



**Interim Report
2008**

Who we are

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

Offering 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

A credible performance in challenging markets

Profit before tax

Period ended 31 March 2008

£16.1m £18.1m
2007

Profit after tax

Period ended 31 March 2008

£14.8m £12.5m
2007

Net assets

As at March 2008

£117.9m £109.0m
Sept 2007

Interim dividend per share

Period ended 31 March 2008

2.50p 2.00p
2007

Earnings per share

Period ended 31 March 2008

15.0p 12.4p
2007

Cash balances

As at March 2008

£67.7m £78.4m
Sept 2007



Chief Executive's Statement

Despite extremely difficult and challenging market conditions we are pleased to report that a creditable performance has delivered **another profitable period** for Numis. For the six months ended 31 March 2008 total pro-forma revenue was **£40.2m** (2007: £40.1m, see note 2) and profit before tax for the period was **£16.1m** (2007: £18.1m). Profit after tax for the period rose to **£14.8m** (2007: £12.5m) and earnings per share rose strongly to **15.0p** (2007: 12.4p) while net assets increased to **£117.9m** (September 2007: £109.0m). Cash balances total **£67.7m** (September 2007: £78.4m).



A strong business with clear external recognition

Market recognition

in the 2007 Thomson Extel survey

No.1

Institutional commission continues to grow

(2007: £13.0m)

£14.2m

Corporate client base increased

(September 2007: 109)

112

Funds raised during the period up

(2007: £383m)

£456m

Annualised administrative expenses (excl bonus)

per head remains under control (2007: £211,000)

£211,000

Headline profit margin before tax

(2007: 46%)

58%

There can be no doubt that the deterioration in capital markets activity presents a challenging business environment. However, our secondary market trading business continues to generate sustained levels of income, both in the UK and US. Numis also continues to make good progress in building its business and, whilst maintaining an appropriate level of cost control, we have been successful in recruiting some first class people. We are particularly pleased to note the arrival of the first few members of our new Investment Trust team and look forward to the development of a thriving new business in this sector.

Our overarching objective of becoming recognised as one of the leading investment banking and broking businesses serving institutional investors and companies listed in the UK is well founded and borne out by the recognition received in the 2007 Thomson Extel survey where we were voted Leading Brokerage Firm for UK Stocks of less than £1bn market capitalisation. We are also maintaining our progress in larger stocks and now have 8 FTSE 250 corporate clients, as well as having grown significant secondary market share in many other FTSE 250 companies where we are not broker.

Our track record in investing in good quality opportunities continues to generate value for shareholders. During the period we have crystallised a significant profit through the IPO of Abbey Protection which generated a net gain of £8.2m after adjusting for the impact of incentive payments.

Numis' focus on balance sheet strength and risk management allows us to provide an excellent service to institutional and corporate clients during these volatile market conditions. Whilst we have avoided any exposure to the sub-prime or structured credit market, 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.

Chief Executive's Statement

Corporate Broking and Advisory

The first six months of this financial year have clearly been affected by subdued equity capital raising activity. Total equity money raised on the LSE main and junior markets combined is 56% lower than the same period last year whereas our clients raised a total of £456m (2007: £383m) through 14 transactions (2007: 20) and it is pleasing to note that approximately 87% (2007: 50%) of these funds were raised on behalf of existing clients, reflecting the success of our corporate clientele, the quality of our service and the strength of our relationships with them.

During this period our deal related fees and commissions have fallen by 33%, reflecting the significantly greater proportion of activity undertaken for existing clients and the lower commissions available on secondary issues. Although we are disappointed by the decline in placing commissions, Numis' ability to source mandates for private placements as well as for primary and secondary market offerings has made a real difference to our performance. The number of corporate clients for whom we act has risen over the year to 112 (March 2007: 104).

Research, Sales and Trading

Our research and execution services are recognised as being exceptional. In the 2007 Thomson Extel survey, Numis was rated as the top broker overall for stocks of less than £1bn market capitalisation. Our research teams were placed 1st in 5 out of 14 research sectors, were ranked in the top 3 in 10 sectors and were ranked 1st overall. Our highly rated independent analysts produce research for over 330 companies and we have a recognised capability in 13 sectors, including aerospace & defence, building & property, engineering, fast moving consumer goods, media, metals & mining, new energy & emissions, non-life insurance, retail, speciality financials and support services, technology and travel & leisure.

Our execution services continue to make a major contribution to the development of our reputation and the sustained performance of our institutional commissions. Our execution business continues to be focused on client facilitation, rather than generating proprietary trading profits and was rewarded with a 1st place in the 2007 Thomson Extel survey for the second year running. Having developed algorithmic and other electronic trading capabilities during the course of last year we continue to invest in our execution business, in particular access to markets providing significant liquidity other than the LSE. We have now reached agreement with Fidessa Plc, the provider of trading systems to the bulk of the London equity market, to provide a substantially enhanced outsourced service that should enable us to accelerate the development of our execution capabilities.

Sales & Trading is a competitive area with pressure on commission levels for trades in liquid stocks from electronic trading. We continue to exploit the market for independent and well researched ideas, combined with high quality worked execution, and our electronic trading platform to help to improve performance for our 450+ institutional investor clients across the UK, Europe and the USA. Our New York office continues to grow its business and has delivered a significant contribution to our institutional commissions.

Investment Business

Our ability to identify and invest in exceptional growth-equity opportunities as a natural extension of our core business now provides a growing revenue stream and generates value for our shareholders. During the period we have recorded a significant profit through the IPO of Abbey Protection which generated a net gain of £8.2m after an adjustment to reflect the related impact of incentive payments. In addition 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. We have also made an investment in Randall & Quilter, the non-life run off insurance provider.

We are also particularly excited by our joint venture in fund management with YouGov Plc and FOUR Capital Partners Ltd as we believe that this distinctive approach will provide attractive investment opportunities to a broad range of investors.

Dividend and Scrip Alternative

As part of the continuing rebalancing of our dividend, the Board has approved an interim dividend of 2.50p per share (2007: 2.00p). The dividend will be payable on 2 July 2008 to all shareholders on the register at 16 May 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 interim report.

Outlook

Numis has a strong balance sheet, an enviable track record, committed staff (almost 53% of shares are employee owned) and a hunger to build the business and perform in both favourable and unfavourable market conditions. Although we are not immune to a downturn, the deteriorating economic outlook in the UK provides an excellent opportunity to advance our business. During the previous market downturn earlier this decade, Numis grew counter-cyclically, increasing both the number of corporate clients and staff. We will endeavour to use the strength of our balance sheet and reputation to expand the business as others retrench.

Oliver Hemsley

Chief Executive

06.05.08

Consolidated Income Statement

	Notes	6 months ended 31 March 2008 Unaudited £'000	6 months ended 31 March 2007 Unaudited £'000	Year ended 30 September 2007 Audited £'000
Continuing operations				
Revenue	3	26,862	37,526	85,694
Other operating income		743	1,867	1,898
Total revenue		27,605	39,393	87,592
Administrative expenses	4	(26,568)	(23,759)	(54,097)
Operating profit		1,037	15,634	33,495
Analysed as:				
Operating profit before exceptional non-recurring items		1,037	17,830	35,691
Exceptional non-recurring items	5	-	(2,196)	(2,196)
Operating profit		1,037	15,634	33,495
Share of results of associate		803	696	1,469
Profit on disposal of associate	6	11,745	-	-
Finance income		2,559	1,942	4,121
Finance costs		(51)	(204)	(285)
Profit before tax		16,093	18,068	38,800
Taxation		(1,289)	(5,558)	(11,169)
Profit after tax		14,804	12,510	27,631
Attributable to:				
Equity holders of the parent		14,804	12,510	27,631
Earnings per share	7			
Basic		15.0p	12.4p	27.5p
Diluted		14.7p	12.1p	26.8p
Memo – dividends paid	8	(5,137)	(3,842)	(5,876)

Consolidated Balance Sheet

	Notes	31 March 2008 Unaudited £'000	31 March 2007 Unaudited £'000	30 September 2007 Audited £'000
Non-current assets				
Property, plant and equipment		3,029	2,455	3,238
Intangible assets		326	466	382
Associate		-	2,905	3,063
Derivative financial instruments		2,011	1,606	1,071
Deferred tax	9a	1,348	3,340	1,840
		6,714	10,772	9,594
Current assets				
Trade and other receivables	9b	97,848	134,763	155,355
Trading investments	9c	46,866	38,075	38,106
Stock borrowing collateral	9d	5,865	27,574	8,605
Derivative financial instruments		6,144	2,765	4,000
Cash and cash equivalents		67,708	65,807	78,397
		224,431	268,984	284,463
Current liabilities				
Trade and other payables	9b	(104,884)	(155,725)	(169,089)
Financial liabilities		(4,205)	(7,821)	(8,237)
Provisions		(1,589)	-	(2,377)
Current income tax		(1,448)	(5,460)	(3,391)
		(112,126)	(169,006)	(183,094)
Net current assets		112,305	99,978	101,369
Non-current liabilities				
Provisions		(1,080)	(4,471)	(1,927)
Net assets		117,939	106,279	109,036
Equity				
Share capital		5,368	5,313	5,324
Share premium account		24,365	21,690	22,376
Capital reserve		315	157	294
Retained profits		87,891	79,119	81,042
Equity attributable to equity holders of the parent		117,939	106,279	109,036

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 2006	5,295	20,727	68	67,481	93,571
New shares	18	963	-	-	981
Profit after tax				12,510	12,510
Dividends paid				(3,842)	(3,842)
Items related to share based payments				336	336
Exchange differences on translation of foreign operations			89	-	89
Movement in respect of employee share plans				2,634	2,634
Attributable to equity holders of the parent at 31 March 2007	5,313	21,690	157	79,119	106,279
Attributable to equity holders of the parent at 1 October 2006	5,295	20,727	68	67,481	93,571
New shares	29	1,649	-	-	1,678
Profit after tax				27,631	27,631
Dividends paid				(5,876)	(5,876)
Items 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
Attributable to equity holders of the parent at 1 October 2007	5,324	22,376	294	81,042	109,036
New shares	44	1,989	-	-	2,033
Profit after tax				14,804	14,804
Dividends paid				(5,137)	(5,137)
Items related to share based payments				(633)	(633)
Exchange differences on translation of foreign operations			(28)	-	(28)
Movement in respect of employee share plans			49	(2,185)	(2,136)
Attributable to equity holders of the parent at 31 March 2008	5,368	24,365	315	87,891	117,939

Consolidated Cash Flow Statement

	Notes	6 months ended 31 March 2008 Unaudited £'000	6 months ended 31 March 2007 Unaudited £'000	Year ended 30 September 2007 Audited £'000
Cash flows from operating activities	10	(10,531)	(4,465)	26,024
Interest paid		(51)	(2)	(285)
Taxation paid		(3,374)	(2,209)	(9,140)
Net cash (used in) / from operating activities		(13,956)	(6,676)	16,599
Investing activities				
Purchase of property, plant and equipment		(180)	(1,976)	(3,097)
Purchase of intangible assets		(69)	(56)	(197)
Interest received		2,242	1,942	4,121
Proceeds from disposal of associate		7,170	-	-
Dividends received from associate		1,235	-	615
Net cash from / (used in) investing activities		10,398	(90)	1,442
Financing activities				
Movement in respect the Employee Benefit Trust *		(4,028)	535	(10,345)
Dividends paid		(3,103)	(2,861)	(4,198)
Net cash used in financing		(7,131)	(2,326)	(14,543)
Net movement in cash and cash equivalents		(10,689)	(9,092)	3,498
Opening cash and cash equivalents		78,397	74,899	74,899
Net movement in cash and cash equivalents		(10,689)	(9,092)	3,498
Closing cash and cash equivalents		67,708	65,807	78,397

* In the six months to 31 March 2008 the Group effected purchases through the Employee Benefit Trust of £4,283,000 and collected receipts from employees of £240,000 in relation to future prospective Employee Benefit Trust purchases. The total cash distribution to equity holders of the parent in the six month period ending 31 March 2008 was £9,420,000, being the dividend paid during the period plus the above purchase of shares through the Employee Benefit Trust.

Notes to the Financial Statements

1 Basis of preparation

The consolidated financial information contained within these financial statements is unaudited and does not constitute statutory accounts within the meaning of Section 240 on the Companies Act 1985. The statutory accounts for the year ended 30 September 2007, which were prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union ('IFRS'), and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified.

The preparation of the interim financial statements 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. The significant judgements and estimates applied by the Group in these interim financial statements have been applied on a consistent basis with the statutory accounts for the year ended 30 September 2007. 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 accounting policies applied in these interim financial statements are the same as those published in the Group's statutory accounts for the year ended 30 September 2007 with the addition of the following new standard:

IFRS 7 "Financial Instruments : Disclosures" has been adopted by the Group, however as these interim financial statements contain only condensed financial statements full IFRS 7 disclosures are not required. The relevant IFRS 7 disclosures will be given in the Group's statutory accounts for the year ended 30 September 2008.

2 Additional segmental analysis

The analysis below sets out the revenue performance and net asset split between our core investment banking & broking business and our investing activities in accordance with the way in which these activities are reported internally to management.

	6 months ended 31 March 2008 Unaudited £'000	6 months ended 31 March 2007 Unaudited £'000	Year ended 30 September 2007 Audited £'000
Net institutional revenues	13,222	18,339	32,790
Total corporate transaction revenues	11,607	17,220	49,074
Corporate retainers	2,033	1,967	3,830
Revenue from Investment Banking & Broking (see note 3)	26,862	37,526	85,694
Investment income	743	1,867	1,898
Share of associate	803	696	1,469
Profit on disposal of associate	11,745	-	-
Contribution from Investing Activities	13,291	2,563	3,367
Total pro-forma revenue	40,153	40,089	89,061
Net Assets			
Investing Activities	36,637	23,619	23,801
Investment Banking & Broking	13,594	16,853	6,838
Cash	67,708	65,807	78,397
Total net assets	117,939	106,279	109,036

3 Revenue

	6 months ended 31 March 2008 Unaudited £'000	6 months ended 31 March 2007 Unaudited £'000	Year ended 30 September 2007 Audited £'000
Net trading gains/(losses)	(960)	5,294	5,145
Institutional commissions	14,182	13,045	27,645
Corporate retainers	2,033	1,967	3,830
Deal fees	2,910	7,049	15,461
Placing commissions	8,697	10,171	33,613
	26,862	37,526	85,694

Notes to the Financial Statements

4 Administrative expenses

	6 months ended 31 March 2008 Unaudited £'000	6 months ended 31 March 2007 Unaudited £'000	Year ended 30 September 2007 Audited £'000
Staff costs (excluding incentive payments)	10,231	9,352	19,660
Non-staff costs	9,683	8,388	20,292
Incentive payments	6,654	6,019	14,145
	26,568	23,759	54,097

In the 6 months ended 31 March 2007, bonuses were accrued at the rate of 30% of profits before bonus, investment income and tax. In the 6 months ended 31 March 2008 they have been accrued at 30% of profits before bonus and tax to reflect the development of investing activities as a separate line of business and Numis' revised bonus policy.

5 Exceptional non-recurring items

	6 months ended 31 March 2008 Unaudited £'000	6 months ended 31 March 2007 Unaudited £'000	Year ended 30 September 2007 Audited £'000
Non-recurring property costs	-	(2,196)	(2,196)

Non-recurring property costs comprise costs associated with the exit from our previous principal office at 138 Cheapside, London EC2 in March 2007 and are included within administrative expenses on the face of the consolidated income statement.

6 Profit on disposal of associate

	6 months ended 31 March 2008 Unaudited £'000	6 months ended 31 March 2007 Unaudited £'000	Year ended 30 September 2007 Audited £'000
Gain on disposal of associate	11,781	-	-
Disposal expenses (comprising charges)	(36)	-	-
	11,745	-	-

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 gain on disposal is exempt from tax under substantial shareholdings relief.

7 Earnings per share

Basic earnings per share is calculated on profit after tax of £14,804,000 (2007: £12,510,000) and 98,794,084 (2007: 100,517,561) ordinary shares being the weighted average number of ordinary shares in issue during the period. Diluted earnings per share assumes that options outstanding at the end of the financial period were exercised at the beginning of the period for options where the exercise price was less than the average price of the shares during the period.

	6 months ended 31 March 2008 Unaudited £'000	6 months ended 31 March 2007 Unaudited £'000	Year ended 30 September 2007 Audited £'000
Weighted average number of ordinary shares in issue during the period - basic	98,794	100,518	100,390
Effect of options over ordinary shares	1,854	3,091	2,713
Diluted number of ordinary shares	100,648	103,609	103,103

8 Dividends

	6 months ended 31 March 2008 Unaudited £'000	6 months ended 31 March 2007 Unaudited £'000	Year ended 30 September 2007 Audited £'000
Final dividend year ended 30 September 2006 (3.75p)		3,842	3,842
Interim dividend year ended 30 September 2007 (2.00p)			2,034
Final dividend year ended 30 September 2007 (5.00p)	5,137		
Distribution to equity holders of the parent	5,137	3,842	5,876

The board declares the payment of an interim dividend of 2.50p per share, £2,482,000 (2007: 2.00p per share). The dividend will be payable on 2 July 2008 to all shareholders on the register on 16 May 2008. These financial statements do not reflect this dividend payable.

Notes to the Financial Statements

9 Balance sheet items

(a) Deferred tax

Deferred tax is provided in full 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. During the period a reduction of £567,000 in the deferred tax asset balance recognised at 30 September 2007 has arisen in respect of the tax impact of future potential gains on outstanding unexercised options granted to directors and employees to acquire ordinary shares in Numis Corporation plc.

(b) Trade and other receivables and Trade and other payables

Trade and other receivables and Trade and other payables principally comprise amounts due from and due to clients, brokers and other counterparties. Such amounts represent unsettled sold and unsettled purchased securities transactions and are stated gross.

(c) Trading investments

In the six months to 31 March 2008 the Group acquired 4,000,000 shares in Randall & Quilter, an AIM listed company, at the listing price of £1.25 per share. In addition, 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 resulted in a residual holding of 13,101,834 shares at that time at the listing price of 55p which are included within trading investments.

(d) 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 purchase is recorded as stock borrowing collateral on the balance sheet. The balance as at 31 March 2007 includes £19,631,000 related to a specific individual transaction entered into on 28 March 2007 and settled in full on 2 April 2007 at which time the level of collateral reduced to £8,025,000.

10 Reconciliation of operating profit to net cash flow from operating activities

	6 months ended 31 March 2008 Unaudited £'000	6 months ended 31 March 2007 Unaudited £'000	Year ended 30 September 2007 Audited £'000
Operating profit	1,037	15,634	33,495
Impairment of property, plant and equipment	-	511	553
Depreciation charge on property, plant and equipment	389	297	681
Amortisation of intangible assets	125	105	229
Share based payments	(1,635)	1,264	1,097
(Increase)/decrease in current asset trading investments	(1,554)	(11,482)	(13,910)
Decrease/(increase) in trade and other receivables	59,118	15,202	(4,584)
Decrease/(increase) in collateral	2,740	(19,515)	(546)
(Decrease)/increase in trade and other payables and provisions	(68,237)	(4,782)	11,395
(Increase) in derivatives	(3,084)	(1,699)	(2,399)
Other non-cash movements	570	-	13
Net cash from operating activities	(10,531)	(4,465)	26,024

For the 6 months ended 31 March 2008 the movement in trade and other receivables and trade and other payables and provisions is principally due to movements in amounts due from and due to clients, brokers and other counterparties.

Information for Shareholders

Directors

Michael Spencer	Chairman
Oliver Hemsley	Chief Executive Officer
Bill Trent	Chief Financial Officer
Lorna Tilbian	Executive Director
Tom Bartlam	Non-executive Director
Declan Kelly	Non-executive Director and alternate to M Spencer
Geoffrey Vero	Non-executive Director

Financial Calendar

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

Company Registration No

2375296

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