shareholders generally. The Company may hold in treasury any of its own shares that it purchases in accordance with the authority conferred by this resolution. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with greater flexibility in the management of its capital base.

Resolution 11 – adoption and amendment of new Articles of Association of the Company

The Company proposes to adopt new Articles of Association (“the New Articles”) in order to update its current Articles of Association (“the Current Articles”), primarily to take account of changes in English company law brought about by the Companies Act 2006 (“the 2006 Act”) but also to reflect developments in the law and public company practice since the last major update of the Articles in 1996.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some additional changes which merely reflect changes made by the 2006 Act have not been noted below. The full text of the proposed New Articles is available for inspection, as noted at the end of these explanatory notes.

Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the 2006 Act are in the main amended to bring them into line with the 2006 Act. An example is those provisions regarding the period of notice required to convene general meetings. Further details of the main changes made to reflect this approach are set out below.

Deletion of references to preference shares

The Current Articles contain certain provisions relating to the class rights of preference shares. As the Company's preference shares (which had not been issued) were converted into ordinary shares a few years ago, these provisions have not been included in the New Articles.

Convening general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the 2006 Act. In particular, all meetings other than the Company's Annual General Meeting will be classed simply as general meetings. Also, a general meeting to consider a special resolution can now be convened on 14 clear days' notice, whereas previously 21 clear days was required.

Votes of members

Under the 2006 Act, proxies are entitled to vote on a show of hands, whereas under the Current Articles proxies are only entitled to vote on a poll. The 2006 Act also entitles proxies to speak at an Annual General Meeting. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed. The New Articles reflect these new provisions.

Electronic and web communications

Provisions of the 2006 Act which came into force in January 2007 enable companies to communicate with shareholders by electronic and/or website communications. The New Articles continue to allow communications to shareholders in electronic form and, in addition,

they permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a shareholder by means of website communication, the relevant shareholder must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the shareholder (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a shareholder can always request a hard copy version of the document or information.

Joint holders

In order to make the flow of information more efficient between the Company and our joint shareholders, the Articles of Association are being amended so that, where there are joint shareholders, anything agreed or specified with the Company by any one joint shareholder will have been deemed to have been agreed or specified with the Company by all the joint shareholders.

Directors' remuneration

The Current Articles allow the Board to approve remuneration for directors for full-time, special or extra services and/or service on committees. The New Articles preserve these powers but set them out in a more up-to-date manner, including specific provisions for the Board to set basic fees for non-executive directors in such amounts (not exceeding £300,000 per annum in aggregate, or such higher amount as may from time to time be approved by shareholders by ordinary resolution) as the Board may determine. The financial limit is included in the New Articles in recognition of institutional shareholder corporate governance guidelines. It is intended to allow flexibility for the future, but the directors do not expect the introduction of the New Articles to result in any changes to the current levels of the directors' remuneration, individually or in aggregate.

Directors' qualification shares

The Current Articles require each director to hold, registered in his or her own sole name, not less than 20,000 ordinary shares in the Company. Although such requirements were historically common, it is now relatively unusual for a publicly quoted company to have a share qualification requirement for directors. All the current directors have now satisfied this

requirement, and several of them have beneficial interests, within the meaning of Part 22 of the 2006 Act, in a substantially higher number of shares. However, the existence of such a requirement could in future affect the Company's ability to attract non-executive directors and the New Articles do not include a share qualification requirement.

Directors' indemnities and loans to fund expenditure

The 2006 Act has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

Directors' conflicts of interest

The 2006 Act sets out directors' general duties which largely codify the existing law but with some changes. The provisions relating to conflicts of interest came into effect on 1 October 2008. Under the 2006 Act, a director must avoid a situation where he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The 2006 Act also allows the Articles of Association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision and, secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the board's intention to review annually the Company's procedures for ensuring that the board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

Borrowing powers

The Current Articles require the directors to limit the aggregate borrowings (as defined therein) of the Company and its subsidiaries to an amount equal to 5 times capital and reserves (adjusted as provided in the Articles). The existing provisions limiting the directors' borrowing powers have largely been carried forward into the new Articles, but have been updated in some respects and include some additional adjustments to reflect common current practice.

Further amendments to take effect on

1 October 2009

Sub-paragraph (b) of resolution 11 contains certain amendments to the New Articles, to take effect on 1 October 2009 when the provisions of the Companies Act 2006 referred to below will come into force:

Objects of the Company

The Company's memorandum of association contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted broadly. The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum and provides that the objects clause and all other provisions which are currently contained in a company's memorandum will be deemed to be contained in its articles of association instead, but the company can remove these provisions by special resolution.

Further, the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause. This change is not expected to result in any material change in the nature of the Company's activities.

Authorised share capital

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital. Thus there will no longer be "authorised but unissued" shares as such. Paragraph (b) of Resolution 11 confirms the removal of this requirement for the Company. The Directors will, however, still be limited as to the number of shares they may at any time allot, because allotment authority (i.e. the authority proposed to be granted by Resolution 8 under Section 80 of the Companies Act 1985 or any successor authority granted by shareholders under the corresponding provisions of the Companies Act 2006) will continue to be required.

Documents available for inspection

There will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays and public holidays), and at for at least 15 minutes prior to and during the Annual General Meeting, copies of:

- 1.** the service contract of each executive director and the letter of appointment of each non-executive director; and
- 2.** copies of the Current Articles and New Articles.

INFORMATION FOR SHAREHOLDERS

Financial Calendar

December	Year end results announced
January	Annual report issued
February	Final dividend paid
May	Interims announced and Interim statement issued
July	Interim dividend paid

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2375296

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