Annual Report & Accounts 2009

Numis Corporation Plc

WHO WE ARE

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

FINANCIAL HIGHLIGHTS

Revenue
£47.5m £50.7m 2008

Adjusted basic earnings per share
3.20p 5.70p 2008

Adjusted profit before tax
£4.2m £8.4m 2008

Statutory loss after tax
£8.6m £14.8m profit 2008

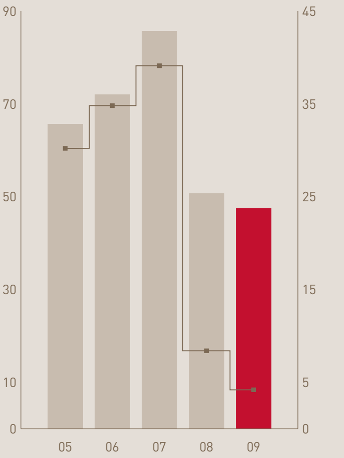
Adjusted profit after tax
£3.3m £5.7m 2008

Net assets
£113.8m £118.4m 2008

FIVE YEAR RECORD

Revenue and Adjusted PBT

Revenue, £m APBT £m



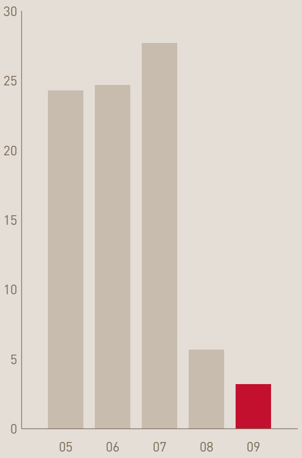
Revenue
Adjusted PBT (see page 16)

–38.9%

Annual compound fall in adjusted profit before tax over 5 years reflecting the decline in primary revenues as equity fund raising activity across the market curtailed.

Adjusted EPS Performance

Pence per share



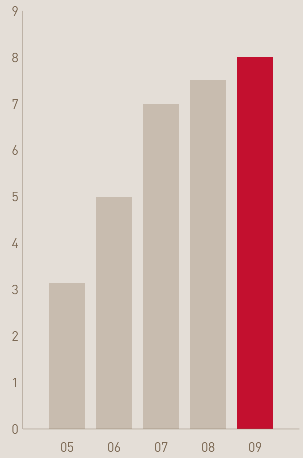
Adjusted EPS

–39.7%

Annual compound fall in adjusted EPS over 5 years reflecting the challenging markets but also the creditable performance of the underlying business.

Dividend Performance

Pence per share



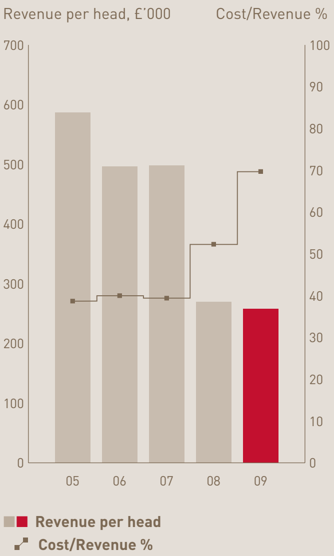
Dividend per share

26.2%

Annual compound growth in total dividend per share over 5 years reflecting our progressive dividend policy and strong balance sheet which has enabled us to raise our dividend for 10 consecutive years.

Note: Financial information relating to year 2005 is prepared under UK GAAP whereas that relating to 2006, 2007, 2008 and 2009 is prepared under IFRS.

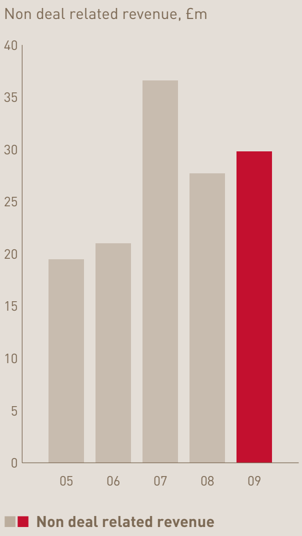
Cost Ratio and Revenue per Head



–18.6%

Annual compound decline in revenue per head over 5 years reflecting primary revenue decline but willingness to invest in our most important resource ie quality staff.

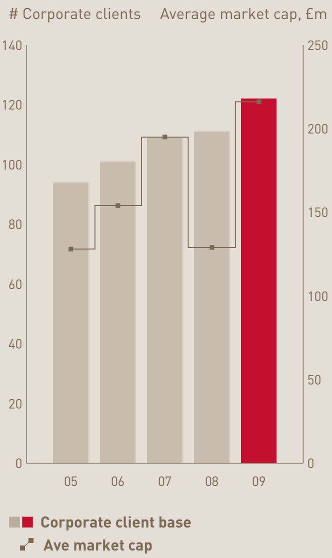
Non Deal Related Revenue



11.2%

Annual compound growth in non deal revenue over 5 years reflecting the resilient performance of institutional commission, increased market share and growth in number of corporate clients.

Corporate Client Base and Average Market Cap



14.0%

Annual compound growth in average market capitalisation of our corporate client base over 5 years reflecting the growing quality of our client base.

CHAIRMAN'S STATEMENT

I can report that in spite of difficult markets in the first half of the year, we have continued to develop our franchise. We have a strong balance sheet, good people and a high quality client base.

Market-leading research, first-rate execution and sound advice to our clients continue to be the bedrock of our franchise. Our robust financial position and commitment to the UK equity capital markets have enabled us to increase our corporate client base significantly. These factors together with clarity of purpose have differentiated us from larger banks and allowed us to attract talented individuals and teams to the firm.

I was pleased to join Numis as Chairman in May 2009, some months after the event that triggered the collapse in global markets, namely the fall of Lehman Brothers. No financial institutions were untouched by this crisis. Numis, along with many others, experienced a slow six months, but the second half of our financial year showed more promise, leading to a strong start to 2009/10.

The Lehman crisis made clear that much of the growth that the UK and the world had been experiencing was an illusion. The resulting increased Government intervention, decline in Gross Domestic Product and drop in market confidence has pointed to the need for less financial engineering and more real engineering. This is where Numis, with its depth of sector expertise, market leading fund raising capabilities and growing client base of FTSE250 and other quoted companies, across seventeen sectors, can make a major contribution.

One major factor contributing to the crisis was the low cost of debt relative to equity which was accentuated by both macro economic policy and apparently low risk premiums.

The corporate tax system then caused further distortions by its different treatment of debt and equity. One of the things needed for the future is a more level fiscal playing field between debt and equity financing for corporates. Another place where there is a need for a level playing field for equity providers, such as Numis, is with the big banks, all of which rely to some degree on Government support. It seems particularly hard on the independent equity raising sector that these banks link the provision of corporate loans with equity mandates.

As we look forward to 2010, the UK Government must focus on the rebuilding of the private enterprise sector of the economy. To achieve this rebuild in a sustainable manner the UK Government's efforts must centre on six key areas:

(1) stabilising the financial system with a focus on the composition of banking organisations; (2) re-establishing the credit worthiness of the UK; (3) facilitating investment in infrastructure, not least digital, transport and power; (4) decentralising decision making away from Whitehall; (5) making significant changes to Corporate tax to eliminate mis-incentives; and (6) cutting public expenditure substantially by concentrating on what really matters.

Despite the broader economic challenges facing the UK, I believe that Numis is well positioned to deliver outstanding quality of service to both corporate and institutional clients and I am delighted to note some encouraging signs of recovery in the level of business.

I would like to close by thanking all at Numis for welcoming me aboard at a challenging time for the company and for th e immense amount of hard work that all my colleagues have put into enabling us to emerge from the events of the last year with a strong forward momentum.

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

Sir David Arculus
Chairman
18 December 2009

CHIEF EXECUTIVE'S STATEMENT

Despite the challenging market conditions we are pleased to report that the business has delivered a creditable underlying performance, generating revenue of £47.5m (2008: £50.7m) **and adjusted profit before tax of £4.2m** (2008: £8.4m)**. Our balance sheet remains robust with cash and cash collateral balances totalling £77.8m** (2008: £69.8m) **while net assets remain broadly unchanged at £113.8m** (2008: £118.4m)**. In particular, our business generated a strong operating cash inflow of £20.7m** (2008: £12.3m outflow) **for the year.**

An encouraging performance in difficult markets

Market recognition
2009 Thomson Reuters Extel survey*

No.1

Funds raised during the year up 15%
(2008: £654m)

£787m

Combined institutional commission & trading revenues up 6% (2008: £23.7m)

£25.2m

Strong operating cash inflow
(2008: £12.3m outflow)

£20.7m

Corporate client base increased
(September 2008: 111) of which 16 are FTSE 250

122

Final dividend increased by 10% giving ten consecutive years of growth in total dividend (2008: 7.50p)

8.00p

The year ended 30 September 2009 can be divided into two distinct halves. Our first half began post the collapse of Lehman Brothers. The cessation of capital markets activity and the associated lack of liquidity proved challenging but manageable due to our resilient balance sheet and strong franchise. The second half saw the equity market rebound with our combined commission and trading revenues reaching record levels driven, in part, by our increased market share. Our combined institutional commission and trading revenues grew by 6% year on year.

We have taken significant steps in building our business, have kept costs under control and maintained a strong balance sheet. Notably, we have been very successful in recruiting some first class people during the year adding to our accomplished individuals in the UK and the US.

Our investment portfolio was impacted by the events of the first half of the year. Fair value losses of £8.0m were recorded in the first half, the majority of which occurred in October and November 2008. It should be noted that the bulk of this portfolio now comprises quoted investments. We will not be seeking to make any further additions to our investment portfolio at this time but will continue to monitor the performance of these investments and, where prudent and appropriate to do so, explore their monetisation.

We have made significant progress on cost reduction initiatives. The quantum of the annualised savings to our non-staff operational cost base is estimated at £2.5m, equivalent to 12% of our 2008 spend in this area. Some material benefits have accrued already with non-compensation costs down 7% year on year; however, the full annualised impact of these initiatives will not be seen until our 2010 financial year.

* *for UK companies of up to £1bn market capitalisation.*

CHIEF EXECUTIVE'S STATEMENT

Corporate Broking and Advisory
We are pleased to report that our clients raised a total of £787m (2008: £654m) through 18 transactions (2008: 20). We have attracted a record number of high quality corporate clients this year with 44 new clients bringing the total number for whom we act to 122. Currently we represent 16 FTSE250 clients and were voted 4th overall Broker across UK All Caps in the Thomson Reuters Extel 2009 survey. To support the growth in client numbers, we have taken the opportunity to hire some more highly-rated, specialist corporate financiers which complement our strong equity franchise.

Research, Sales and Trading
Our research and execution services are recognised as being exceptional. In the 2009 Thomson Reuters Extel survey (for UK companies of up to £1bn market capitalisation), Numis was voted Leading Brokerage Firm for the second time in three years. In particular, our research teams were ranked in the top three in the majority of sectors that we cover. Our highly rated analysts produce research on over 400 companies and we have a recognised capability in seventeen key sectors, including Aerospace & Defence, Building, Property, Engineering, Fast Moving Consumer Goods, Life Sciences, Media, Metals & Mining, New Energy & Emissions, Non-Life Insurance, Oil & Gas, Retail, Speciality & Other Finance, Support Services, Technology, Travel & Leisure and Investment Trusts. Additional external recognition was achieved for the second year running as Numis was ranked number one for FTSE250 Best Recommendations by StarMine.

Our execution services, across a range of trading venues, 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, for the FTSE250 stocks in which we trade, our market share has shown significant and sustained improvement throughout the year.

Sales & Trading is an increasingly competitive area with pressure on commission levels for trades in liquid stocks from electronic trading. The integration into the firm of our highly respected Institutional Sales and Investment Trust teams has been very successful and continues to enhance our income generation. Our clients have a strong demand for independent and well-researched ideas combined with high quality execution. The contribution of our US office continues to grow and notably during the year we organised 30 road shows for FTSE250 companies in the US.

Investment Activities
Our investment portfolio was valued at £21.7m as at 30 September 2009 (2008: £29.7m), the majority of which now comprises holdings in quoted companies. We continue to monitor the performance of these investments and, where prudent and appropriate to do so, explore their monetisation.

Dividend and Scrip Alternative
In view of our robust cash position, the fact that our core business remains profitable and our strong start to the new year, the Board has proposed a final dividend of 5.50p per share (2008: 5.00p) giving a total distribution of 8.00p per share (2008: 7.50p). This represents the tenth successive year of rising dividends. The dividend will be payable on 19 February 2010 to all shareholders on the register at 11 December 2009. 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 4 January 2010.

Board Appointments
As previously announced, on the 5 May 2009 both Sir David Arculus and Gerald Corbett joined the Board in the roles of Non-executive chairman and Non-executive director, respectively. They bring with them extensive experience in working with Government and leading British companies in chairmanship and senior finance roles. The full details of these appointments were given in a separate announcement which was made on the 5 May 2009.

Post year-end trading and outlook
Numis has made an excellent start to its new financial year having already raised £353m of equity funds for its corporate clients and won a number of high quality corporate brokerships. Our pipeline of transactions looks healthy and we are confident, markets permitting, that the business should perform well in the future. We continue to attract talented individuals and we are focusing on providing the best possible service to our corporate and institutional clients alike.

Oliver Hemsley
Chief Executive
18 December 2009

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. In particular, our research attracts institutional clients, builds relationships with them and thereby enables us to offer superior distribution for our corporate clients. A noted feature of our output is the large and definitive sector books that are regularly published. These are in-depth analyses of the different sectors that examine long-term themes and the way that they interact with individual companies. These valuable reference works are long shelf-life products that stand out from the more ephemeral competition.

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 have a talented and growing group including senior corporate financiers recruited from major investment banks. We provide a full range of services including advice in relation to M&A, public bids, IPOs, secondary fundraisings, convertible securities and private equity. This list is backed by an innovative approach to the challenges facing our clients. We believe in building solid, long-term relationships with our clients, nurturing confidence. Our track record reflects the quality of these relationships and our ability to deliver original and telling solutions.

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 dedicated Corporate Broking team bridges the transactional and advisory services of our Corporate Finance department and the placing power of our Institutional Sales and Sales Trading teams. 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. The Corporate Broking team has a wealth of experience in serving a wide range of clients in broking, fund raising and corporate finance issues. Our aim is to ensure that every company we look after is given the best possible advice and access to the London equity markets thereby offering a premium service to help them build and benefit from quality long-term relationship with institutional investors.

Execution

Our Sales Trading and Market Making desks form a highly capable execution team to facilitate your business. Working together they combine their strengths to deliver a substantial resource. Our institutional clients require best execution to capture the value of our research and trading ideas. Our execution team delivers market leading execution in over 400 stocks via a selection of trading venues and liquidity providers.

OUR STRATEGY

Numis' overarching objective is to retain our position as 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

- 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 highly capable and motivated 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 high quality UK corporate clients, bringing more exceptional investment opportunities to institutional clients and leveraging our secondary distribution platform

Running a tight ship

- Making disciplined operational improvements and maintaining a prudent risk management culture
- Actively evaluating and managing financial and other non-financial risks
- Continuing to manage our finances conservatively by retaining appropriate levels of liquidity while operating a sustainable dividend policy

RESEARCH

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

We provide extensive coverage of mid cap and smaller companies, delivering valuable insights for our institutional clients and attracting high quality corporates. Numis analysts also cover over 40 FTSE100 stocks where this provides industry insights and perspectives on valuation.

Numis provides stock analysis coverage on over 400 companies by 33 recognised leading analysts organised into 17 key sectors. Numis analysts are much in demand for commentary and provide value-added services to all sectors by orchestrating high profile conferences and international road shows.

We are particularly pleased that, for the fourth year running, Numis achieved exceptional recognition this year in the Thomson Reuters Extel industry-wide survey, being ranked in the top three in the majority of sectors surveyed. Of the 14 research sectors surveyed Numis was ranked 1st in five: Financials, Media, Leisure, Construction and Technology, and was ranked 2nd in the Insurance sector.

Further external recognition was achieved for the second year running as Numis was ranked number one for FTSE250 Best Recommendations by StarMine.

EXECUTION

We provide high quality execution services to our institutional clients. Numis is committed to providing liquidity in its corporate stocks and 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 435 stocks (2008: 403) of which 260 are listed on the main market (2008: 257). Importantly, Numis has the leading market share in 73 (2008: 64) stocks across these markets and is a top three service provider in a further 72 stocks (2008: 49).

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

Numis has been successfully building its larger cap institutional broking business and has seen its market share in FTSE350 stocks increase by over 2.5 times compared to 2008. When combined with further increases in market share of AIM stocks, Numis has been able to deliver resilient levels of institutional commission which, although down by 13.5% year on year, should be viewed in the context of a equivalent 58% fall in trading activity in AIM stocks and 42% fall in trading activity in Main List stocks (by value, total market through the London Stock Exchange).

The continued investment in our sales and trading 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.

The platform also 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 have been driven down still further by the application of comprehensive settlement netting and enhanced processing.

We continue to make use of Fidessa's Managed Enterprise service which gives us dedicated development and service staff inside Fidessa, who can respond rapidly to our client service and other service development priorities. When combined with Numis' small in-house Information Technology team, who have a strong culture of innovation for and service delivery to Numis' clients and revenue generators, this collaborative relationship continues to bring service enhancement and customisation to our platform to the ultimate benefit of our clients.

CORPORATE BROKING AND FINANCE

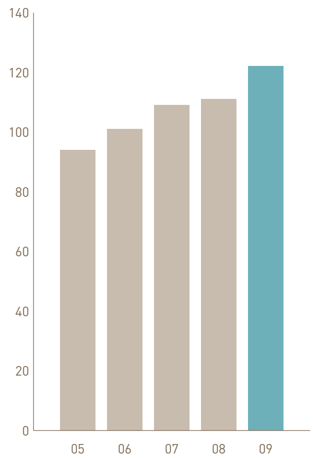
Corporate broking and corporate finance execution and advisory services are provided by highly experienced teams. They have helped our clients complete a range of fundraising and other corporate finance transactions, consisting of primary and secondary issues and M&A, particularly Rule 3 advice.

The difficult market conditions and the impact on equity capital raising activity in the London market has clearly provided a challenging environment with total equity money raised on AIM being 51% lower than the same period last year. However, we successfully raised £787m (2008: £654m) for our clients of which 74% (2008: 64%) represented funds raised for established clients.

Over the year Numis won a record number of high quality corporate clients with 44 new clients bringing the total number for whom we act to 122 (2008: 111). Currently we represent 16 FTSE250 clients and were voted 4th overall Broker across UK All Caps in the Thomson Reuters Extel 2009 survey.

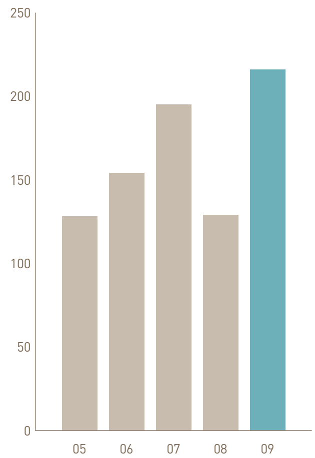
As with any investment bank, Numis has lost a number of clients through takeovers and delistings but also as a result of the continuing move towards a higher quality client base.

Number of Corporate Clients



Corporate client base (No. of companies)

Average Market Cap



Average Market Cap £m

CASE STUDIES

Our contribution to our clients' successes and the track record of our corporate client service teams continues to attract high quality corporate clients. Numis' involvement in our client success during the year ended 30 September 2009 includes:

St Modwen Properties PLC

- **Numis appointed as joint broker alongside JP Morgan Cazenove in February 2009**
- **Fully underwritten £107m firm placing, placing and open offer**
- **Numis acted as joint sponsor, joint financial adviser, joint bookrunner and joint broker**

St Modwen Properties PLC (St Modwen) is the UK's leading property regeneration specialist in the UK and is currently a member of the FTSE250 index.

The decline in the UK property market in 2008/09 and the reduced number of real estate transactions restricted St Modwen's ability to recycle capital and invest in new opportunities.

In May 2009, St Modwen raised gross proceeds of £107m via a firm placing, placing and open offer and announced that it had negotiated amended banking facilities to provide it with additional covenant headroom.

Proceeds from the capital raising were used to reduce borrowings under existing banking facilities thereby reducing the need for asset sales at unattractive prices.

The equity issue was priced at a 38.4% discount to the pre-launch closing price and a 27.3% discount to the theoretical ex-entitlement price. The firm placing represented approximately 24% of the total issue size.

JJB Sports PLC

- **Numis appointed as joint broker in July 2009**
- **Fully underwritten £100m firm placing, placing and open offer**
- **Numis acted as joint broker, joint bookrunner and joint underwriter**

JJB Sports PLC (JJB or the Company or the Group) is one of the UK's leading sports retailers with a portfolio of over 250 stores. JJB spent the first half of 2009 implementing a restructuring and refinancing plan to save the Company from near-certain administration and to provide a platform from which to secure its longer-term future.

The Company then raised £100m in October 2009 via a fully underwritten firm placing, placing and open offer to improve the Group's working capital position in order to rebuild stock levels and implement the Group's 'Serious about Sport' strategy: developing the Group's internet offering, investing in the existing portfolio and opening new stores.

The equity issue was priced at 25.0p representing a 23.7% discount to the pre-launch price and a 10.7% discount to the theoretical ex-entitlement price. The firm placing represented approximately 50% of the total issue size with the remainder placed subject to clawback.

Lookers PLC

- **£81m firm placing, placing and open offer**
- **Numis acted as joint sponsor, joint broker and lead underwriter**

Lookers PLC (Lookers or the Company) is a leading multi-franchise retailer engaged in the sale, hire and maintenance of motor vehicles in the UK. The Company sells new and used vehicles, tyres, oil, and parts and accessories, as well as offering repair services. The Company also provides vehicle financing and related insurance products.

In June 2009, Lookers announced a fully underwritten firm placing, placing and open offer to raise gross proceeds of £81m in order to reduce bank borrowings and enhance the Company's capital structure.

The issue was priced at 40p representing a 19.2% discount to the pre-launch closing price and a 10.1% discount to the theoretical ex-entitlement price. 25% of the issue was placed firm allowing new investors to join the register.

Raven Russia Limited

- **£76m placing of preference shares and warrants: Numis acted as nominated adviser, financial adviser and joint broker**
- **£61m offer for Raven Mount Group PLC: Numis acted as nominated adviser and financial adviser**

Raven Russia Limited (Raven Russia or the Company) is a leading developer of high quality warehouses and logistics parks in Russia.

In February 2009, the Company announced the placing of units each consisting of 1 preference share and 1 warrant with an exercise price of 25p, raising gross proceeds of £76m. The placing was undertaken to secure the financial position of the Company during the letting phase of its portfolio development and in order to pursue further property investments.

The Company also announced the acquisition of Raven Mount Group PLC for a total consideration of £61m. Raven Mount's developments include mainstream property residential schemes at venues in Brackley and Sheffield, as well as the development of second home projects in the Cotswolds and The Lakes through its joint venture arrangements. The offer went wholly unconditional in May 2009 with consideration consisting of units of 1 preference share and 1 warrant as described above.

Beazley Group PLC

- **£158m placing and rights issue**
- **Numis acted as sole sponsor, financial adviser and underwriter**

Beazley Group (Beazley or the Company) is a global risk insurance and reinsurance business with underwriting platforms in Lloyd's of London and the US with an international network of offices. Beazley is currently a member of the FTSE250 index.

The Company raised £158m in January 2009 through the structure of a placing and rights issue. Proceeds were used to expand existing underwriting activities and to fund the acquisition of First State, a US based MGA thereby expanding the Company's presence in the US.

The issue was priced at a 20.7% discount to the pre-launch closing price and 19.6% discount to net tangible asset value per share.

Chaucer Holdings PLC

- **£80m firm placing, placing and open offer**
- **Numis acted as sponsor, broker, lead manager and lead underwriter**

Chaucer Holdings PLC (Chaucer or the Company) is a specialist insurance group listed on the London Stock Exchange and is a member of the FTSE250 index. It provides the capital and management required to underwrite business at Lloyd's of London, the world's leading insurance and reinsurance market.

The Company raised £80m of new equity in January 2009 through a firm placing, placing and open offer to increase its underwriting resource to take advantage of favourable underwriting rates and to strengthen its balance sheet.

The issue was placed at 40.0p per share representing a 14.9% discount to the pre-announcement share price, 10.0% discount to the theoretical ex-entitlement price and 37.9% discount to net tangible asset value per share.

FINANCIAL REVIEW

Despite the challenging market conditions revenue generation held up well and enabled us to deliver an operating cash inflow of £20.7m (2008: £12.3m out flow) **and adjusted profit before tax of £4.2m** (2008: £8.4m)**. Our strong capital base, prudent approach to risk management and cost control enable Numis to continue to invest in the long-term future of the business.**

Adjusted Profit Measures
The adjusted profit before tax measure specifically excludes gains and losses arising from our investment portfolio, associate holding (in prior years) and the accounting charges associated with awards made under the Group's employee share scheme arrangements. Management believe that this provides a truer reflection of the performance of the underlying operating business and has therefore highlighted these financial measures within the annual report. It also allows for a greater degree of comparability with our peer group which exclude similar items in the measurement of underlying performance as well as providing the analyst community with benchmarks of the Group's underlying performance.

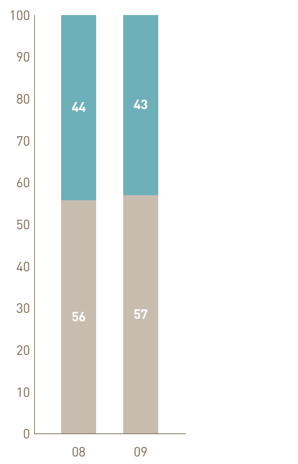
The following table reconciles the statutory measures of (loss)/profit before tax, (loss)/profit after tax and (loss)/earnings per share to the adjusted measures used by management and demonstrates the 50% decrease in adjusted profit before tax to £4.2m, being principally due to the pressure on corporate transaction revenues:

Revenue
Revenues of £47.5m (2008: £50.7m) have clearly been impacted by the virtual cessation of capital markets activity during the first half. However it is pleasing to note that during the second half combined institutional commission and trading revenues reached record levels driven, in part, by our increased market share and resulting in a year on year increase of 6% to £25.2m (2008: £23.7m). Furthermore, we have increased our recurring income from retainer fees payable by our corporate clients by 14% to £4.6m (2008: £4.0m) as we have won new corporate brokerships.

Our recurring income, comprising that derived from secondary sales and trading, corporate retainers and net interest and similar income has remained broadly unchanged at £32.6m (2008: £33.4m) and now covers 99% (2008: 126%) of our continuing expense base before discretionary performance-related pay and share scheme related charges.

	2009 £'000	2008 £'000
Statutory group (loss)/profit before tax	(10,519)	16,093
Items not included within adjusted profit before tax:		
Other operating loss/(income)	7,846	(723)
Share scheme charge/(credit)	6,208	(65)
National Insurance provisions related to share scheme charge/(credit)	660	(238)
Share of profits of associate	–	(803)
Profit on disposal of associate	–	(5,854)
Adjusted group profit before tax	**4,195**	**8,410**
Group taxation	1,870	(1,317)
Tax impact of adjustments	(2,733)	(1,430)
Adjusted group taxation	(863)	(2,747)
Adjusted group profit after tax	**3,332**	**5,663**
Basic weighted average number of shares	102,539,193	99,187,412
Adjusted basic earnings per share, pence	3.2p	5.7p

Costs: % compensation versus non compensation
(figures exclude share scheme related charges)



Costs
Our total administrative expense has been impacted by share scheme related charges of £6.9m (2008: £0.3m credit). These charges arise from the combined impact of all historic unvested awards and are substantially non-cash items. Furthermore, although such charges persist throughout the vesting period of the underlying awards, their impact is not evenly distributed across that vesting period. The underlying expense base excluding share scheme related charges has decreased by 4% from £48.1m to £46.0m which largely reflects the reduction in non-compensation related costs.

Compensation related costs excluding share scheme related charges account for 57% (2008: 56%) of the expense base and have remained broadly unchanged at £26.3m (2008: £26.8m). This is supported by the fact that headcount also remained broadly unchanged with average staff numbers of 184 (2008:188).

Non-compensation related costs account for 43% (2008: 44%) of the expense base and have been reduced by £1.5m (7%). This decrease has been achieved through a variety of cost saving initiatives which were implemented during the course of 2009 across all cost categories.

Financial Position
Our prudent approach to risk management and retention of liquid resources has helped to ensure that we continue to maintain a strong capital position. As at 30 September 2009 our Pillar I regulatory financial resource requirement was £20.8m (2008: £18.2m) including £10.6m (2008: £10.9m) of operational risk capital requirement. Total regulatory capital as at 30 September 2009 amounted to £89.2m (2008: £87.1m) giving a solvency ratio of 429.2 % (2008: 478.8%).

Our worst plausible case stress test, which mimics the impact of a 1929 type event, identifies a loss potential which has averaged £25.2m (2008: £30.9m) over the year and totalled £24.1m as at 30 September 2009 (2008: £26.4m). When added to the Pillar I regulatory requirement of £20.8m this leaves a post-stress test capital margin of £44.3m (2008: £42.5m).

Our balance sheet has remained broadly unchanged, albeit with a slight reduction driven by the reported loss for the year. Net assets as at 30 September 2009 totalled £113.8m (2008: £118.4m) of which 65% is held as cash and cash equivalents (2008: 51%).

Delivery of Value
Our focus on high quality clients and high calibre staff has enabled us to deliver resilient revenues, operating cash inflow and distributions to shareholders. This year has been challenging but our underlying performance has remained profitable and enabled us to deliver further value to our shareholders by way of a progressive and sustained dividend policy.

	2009	2008	2007	2006	2005
Revenue, £m	47.5	50.7	85.7	72.0	65.7
Adjusted profit before tax, £m	4.2	8.4	39.1	34.8	30.2
Adjusted basic earnings per share, pence	3.2	5.7	27.7	24.7	24.3
Statutory (loss)/profit after tax, £m	(8.6)	14.8	27.6	25.5	30.4
Operating cash inflow/(outflow), £m	20.7	(12.3)	26.0	36.2	25.1
Dividend per share, pence	8.00	7.50	7.00	5.00	3.15
Dividend distribution, £m	7.9	7.7	5.9	3.8	2.2

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 Sir David Arculus, 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, risk appetite and exposure and any other matters of significance to the Group.

Remuneration Committee
The Remuneration 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 meets at least 4 times a year and is responsible for the internal control environment, reviews external financial reporting and monitors the framework for compliance with relevant laws and regulations. Other directors, members of staff and the Group's external and internal 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 and internal audit, its cost effectiveness and the independence and objectivity of the auditors.

Nominations Committee
The Company's Nominations Committee is chaired by Sir David Arculus and comprises the Non-executive Directors with Oliver Hemsley as an invitee. The Committee is primarily responsible for all elements of the nominee process for Executive and Non-executive Directors of the Company.

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 meets regularly to discuss and 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 various limits at individual stock and overall trading book level as well as being responsible for the review and approval of counterparty limits.

New Business Committee
The New Business Committee, chaired by Oliver Hemsley, is responsible for exercising senior management oversight of all issues in relation to Numis entering into new corporate client relationships, undertaking transactions on behalf of corporate clients and reviewing or terminating relationships with corporate clients. It has responsibility for assessing the impact on Numis of all such matters and in doing so gives due consideration to the reputational, regulatory, execution and commercial risks attached.

Risk Committee
In addition to the New Business Committee, further approval is required by a Risk Committee prior to the launch of an equity raising, issue of a public document which contains Numis' name or in the case of a transaction giving rise to significant unusual concerns or significant financial or reputational risk to the firm.

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 and other relevant regulators.
In addition, the Group has a fully independent Internal Audit function in order to provide further 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 highest standards.

BOARD OF DIRECTORS

Sir David Arculus
Sir David Arculus is the Non-executive Chairman of Numis having been appointed on 5 May 2009. David brings a wealth of experience to Numis having spent 24 years at EMAP, the last eight as Group Managing Director leaving EMAP in 1997. Outside the media sector he was Non-executive Director of Severn Trent plc from 1996, serving as Chairman from 1998 to 2004. David held a range of further non-executive jobs including Barclays Bank plc from 1997 to 2006 and in 2006 as Chairman of O_2 was responsible with the management team for the sale of O_2 to Telefonica of Spain. David was chairman of the British Government's Better Regulation Task Force from 2002 to 2006 where he reported to the Prime Minister and was instrumental in reducing burdens on business.

Oliver Hemsley
Oliver Hemsley is Chief Executive Officer of Numis Corporation PLC, the UK quoted stockbroking business. Oliver started the company in the early 1990's and has built it into one of the larger independent British stockbroking firms. The company, which employs circa 180 people, has offices in London and New York. It has over 120 corporate clients, a strong balance sheet (£70m+ of cash) and is ideally placed to help British companies through the current difficult market conditions.

Oliver is married with three children and lives in London and Dorset.

Lorna Tilbian
Lorna Tilbian is an Executive Director and has worked as a Media Analyst in the City for a quarter of a century with a distinguished track record. She joined Numis in 2001 having previously worked at SG Warburg and Panmure Gordon. Lorna is a Non-executive Director of Jupiter Primadona Growth Trust Plc and appears in the Campaign "A" List which states "Tilbian has been the advertising analyst of choice for many a year and can see through corporate wool-pulling at 40 paces." In addition, Lorna was recently listed as the 19th most influential person in a Telegraph poll of the "Media Industry's Top 100" and appointed a C&binet (Creative & Business International Network) Ambassador by the Department for Culture, Media and Sport (DCMS) as part of its commitment to the development of the creative economy.

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 was an Investment Director of ABN Amro Private Equity, Lazard Development Capital and previously held senior positions at Diners Club and Savills. He is Chairman of both Albion Development VCT Plc and EPE Special Opportunities Plc, and a Non-executive director of Crown Place VCT Plc.

Gerald Corbett
Gerald Corbett is a Non-executive Director of Numis. Gerald is Chairman of SSL International Plc, Britvic Plc, Moneysupermarket.com Plc and the Royal National Institute of the Deaf. He is also a Non-executive Director of Greencore Group plc. Gerald started his career at Boston Consulting Group, before holding a succession of financial roles at Dixons, Redland and Grand Metropolitan and was formerly Chairman of Woolworths Group Plc and CEO of Railtrack Group Plc.

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, which he co-founded in 1989. Tom is Chairman of both Pantheon International Participations Plc and Polar Capital Holdings Plc and is a Non-executive Director of F & C UK Select Trust Plc.

Directors who served during the year but stepped down prior to 30 September 2009:

Michael Spencer was the Non-executive Chairman of Numis up to 5 May 2009.

Declan Kelly was a Non-executive Director of Numis up to 16 February 2009.

Bill Trent was the Chief Financial Officer of Numis up to 31 December 2008.

RISK MANAGEMENT

Numis is exposed to a number of risks across its business. The Board is responsible for determining Numis' risk appetite and for ensuring that Numis' risk management processes are appropriate and operating effectively. The management of risk is embedded in our culture and it is the responsibility of each employee to ensure that this culture is built into our working practices. Specifically, day-to-day management of risk is delegated by the Board to senior executives across the firm, through appropriate committees, systems and controls. Whilst encouraging an entrepreneurial and commercial culture that is focused on generating value for our clients, the Board actively seeks to ensure all relevant risk exposures are managed and mitigated. Note 32 describes how the Board receives input from other key committees and the framework employed by the Group to manage the risks faced in the normal course of business. In financial terms, the Board's policy is to hold regulatory capital that, at a minimum, meets our most conservative interpretation of Basle II and the Capital Requirements Directive (CRD) with the addition of internal stress test market and credit Value-at-Risk (VaR) measurements.

Major Risks and Controls:

People risk

Retaining, attracting and developing key staff, including, in particular, significant current and future income generators, is essential to the long-term health and growth of the business. The Board has therefore sustained particular focus on its remuneration strategies, including considering the appropriate allocation and mix of cash and share based schemes, and has maintained structured performance-based staff evaluations. The nature of the share based schemes and their deferral characteristics are described in note 28. Additionally, the on-boarding, retention and growth of our people remain at the top of the Board's agenda.

Reputational risk

Whilst entrepreneurial staff are always encouraged to develop new clients and streams of income, all new business is subject to a rigorous appraisal process supervised by the New Business Committee. For all activities, this discriminates strongly in favour of high quality clients. Numis 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 continues to make use of standardised operating procedures. Finally, the Board sets the tone by demanding a strong ethical and professional culture as the only acceptable standard for the firm.

Strategic risk

The Board recognises that continued improvement in the way in which our strategy is executed is key to our long-term success. In particular, the management team are subject to healthy challenge from the Board on the firm's strategic direction, execution of strategy and the implementation of agreed initiatives. This includes significant focus on the risks that threaten the achievement of the firm's strategy as well as those that present the greatest opportunity. The existing, strong corporate governance structure ensures that the Board has sufficient, well articulated, consistent and timely information to enable the necessary decisions and choices to be made and the right level of assurance obtained.

Regulatory & legal risk

The Board's policy is to encourage an intense focus by top management on the long-term, sustainable success of the business. This specifically includes robust corporate governance, avoiding the likelihood of litigation and compliance with the relevant regulatory and legal requirements for the jurisdictions in which Numis operates. A strong culture of regulatory and legal compliance permeates the firm and there is a demonstrated track record of transparency and strong relations with the key regulatory bodies. The Board monitors and supports this through open channels of communication and demonstrable action.

Financial risk

These financial risks are discussed in more detail in note 32 and include the main price, credit, concentration and liquidity risks. The Basle II, CRD and VaR measures are utilised and compared with Board approved limits. These are calculated daily by the Finance team and are published to senior management and, ultimately, to the Board.

Other operational risk

We aim to be able to sustain operations and client service, with minimum of disruption, with a combination of business continuity planning, duplicated infrastructure, strong supplier relations and remote facilities. Continuously evolving control standards and robust corporate governance are applied by suitably trained and supervised individuals, and senior management are actively involved in identifying and analysing all operational risks to find the most effective and efficient means to mitigate and manage them.

REMUNERATION

The Board delegates to Remuneration Committee the determination of the executive directors' remuneration. The Remuneration Committee is responsible for setting the remuneration policy for executive directors and other senior executives in the business. Additionally, the Remuneration Committee reviews the recommendations made by the executive directors for all other employees.

Remuneration Policy

The Remuneration Committee believes strongly that total remuneration should take into account the competition for talent in an industry where successful people are rewarded and mobile. The Company compensates all employees through both fixed and variable compensation. Fixed compensation comprises mostly base salaries and the Committee reviews these as part of the overall total remuneration review. The policy for variable compensation is to recognise corporate performance and individual achievement of objectives through a discretionary bonus. Discretionary bonus awards are delivered in two main forms: a cash bonus and a deferred bonus. The deferral is mandatory and is delivered via various Share Incentive Schemes. The executive directors and other senior executives assess individual performance through clearly defined objectives and a structured process of review and feedback. In particular, the overall (fixed and variable) remuneration by individual is determined with regard to the performance of the individual, the profitability of the Group and levels of reward for comparable roles in the external market.

Executive directors may also receive 7% of base salary contribution to a defined contribution pension saving scheme. In addition, they are entitled to insured death in service benefits of four times their base salary.

Remuneration for the year

The constituent parts of directors' remuneration are detailed below:

	Salary	Bonus	Share Incentive Scheme Awards	Benefits	Total 2009 £'000	Total 2008 £'000
Executive Directors						
Oliver Hemsley	225	315	–	43	583	762
Lorna Tilbian	200	205	–	15	420	690
Bill Trent (note 1)	300	–	–	5	305	911
Nigel Turner (note 2)	–	–	–	–	–	25
Non-executive Directors						
Sir David Arculus (note 3)	41	–	–	–	41	–
Gerald Corbett (note 3)	20	–	–	–	20	–
Geoffrey Vero	44	–	–	–	44	40
Tom Bartlam	44	–	–	–	44	40
Declan Kelly (note 4)	11	–	–	–	11	30
Michael Spencer (note 5)	30	–	–	–	30	50
	915	520	–	63	1,498	2,548

Notes
1 resigned 31 December 2008
2 retired effective 30 November 2007
3 appointed 5 May 2009
4 resigned 16 February 2009
5 resigned 5 May 2009

The share incentive scheme awards shown in the remuneration table reflect awards made as part of the 2009 annual remuneration process.

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

	2009 £'000	2008 £'000
Emoluments	1,481	2,373
Money purchase contributions	17	175
	1,498	2,548

Certain executive directors are members of money purchase schemes, a form of defined contribution scheme. 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 2009.

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) the nature of which are described fully in note 28.

The number of LTIP matching shares to which the directors are prospectively entitled are as follows:

	2009	2008
Lorna Tilbian	70,800	70,800
Bill Trent*	–	93,575

* all entitlements lapsed on resignation effective 31 December 2008

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

	2009	2008
Bill Trent*	–	43,103

* all entitlements lapsed on resignation effective 31 December 2008

Governance

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed on page 19 confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the group; and
- the directors' report on pages 23 and 24 includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

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 2009.

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.

Review of the Business, Future Developments and Key Performance Indicators
A review of the Group's business, an indication of likely future developments and the Group's key performance indicators (KPIs) are contained in the Chief Executive's statement and Business Review. The Group's KPIs include, but are not limited to, adjusted PBT, operating cashflow, corporate client base and aggregate funds raised for clients.

Post Balance Sheet Events
Details of post balance sheet events are set out in note 33 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 5.50p per share (2008: 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 2009 of 8.00p per share (2008: 7.50p). Subject to approval at the annual general meeting the final dividend will be paid on 19 February 2010 to shareholders on the register on 11 December 2009.

Directors and their Interests
Since the last Annual Report the following changes in the composition of the Board have taken place:

- Michael Spencer was the Non-executive Chairman of Numis up to 5 May 2009
- Declan Kelly was a Non-executive Director of Numis up to 16 February 2009
- Bill Trent was the Chief Financial Officer of Numis up to 31 December 2008
- Sir David Arculus was appointed Non-executive Chairman of Numis on 5 May 2009
- Gerald Corbett was appointed Non-executive Director of Numis on 5 May 2009

The directors serving during the year ended 30 September 2009 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 2009 ordinary shares No. (note 1)	30 September 2008 ordinary shares No. (note 2)
OA Hemsley	13,799,865	13,799,865
L Tilbian	4,281,392	4,034,959
Sir David Arculus* (appointed 5 May 2009)	65,000	–
Gerald Corbett* (appointed 5 May 2009)	–	–
TH Bartlam*	25,000	25,000
GO Vero*	20,000	20,000
MA Spencer* (resigned 5 May 2009)	20,000	13,142,934
DP Kelly* (resigned 16 February 2009)	20,000	nil
WEJ Trent (resigned 31 December 2008)	–	99,363

* Non-executive Director
note 1 – or at date of resignation if earlier
note 2 – or at date of appointment if later

There have been no changes in the interests of the serving directors in ordinary shares and options over ordinary shares during the period 30 September 2009 to 18 December 2009.

Governance

DIRECTORS' REPORT

Substantial Shareholders
Except for the directors' interests noted on page 23, the directors are aware of the following who are interested in 3% or more of the Company as at 30 September 2009 as follows:

	Registered holding No of ordinary shares	% of issued share capital
Halifax EES Nominees International Limited	10,147,815	9.13%
Mr EPH Farquhar	8,867,164	7.98%
Majedie Asset Management Limited	7,000,000	6.30%
Mr DJ Poutney	7,500,957	6.75%
BlackRock Investment Management (UK) Limited	5,403,133	4.86%
Citigroup Global Markets UK Equity Ltd	3,467,051	3.12%

Auditors
A resolution to reappoint PricewaterhouseCoopers LLP will be placed before the Annual General Meeting of the Company on 2 February 2010.

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 (2008: 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 21 days (2008: 14 days) to pay suppliers during the past financial year.

Charitable Donations
During the year, the Group made charitable donations of £nil to UK charities (2008: £nil).

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 32 to the financial statements.

By order of the Board

S Denyer
Company Secretary
18 December 2009

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 holding company financial statements (the ''financial statements'') of Numis Corporation Plc for the year ended 30 September 2009 which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement, holding company balance sheet, holding company statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the holding company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and holding company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the holding company's affairs as at 30 September 2009 and of the group's loss and cash flows for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the holding company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the holding company, or returns adequate for our audit have not been received from branches not visited by us; or

- the holding company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Darren Meek
(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 December 2009

CONSOLIDATED INCOME STATEMENT

Continuing operations	Notes	2009 £'000	2008 £'000
Revenue	5	47,533	50,714
Other operating (loss)/income	6	(7,846)	723
Total revenue		**39,687**	**51,437**
Administrative expenses		(52,915)	(47,757)
Operating (loss)/profit		(13,228)	3,680
Share of profits of associate	7	–	803
Profit on disposal of associate	8	–	5,854
Loss on disposal of subsidiary	9	(138)	–
Finance income	12	2,901	5,816
Finance costs	13	(54)	(60)
(Loss)/profit before tax		**(10,519)**	**16,093**
Taxation	14	1,870	(1,317)
(Loss)/profit after tax		**(8,649)**	**14,776**
Attributable to:			
Equity holders of the parent		(8,649)	14,776
(Loss)/earnings per share			
Basic	29	(8.4p)	14.9p
Diluted	29	(8.4p)	14.6p
Memo – dividends for the year	15	(7,855)	(7,700)

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

CONSOLIDATED BALANCE SHEET

	Notes	2009 £'000	2008 £'000
Non current assets			
Property, plant and equipment	16	2,509	3,086
Intangible assets	17	146	290
Derivative financial instruments	20	645	1,796
Deferred tax	21	2,782	–
		6,082	**5,172**
Current assets			
Trade and other receivables	22	165,341	221,373
Trading investments	23	32,994	36,136
Stock borrowing collateral		5,759	92
Derivative financial instruments	20	2,002	3,010
Current income tax		463	836
Cash and cash equivalents	24	74,266	59,899
		280,825	**321,346**
Current liabilities			
Trade and other payables	25	(159,872)	(206,126)
Financial liabilities		(5,192)	(1,287)
Stock lending collateral		(6,900)	–
Provisions	26	(580)	(75)
		(172,544)	**(207,488)**
Net current assets		**108,281**	**113,858**
Non current liabilities			
Provisions	26	(546)	(616)
Net assets		**113,817**	**118,414**
Equity			
Share capital	27	5,557	5,378
Share premium account		28,971	24,719
Capital reserve		6,742	1,503
Retained profits		72,547	86,814
Equity attributable to equity holders of the parent		**113,817**	**118,414**

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

Signed on behalf of the Board on 18 December 2009

OA Hemsley
Chief Executive
Numis Corporation Plc
Registration No. 2375296

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 2008	5,378	24,719	1,503	86,814	118,414
New shares issued	179	4,252	–	–	4,431
Loss after tax				(8,649)	(8,649)
Dividends paid				(7,855)	(7,855)
Deferred tax related to share based payments				936	936
Exchange differences on translation of foreign operations			62	–	62
Movement in respect of employee share plans			5,177	1,289	6,466
Other				12	12
Attributable to equity holders of the parent at 30 September 2009	**5,557**	**28,971**	**6,742**	**72,547**	**113,817**
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**

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

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2009 £'000	2008 £'000
Cash from/(used in) operating activities	30	20,653	(12,268)
Interest paid		(54)	(60)
Taxation refunded/(paid)		643	(4,963)
Net cash from/(used in) operating activities		**21,242**	**(17,291)**
Investing activities			
Purchase of property, plant and equipment		(191)	(671)
Purchase of intangible assets		(33)	(163)
Proceeds from disposal of subsidiary		7	–
Proceeds from disposal of associate		–	7,170
Interest received		875	2,930
Dividends received from associate		–	1,236
Net cash from investing activities		**658**	**10,502**
Financing activities			
Purchases of own shares		(2,533)	(5,462)
Dividends paid		(6,924)	(5,302)
Net cash used in financing activities		**(9,457)**	**(10,764)**
Net movement in cash and cash equivalents		**12,443**	**(17,553)**
Opening cash and cash equivalents		59,899	76,666
Net movement in cash and cash equivalents		12,443	(17,553)
Exchange movements		1,924	786
Closing cash and cash equivalents		**74,266**	**59,899**

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

HOLDING COMPANY BALANCE SHEET

	Notes	2009 £'000	2008 £'000
Non current assets			
Investment in subsidiary undertakings	19	8,525	3,348
Derivative financial instruments	20	645	1,796
		9,170	**5,144**
Current assets			
Trade and other receivables	22	13,312	15,980
Trading investments	23	18,508	25,392
Derivative financial instruments	20	2,002	1,844
		33,822	**43,216**
Current liabilities			
Trade and other payables	25	(2,027)	(1,840)
		(2,027)	**(1,840)**
Net current assets		**31,795**	**41,376**
Net assets		**40,965**	**46,520**
Equity			
Share capital	27	5,557	5,378
Share premium account		28,971	24,719
Capital reserve		6,523	1,346
Retained profits		(86)	15,077
Equity attributable to equity holders of the Company		**40,965**	**46,520**

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

Signed on behalf of the Board on 18 December 2009

OA Hemsley
Chief Executive

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 2008	5,378	24,719	1,346	15,077	46,520
New shares issued	179	4,252	–	–	4,431
Loss after tax				(7,308)	(7,308)
Dividends paid				(7,855)	(7,855)
Movement in respect of employee share plans			5,177	–	5,177
Attributable to equity holders of the Company at 30 September 2009	**5,557**	**28,971**	**6,523**	**(86)**	**40,965**
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**

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 2007, 30 September 2008 or 30 September 2009. Similarly there were no movements in cash or cash equivalents during the year ended 30 September 2008 or the year ended 30 September 2009. 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 International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 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 s408 of the Companies Act 2006 not to present its individual income statement and related notes.

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 2009 or later periods, but the group has not early adopted them:

IFRS 8 replaces IAS 14, 'Segment reporting', requires a 'management approach' under which segmental information is presented using the same method as that adopted for internal reporting purposes. This standard is not expected to have a significant impact on the Group and the Company's financial statements.

IAS 23 (amendment), 'Borrowing costs' requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised. This is not expected to have a significant impact on the Group and the Company's financial statements.

IAS 1 (revised), 'Presentation of financial statements' requires entities to prepare a statement of comprehensive income. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Also entities making restatements or reclassifications of comparative information are required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. This requires changes to presentation only and its impact is being assessed by management.

IFRS 2 (amendment), 'Share based payments', clarifies that vesting conditions are service conditions and performance conditions only. Other features of share based payments are not vesting conditions. This is not expected to have a significant impact on the Group and the Company's financial statements.

IAS 32 (amendment), 'Financial instruments presentation', clarifies the classification of puttable financial instruments and obligations arising on liquidation. This is not expected to have a significant impact on the Group and the Company's financial statements.

IAS 27 (revised), 'Consolidated and separate financial statements', requires the effects of non-controlling interests to be recorded in equity while no change in control will no longer result in gains or losses in goodwill. This is not expected to have a significant impact on the Group and the Company's financial statements.

IFRS 3 (revised), 'Business combinations', results in changes to the acquisition method of business combinations. This is not expected to have a significant impact on the Group and the Company's financial statements.

IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations', clarifies that all of a subsidiary's assets and liabilities as held for resale if a partial disposal will result in loss of control. This is not expected to have a significant impact on the Group and the Company's financial statements.

IAS 36 (amendment), 'Impairment of assets', requires that fair value less cost to sell is calculated on the basis of discounted cash flows. This is not expected to have a significant impact on the Group and the Company's financial statements.

IAS 38 (amendment), 'Intangible assets', defines a prepayment as being recognised only if payment has been made in advance of receiving the right to goods or receipt of services. This is not expected to have a significant impact on the Group and the Company's financial statements.

IAS 39 (amendment), 'Financial instruments: Recognition and measurement', allows movements from fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge. This is not expected to have a significant impact on the Group and the Company's financial statements.

IFRS 7 (amendment), 'Financial instruments: Disclosure', increases the disclosure requirements around fair value measurement and reinforces existing principles for disclosure about liquidity risk. This is not expected to have a significant impact on the disclosures made in the Group and the Company's financial statements.

IFRS 9 (new standard), 'Financial instruments: Classification and measurement', will eventually replace IAS 39 and sets out two measurement categories: amortised cost and fair value. All equity instruments are to be measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. This 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.

1 Accounting Policies (continued)

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 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.

(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 exchange 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

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies (continued)

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/lending collateral
The Group enters stock borrowing and lending 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 or sold with a commitment to return it at a future date at an agreed price. The securities purchased are not recognised on the balance sheet whereas the securities sold remain on the balance sheet with the transaction treated as a secured loan made for the purchase or sale price. Where cash has been used to effect the purchase or sale, an asset or liability is recorded on the balance sheet as stock borrowing or lending collateral at the amount of cash collateral advanced or received.

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 contractual 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.

(n) Trade and other payables
Trade and other payables are stated at their contractual 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 24.

(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 and 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 loss 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 28, 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

1 Accounting Policies (continued)

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.

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 vested before 1 October 2005.

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

(x) 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 £537,000/£539,000.

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:

(y) 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 Adjusted Profit Measures

The following table reconciles the statutory measures of (loss)/profit before tax, (loss)/profit after tax and (loss)/earnings per share to the adjusted measures used by management in their assessment of the underlying performance of the business:

	2009 £'000	2008 £'000
Statutory group (loss)/profit before tax	(10,519)	16,093
Items not included within adjusted profit before tax:		
Other operating loss/(income)	7,846	(723)
Share scheme charge/(credit)	6,208	(65)
National Insurance provisions related to share scheme awards	660	(238)
Share of profits of associate	–	(803)
Profit on disposal of associate	–	(5,854)
Adjusted group profit before tax	4,195	8,410
Statutory group taxation	1,870	(1,317)
Tax impact of adjustments	(2,733)	(1,430)
Adjusted group taxation	(863)	(2,747)
Adjusted group profit after tax	3,332	5,663

	2009	2008
Basic weighted average number of shares, number	102,539,193	99,187,412
Adjusted earnings per share, pence	3.2p	5.7p

3 Profit of the Parent Company

As provided by Section 408 Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss after tax for the financial year amounted to £7,308,000 (2008: profit £11,901,000).

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.

	2009 £'000	2008 £'000
Total revenue		
Investment banking	39,687	51,437
Associate – Insurance Broking	–	5,541
	39,687	56,978
Profit before tax		
Investment banking	(10,519)	15,290
Associate – Insurance Broking (Share of post tax profit)	–	803
	(10,519)	16,093
Depreciation and amortisation		
Investment banking	1,015	1,055
Associate – Insurance Broking	–	39
	1,015	1,094
Capital expenditure		
Investment banking	224	834
Associate – Insurance Broking	–	14
	224	848
Total assets		
Investment banking	286,907	326,518
Total liabilities		
Investment banking	173,090	208,104
Net assets		
Investment banking	113,817	118,414
Associate – Insurance Broking	–	–
	113,817	118,414

The Group operates an integrated investment banking business and, although there are different revenue types (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.

NOTES TO THE FINANCIAL STATEMENTS

4 Segmental Information (continued)

	2009 £'000	2008 £'000
Net institutional income	25,191	23,680
Corporate transaction revenues	17,759	23,005
Corporate retainers	4,583	4,029
Revenue from Investment Banking & Broking (see note 5)	**47,533**	**50,714**
Investment activity net (losses)/gains	(7,846)	723
Share of profits of associate	–	803
Profit on disposal of associate (see note 8)	–	5,854
Contribution from Investing Activities	**(7,846)**	**7,380**
Total	**39,687**	**58,094**
Net assets		
Investment banking & broking	17,818	28,784
Investing activities	21,733	29,731
Cash and cash equivalents	74,266	59,899
Total net assets	**113,817**	**118,414**

5 Revenue

	2009 £'000	2008 £'000
Net trading gains/(losses)	1,716	(3,460)
Institutional commissions	23,475	27,140
Net institutional income	25,191	23,680
Corporate retainers	4,583	4,029
Deal fees	5,422	9,751
Placing commissions	12,337	13,254
	47,533	50,714

6 Other Operating (Loss)/Income

	2009 £'000	2008 £'000
Investment (loss)/income	(7,790)	660
Other	(56)	63
	(7,846)	723

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

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:

	2009 £'000	2008 £'000
Revenue	–	5,541
Profit after tax	–	803
Assets	–	–
Liabilities	–	–

8 Profit on Disposal of Associate	2009 £'000	2008 £'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 in the prior year 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 (loss)/income on the face of the consolidated income statement.

9 Loss on Disposal of Subsidiary	2009 £'000	2008 £'000
Sale proceeds	7	–
Share of net assets disposed of	(138)	–
Disposal expenses (comprising charges)	(7)	–
	(138)	–

The loss on disposal of subsidiary relates to the sale of the Group's interest in Numis Caspian Limited LLP. This wholly owned subsidiary was created under the laws of the Republic of Kazakhstan and officially registered with the local authorities in September 2006. The company was formed to take advantage of perceived business opportunities arising in Kazakhstan at that time, however these did not materialise to the extent originally envisaged. As a result the Group disposed of its entire interest during the year. The activities of the subsidiary have not been treated as discontinued operations under IFRS 5 as they did not represent a separate major line of business or geographical area of operation. The net assets disposed of comprised wholly of cash balances.

10 Operating (Loss)/Profit

Operating (loss)/profit is stated after charging:	2009 £'000	2008 £'000
Depreciation of property, plant and equipment	838	800
Amortisation of intangible assets	177	255
Operating lease costs	1,782	1,745
Staff costs (see note 11)	33,139	26,534
Auditors' remuneration		
PricewaterhouseCoopers LLP		
– Audit fee for Company's accounts and Annual Report	51	89
– Year end audit services to the Subsidiaries of the Company	303	395
– Tax services	31	122
– Regulatory services	211	320

11 Staff Costs

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

Employee costs during the year amounted to:	2009 £'000	2008 £'000
Wages and salaries	16,841	17,582
Bonuses	5,482	6,146
Social security costs	3,435	2,065
Compensation for loss of office	230	166
Other pension costs (see note 31d)	943	640
Share based payments	6,208	(65)
	33,139	26,534

The share based payment award costs/(credits) shown above include an amount of £5,177,000 (2008: £1,245,000) in respect of share-based payment transactions which are accounted for as equity-settled awards. The credit in 2008 arises principally from declines in the Company's share price and resulting impact on cash-settled employee share scheme accounting.

The share based payment charge/(credit) arises from the combined impact of all historic unvested awards.

NOTES TO THE FINANCIAL STATEMENTS

11 Staff Costs (continued)

Number of staff employed:	2009 Number	2008 Number
Average for the year		
Professional	137	136
Administration	49	52
	186	188
At the year end	182	180

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

12 Finance Income

	2009 £'000	2008 £'000
Interest receivable and similar income	1,041	4,012
Net foreign exchange gains	1,860	1,804
	2,901	5,816

13 Finance Costs

	2009 £'000	2008 £'000
Interest payable	54	60

14 Taxation

The tax credit is based on the loss for the year and comprises:	2009 £'000	2008 £'000
Current tax		
Corporation tax at 28% (2008: 29%)	–	828
Corporation tax over provided in previous year	(24)	(38)
Total current tax	(24)	790
Deferred tax		
Origination and reversal of timing differences (see note 21)	(1,846)	527
Total tax (credit)/charge	(1,870)	1,317

Factors affecting the tax (credit)/charge for the year:	2009 £'000	2008 £'000
(Loss)/profit before tax	(10,519)	16,093
(Loss)/profit before tax multiplied by the standard rate of UK corporation tax	(2,945)	4,667
Effects of:		
Net expenses not deductible for tax purposes	243	221
Capital allowances for the period in excess of depreciation	–	14
Other timing differences	–	18
Non taxable income	(351)	(236)
Losses available for utilisation but not recognised	1,743	65
Other permanent differences	–	(3,921)
Permanent differences in respect of share based payments	601	–
Corporation tax over provided in previous year	(24)	(38)
Re-recognition of deferred tax balances	(1,137)	527
Total tax (credit)/charge	(1,870)	1,317

15 Dividends

	2009 £'000	2008 £'000
Final dividend for year ended 30 September 2007 (5.00p)		5,120
Interim dividend for year ended 30 September 2008 (2.50p)		2,580
Final dividend for year ended 30 September 2008 (5.00p)	5,212	
Interim dividend for year ended 30 September 2009 (2.50p)	2,643	
Distribution to equity holders of the parent	7,855	7,700

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 1 December 2009 the Board proposed a final dividend of 5.50p per share for the year ended 30 September 2009. 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 £5,694,000.

16 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 2008	921	2,193	2,505	143	5,762
Additions	15	51	125	–	191
Impairment	–	(5)	–	–	(5)
Disposals	–	–	–	–	–
Exchange adjustment	16	33	24	21	94
At 30 September 2009	952	2,272	2,654	164	6,042
Depreciation					
At 1 October 2008	554	207	1,846	69	2,676
Charge for the year	126	162	484	66	838
Disposals	–	–	–	–	–
Exchange adjustment	1	1	8	9	19
At 30 September 2009	681	370	2,338	144	3,533
Net book value					
At 1 October 2008	367	1,986	659	74	3,086
At 30 September 2009	271	1,902	316	20	2,509

NOTES TO THE FINANCIAL STATEMENTS

16 Property, plant and equipment (continued)

	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**

17 Intangible Assets

The movement during the year and the prior year was as follows:	2009 Purchased Software £'000	2008 Purchased Software £'000
Cost		
At 1 October	1,116	953
Additions	33	163
At 30 September	1,149	1,116
Amortisation		
At 1 October	826	571
Charge for the year	177	255
At 30 September	1,003	826
Net book value		
At 1 October	290	382
At 30 September	146	290

18 Investment in Associates	2009 £'000	2008 £'000
Group		
At 1 October	–	3,063
Share of profit for the period	–	803
Dividends received	–	(1,235)
Disposal/transfer to trading investments	–	(2,631)
At 30 September	–	–

In the prior financial year 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.

19 Investment in subsidiary undertakings

a) Holding company investment in subsidiaries	2009 £'000	2008 £'000
As at 1 October	3,348	2,103
Additions (see below)	5,178	1,245
Disposals	(1)	–
As at 30 September	8,525	3,348

Additions reflect the accounting treatment required by IFRS 2 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. The disposal relates to the sale of the Group's interest in Numis Caspian Limited LLP, details of which are set out in note 9.

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 Private Equity Limited**	United Kingdom	Dormant	100%
Numis Nominees (NSI) Limited*	United Kingdom	Dormant	100%
Numis Nominees Limited*	United Kingdom	Dormant	100%

* Held through a subsidiary
** Formerly Numis Corporate Finance Limited

20 Derivative Financial Instruments

Group	£'000
At 1 October 2008	4,806
Additions	–
Exercise	(278)
Revaluation to fair value in the year recognised in the income statement	(1,881)
At 30 September 2009	2,647

	2009 £'000	2008 £'000
Included in current assets – listed	–	602
Included in current assets – unlisted	2,002	2,408
Included in non-current assets – unlisted	645	1,796
	2,647	4,806

Holding Company	£'000
At 1 October 2008	3,640
Revaluation to fair value in the year recognised in the income statement	(993)
At 30 September 2009	2,647

	2009 £'000	2008 £'000
Included in current assets – unlisted	2,002	1,844
Included in non-current assets – unlisted	645	1,796
	2,647	3,640

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 2009 the fair value of outstanding foreign exchange contracts was nil (2008: £64,000).

NOTES TO THE FINANCIAL STATEMENTS

21 Deferred Tax

The movement in the deferred tax balance is as follows:	2009 £'000	2008 £'000
At 1 October	–	1,840
Amounts credited/(charged) to the income statement	1,846	(527)
Amounts recognised on share based payments – equity	936	(1,313)
At 30 September	2,782	–

	Capital allowances £'000	Share scheme arrangements £'000	Other £'000	Total £'000
1 October 2008	–	–	–	–
Credited to income statement	372	1,446	28	1,846
Recognised in equity	–	936	–	936
30 September 2009	372	2,382	28	2,782

As at 30 September 2008 potential deferred tax assets totalling £1,078,000 were not recognised due to uncertainties in assessing the level of future taxable gains at that time. As at 30 September 2009 many of these uncertainties have been removed with the general improvement in market conditions and encouraging performance of the underlying business. Hence deferred tax assets totalling £2,782,000 have been recognised (as at 30 September 2009) reflecting management's confidence that there will be sufficient levels of future taxable gains against which the deferred tax asset can be utilised. The deferred tax asset principally comprises amounts in respect of share based payments. In addition, a deferred tax asset of £1,391,000 relating to unrelieved trading losses incurred by the Company has not been recognised as there is insufficient supportable evidence that there will be taxable gains in the future against which the deferred tax asset could be utilised.

22 Trade and other receivables

The following amounts are included within trade and other receivables:	2009 £'000	2008 £'000
Group		
Due from clients, brokers and other counterparties (excluding corporate finance receivables)	144,682	197,828
Loans to employees	11,245	4,945
Other debtors, including corporate finance receivables	7,106	16,557
Prepayments and accrued income	2,308	2,043
	165,341	221,373

Trade and other receivables are stated net of impairment adjustments totalling £448,000 (2008: £386,000). The movement in impairment provision during the year comprised £275,000 of release and £337,000 charge to the income statement. Loans to employees principally arise from arrangements under the Group's share schemes.

	2009 £'000	2008 £'000
Holding Company		
Amounts due from subsidiaries	11,233	13,883
Other debtors	2,079	2,097
	13,312	15,980

23 Trading investments

	2009 £'000	2008 £'000
Group		
Listed on the LSE main market	7,236	1,498
Listed on AIM	20,899	26,552
Listed overseas	1,345	1,499
Unlisted UK investments	3,514	6,386
Unlisted overseas investments	–	201
	32,994	36,136
Holding Company		
Listed on AIM	15,107	19,016
Unlisted UK investments	3,401	6,376
	18,508	25,392

As at 30 September 2009, £6,900,000 (2008: £nil) of trading investments has been pledged to certain institutions under stock lending arrangements.

24 Cash and cash equivalents

	2009 £'000	2008 £'000
Cash and cash equivalents included in current assets	74,266	59,899

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 2009 held on deposit for private clients was £82,859 (2008: £84,263). Similarly cash held in segregated bank accounts in respect of other client monies amounted to £2.3m (2008: £0.35m).

25 Trade and other payables

	2009 £'000	2008 £'000
Group		
Amounts due to clients, brokers and other counterparties	145,271	189,103
VAT	116	101
Social security and PAYE	1,403	797
Sundry creditors	1,798	1,229
Accruals	11,284	14,896
	159,872	206,126
Holding Company		
Amounts due to subsidiaries	2,027	1,840

26 Provisions

The movements in provisions during the year and during the prior year were as follows:

	LTIP £'000
Group	
At 1 October 2008	691
Recognised in the income statement	969
Recognised in equity in respect of vested share awards	(534)
At 30 September 2009	1,126

	LTIP £'000
At 1 October 2007	4,304
Recognised in the income statement	(1,299)
Recognised in equity in respect of vested share awards	(2,314)
At 30 September 2008	691

	2009 £'000	2008 £'000
Included in current liabilities	580	75
Included in non-current liabilities	546	616
	1,126	691

The provision relates to the cash settled element of the Group's share scheme arrangements, and is determined with reference to all the unvested awards that are expected to vest (taking into account management's 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 1.91 years (2008: 2.02 years). Amounts recognised in equity relate to awards which vested in the year.

NOTES TO THE FINANCIAL STATEMENTS

27 Share Capital	2009 £'000	2008 £'000
Authorised		
140,000,000 (2008: 140,000,000) 5p ordinary shares	7,000	7,000
Allotted, issued and fully paid		
111,132,079 (2008: 107,555,594) 5p ordinary shares	5,557	5,378

During the year 3,576,485 ordinary shares were issued for a total consideration £4,430,552 of which £4,251,728 has been included as share premium. Shares issued during the year were in respect of scrip dividend elections and funding of share awards. Share issuances made during the year in respect of share award schemes totalled 2,800,000 (2008: nil).

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

	2009		2008	
	Average exercise price (pence per share)	Outstanding options	Average exercise price (pence per share)	Outstanding options
At 1 October	38.72	1,816,025	39.41	1,881,025
Exercised	55.10	(530,000)	58.50	(65,000)
At 30 September	31.97	1,286,025	38.72	1,816,025

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 1.72 years (2008: 2.38 years).

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

Grant date	Number of options outstanding	Exercise price	Earliest exercise date	Latest exercise date
9 May 2000	25,000	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 has 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.

28 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 from the Company or in the open market to meet the Group's future obligations under these schemes. As at 30 September 2009 the trusts owned 7,592,503 ordinary 5p shares in the Company (2008: 7,275,524) with a market value of £13.4m as at 30 September 2009 (2008: £10.2m).

	2009 Number of shares	2008 Number of shares
At 1 October	7,275,524	7,470,040
Acquired during the year	5,014,692	3,267,767
Shares vested in employees	(834,205)	(1,540,256)
Shares used to satisfy issuances during the year	(3,333,508)	(1,857,027)
Shares used to satisfy option exercises	(530,000)	(65,000)
At 30 September	7,592,503	7,275,524

At 30 September 2009 the number of shares held by the trusts in respect of awards made to, but not yet vested in, employees totalled 6,510,969 (2008: 4,886,098). During the year further awards of 13,093,447 shares (2008: 2,900,299 shares) were granted at a weighted average share price of 113.1p (2008: 204.5p). The weighted average market price on grant date for all awards made during the year was 126.8p (2008: 209.2p).

28 Employee Share Schemes (continued)

A description of the Group's share schemes and their operation is set out below:

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 sold by the Trustee and the proceeds passed to the participant. The purchased shares are transferred into the personal ownership of the participant.

US Restrictive 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 wholly owned subsidiary of Numis Securities Limited (NSL), itself a wholly owned 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 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; under this scheme, 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 Restrictive 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 wholly owned subsidiary of Numis Securities Limited (NSL), itself a wholly owned subsidiary of Numis Corporation Plc, may be invited to participate in the plan.

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

NOTES TO THE FINANCIAL STATEMENTS

28 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. Awards vest in the hands of the participant in three equal tranches at the end of the first, second and third anniversaries following the award date 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
Award shares at 1 October 2008	1,916,600	188,200	727,150	1,052,291	1,001,857	4,886,098
New awards	–	10,839	3,333,508	60,627	9,688,473	13,093,447
Vesting of awards	(401,527)	(10,504)	(71,994)	–	(350,179)	(834,204)
Forfeiture of awards	(484,372)	(7,070)	(210,625)	–	(423,827)	(1,125,894)
Award shares at 30 September 2009	1,030,701	181,465	3,778,039	1,112,918	9,916,324	16,019,447

	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
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

Option Schemes
A number of historic option schemes remain open which were formulated between 1993 and 2001. However, no option awards have been made since August 2002. As at 30 September 2009 there were 1,286,025 unexercised options outstanding (2008: 1,816,025) details of which are shown in note 27.

29 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated on a loss after tax of £8,649,000 (2008: profit £14,776,000) and 102,539,193 (2008: 99,187,412) ordinary shares being the weighted average number of ordinary shares in issue during the year. Diluted (loss)/earnings per share takes account of contingently issuable shares arising from share scheme award arrangements where their impact would be dilutive. However, in accordance with IAS 33, potential ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share from continuing operations attributable to the equity holders. Therefore shares that may be considered dilutive while positive earnings are being reported may not be dilutive while losses are incurred.

In the current financial year, there are no potential ordinary shares whose conversion would result in an increase in the basic loss per share. The table below shows the diluted number of ordinary shares that would have been appropriate if the Group had reported a profit after tax.

The calculations exclude shares held by the employee benefit trusts on behalf of the Group.

	2009 Number 000	2008 Number 000
Weighted average number of ordinary shares in issued during the year – basic	102,539	99,187
Dilutive effect of share awards	3,518	1,835
Diluted number of ordinary shares	106,057	101,022

30 Consolidated cash flow statement

Group

Reconciliation of operating (loss)/profit to net cash from/(used in) operating activities:

	2009 £'000	2008 £'000
Operating (loss)/profit	(13,228)	3,680
Impairment of property, plant and equipment	5	46
Depreciation charges on property, plant and equipment	838	800
Amortisation charges on intangible assets	177	255
Share scheme charge/(credit)	6,208	(65)
Decrease in current asset trading investments	3,142	3,285
Decrease/(increase) in trade and other receivables	62,979	(59,996)
Net movement in stock borrowing/lending collateral	1,233	8,513
(Decrease)/increase in trade and other payables	(42,652)	30,989
Decrease in derivatives	2,159	265
Other non-cash movements	(208)	(40)
Net cash from/(used in) operating activities	20,653	(12,268)

Holding Company

The Company does not hold any cash balances, and cash based transactions are effected on its behalf by Numis Securities Limited, a wholly owned subsidiary. The operating profit of the Company includes losses on investments of £8,163,000 (2008: gains of £10,418,000) and investing activity related dividend income of £866,000 (2008: £1,427,000) that passed through intercompany accounts. The issuance of shares during the year did not involve any cash flows.

31 Guarantees and other financial commitments

a) Capital commitments

Amounts contracted for but not provided in the accounts amounted to £nil for the Group (2008: £nil).

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 2009 (2008: 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 2009 that company did not have any indebtedness to Barclays Bank plc (2008: 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 some of its broker activities. As at 30 September 2009 that company did not have any indebtedness to Pershing LLC (2008: nil).

c) Operating leases

At 30 September 2009 the Group had annual commitments under operating leases of £1,734,000 (2008: £1,745,000).
The leases to which these amounts relate expire as follows:

	Property 2009 £'000	Property 2008 £'000
Within one year	–	54
In two to five years	–	–
After five years	1,734	1,691
	1,734	1,745

d) Pension arrangements

The pension cost charge for the year was £943,000 (2008: £640,000).

A defined contribution Group Personal Pension Plan has been in operation since 6 April 1997 for all full-time employees of the Group over the age of 18. 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 provided by an external party.

NOTES TO THE FINANCIAL STATEMENTS

32 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 2009 the Group had no undrawn committed borrowing facilities (2008: 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 parameters set out by 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.

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 42 times during the year. As a minimum, the FRC reviews:

- market risk exposures associated with our equity and derivative positions
- trading book, individual stock Value-at-Risk (VaR) and 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 the cash and cash equivalent assets
- currency risk exposures of foreign currency denominated deposits
- operational risk matters
- capital resources of the Group compared to 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 can be performed for credit exposures and associated limit breaches (hourly reporting) and individual stock VaR limit breaches continuously. Finally, our trading system has real-time trading book, stock and VaR limit alerts to flag individual stock holdings and trading books positions which are approaching their predefined limit.

32 Financial instruments and risk management (continued)

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.

Historically the Group has used a simple but highly conservative measurement of its equity risk exposure by taking the sterling equivalent value of all outstanding equity positions and shocking the sum of the long positions by 40% and the sum of the short positions by 20% and then aggregating the two. This continues to be used as an internal stress test measure of market risk. In addition, the Group has implemented a Value-at-Risk (VaR) model for market risk in order to gain a more precise measurement of equity risk. This model uses an "Historical Simulation" approach which shocks market risk positions by the actual daily price moves observed during a rolling 256 historic business day window. The sum of the simulated returns for each of the 256 days is calculated and the VaR is defined as being the 3rd worst loss occurring. VaR limits are set at both stock level and portfolio level and approved by the Board.

On a daily basis the Finance department compute both the internal stress test risk measure and the Historical Simulation VaR risk measure based on the end of day portfolio of holdings. The results are reported to senior management at the end of each day against limits and any resulting breaches. Similarly the risk measures are also compared to the daily revenue performance and our capital resources.

Hence equity risk exposures is primarily managed through the use of individual stock position and trading book limits, such limits being established for long, short, gross and net positions coupled with the measurement of equity market risk through the use of Historical Simulation VaR.

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 approved limits.

	Long £'000	Short £'000	Gross £'000	2009 Net £'000
Highest position	30,348	(10,512)	40,860	24,287
Lowest position	21,894	(1,376)	23,270	18,538
Average position	26,087	(5,369)	31,456	20,717
As at 30 September 2009	29,480	(5,192)	34,672	24,287

	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

The table below shows the highest, lowest and average equity Historical Simulation VaR during year.

	2009 £'000
Highest VaR	781
Lowest VaR	373
Average VaR	608
As at 30 September 2009	373

In addition the Group holds positions totalling £6,161,000 (2008: £10,791,000) in unlisted securities. These are reported to senior management together with positions in listed securities on a daily basis.

NOTES TO THE FINANCIAL STATEMENTS

32 Financial instruments and risk management (continued)

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 and operating entity senior management.

Equity risk is managed through a combination of cash investment limits on the entire trading book, the individual book structure, and each individual line of stock coupled with VaR limits set at individual stock level and portfolio level. 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. In addition breaches are summarised weekly and presented to the FRC along with the reason for the breach and corrective action.

In addition to VaR numbers set out 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 £3,299,000 (2008: £3,614,000).

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 VaR measurement 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 £519,000 (2008: £129,000).

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 VaR methodology 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 VaR measurement referred to above, 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 £339,000 (2008: £920,000) and decrease of £265,000 (2008: £1,003,000) 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 assets, liabilities or profit and loss could change as a result of foreign exchange rate movements.

The Group's activities are primarily denominated in Sterling but has some foreign exchange risk arising from activities undertaken in the normal course of business. There are 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. The Finance department is responsible for monitoring the Group's currency exposures and reports these on a daily basis to senior management.

During the year the Group implemented a Historic Simulation VaR measurement of its currency risk to complement that adopted in the measurement of equity risk. The table below shows the highest, lowest and average foreign currency VaR during the year since the model was implemented in February 2009.

	2009 £'000
Highest VaR	701
Lowest VaR	147
Average VaR	366
As at 30 September 2009	194

32 Financial instruments and risk management (continued)

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

		Net foreign currency monetary assets/(liabilities)				
	Sterling £'000	Euro £'000	Canadian $ £'000	US $ £'000	Other £'000	Total £'000
2009 Sterling	102,334	2,572	279	8,268	364	113,817
2008 Sterling	110,437	1,576	455	6,288	(342)	118,414

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 2009 had a fair value of £nil (2008 £64,000). 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.

The Group does not routinely enter into foreign exchange transactions to hedge the translation risk of its foreign subsidiaries. However, where considered prudent and appropriate to do so, a certain level of US$ cash deposits may be held in order to provide a 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 2009 the Group held no such US$ cash deposits (2008: US$20m).

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 (strengthening £):	US $ £'000	Euro £'000	Total £'000
Loss before tax	(206)	(215)	(421)
Equity	(284)	(215)	(499)

10 cent decrease (weakening £):	US $ £'000	Euro £'000	Total £'000
Loss before tax	233	258	491
Equity	321	258	579

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.

			2009			2008
Currency	Cash and cash equivalents £'000	Listed equity investments £'000	Total £'000	Cash and cash equivalents £'000	Listed equity investments £'000	Total £'000
Sterling	67,377	22,649	90,026	47,094	26,735	73,829
US Dollars	4,573	968	5,541	13,171	158	13,329
Euro	1,254	671	1,925	150	1,185	1,335
Canadian Dollars	586	–	586	(586)	299	(287)
Kazakhstan Tenge	–	–	–	27	337	364
Other	476	–	476	43	150	193
At 30 September	74,266	24,288	98,554	59,899	28,864	88,763
Fixed Rate	–			19,793		
Floating Rate	74,266			40,106		

In addition to the balances above, cash collateral balances of £3,500,000 (2008: £9,874,000) are subject to daily floating rate interest.

NOTES TO THE FINANCIAL STATEMENTS

32 Financial instruments and risk management (continued)

Net stock borrowing/(lending) collateral balances of (£1,141,000) (2008: £92,000) are also subject to daily floating rate interest. A sensitivity analysis based on a 100 basis point increase/decrease to prevailing market rates of interest as at 30 September 2009 indicates that the impact of such a movement on the profit in the income statement, and equity, would be a decrease of £nil (2008: £62,000) and increase of £nil (2008: £27,000) respectively. This reflects the fact that the Group has no exposure to Fair value movements arising from changes in the market rate of interest as at 30 September 2009.

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.

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 VaR 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 the top 40 individual counterparty exposures, individual exposures greater than £5m, exposures to watch list counterparties greater than £0.1m and the largest 10 failing trades. 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, even during the most severe market volatility and credit related issues experienced at the beginning of the financial year, and we are pleased to note that the Group has not sustained any credit risk default losses. 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-" long-term credit rating. 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:

		Overdue not impaired						
As at 30 September 2009 (£'000):	Not Overdue	0 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 1 year	Impaired	Total
Derivative financial instruments	2,647	–	–	–	–	–	–	2,647
Trade and other receivables	155,843	7,502	5	102	7	12	448	163,922
Trading investments	32,944	–	–	–	–	–	–	32,944
Stock borrowing collateral	5,759	–	–	–	–	–	–	5,759
Cash and cash equivalents	74,266	–	–	–	–	–	–	74,266
	271,459	7,502	5	102	7	12	448	279,538

		Overdue not impaired						
As at 30 September 2008 (£'000):	Not Overdue	0 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 1 year	Impaired	Total
Derivative financial instruments	4,806	–	–	–	–	–	–	4,806
Trade and other receivables	190,682	27,927	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
	291,615	27,927	38	156	29	364	386	320,515

32 Financial instruments and risk management (continued)

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 unsettled securities trades. These exposures are monitored intraday on an hourly basis using the credit risk exposure reports and processes outlined above. In addition, front office staff provide advanced warning of orders likely to grow above £5m in size. As at 30 September 2009 the exposure to the following categories of counterparty was as follows: brokers £74.3m (2008: £96.4m), long only funds £49.8m (2008: £94.6m), hedge funds £9.8m (2008: £0.8m) and other £10.8m (2008: £6.0m).

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 or equivalent routes to market by recognised MTFs. The credit quality of these counterparties is kept under review by management. Concentration of trading investments by market is disclosed in note 23. There are no significant concentration risks arising in any other class of financial asset as at 30 September 2009 (2008: 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 measure of market value at risk, credit VaR 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 this internal imposed 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 2009 (£'000):	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	155,940	433	425	–	156,798
Financial liabilities	5,192	–	–	–	5,192
Stock lending collateral	6,900	–	–	–	6,900
Provisions	580	–	546	–	1,126
	168,612	433	971	–	170,016

As at 30 September 2008 (£'000):	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	201,714	650	87	–	202,451
Financial liabilities	1,287	–	–	–	1,287
Provisions	–	75	616	–	691
	203,001	725	703	–	204,429

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 or strategic controls, regulatory or legal breaches, 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 and robust corporate governance 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.

Independent assurance of the suitability and effectiveness of the Group's risk framework and controls is provided to the Audit Committee by the utilisation of an outsourced, independent Internal Audit function.

NOTES TO THE FINANCIAL STATEMENTS

32 Financial instruments and risk management (continued)

Capital risk management
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 one of their respective meetings. Management consider 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.

On 30 September 2009, the Group had £89m (2008: £87m) 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.

Valuation techniques
The fair value of certain financial assets has been determined using valuation techniques as described in accounting policy note 1(x). The combined fair value of such financial assets as at 30 September 2009 was £6,161,000 (2008: £11,393,000) and the movement in fair value recognised in the income statement during the year amounted to £5,266,000 loss (2008: £2,191,000 loss).

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, derivative financial instruments and investment in subsidiaries. Trading investments comprise holdings in quoted and unquoted securities whereas derivative financial instruments comprise solely of warrants over unquoted securities.

In addition to risk measures reported 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 £2,116,000 (2008: £2,903,000).

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 meets 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.

33 Post Balance Sheet Events

a) Final dividend
A final dividend of 5.50p per share (2008: 5.00p) was proposed by the directors at their meeting on 1 December 2009. These financial statements do not reflect this dividend payable.

34 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 or earned by 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.

	2009 £'000	2008 £'000
Salaries and short-term employment benefits	3,044	4,155
Post-employment benefits	219	365
Gains made on exercise of share options	–	55
Share based payments	1,499	(335)
	4,762	4,240

The above amounts include those earned by 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 2009 amounted to £1,740,000 (2008: £1,732,000). 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 £27,000 (2008: £28,400) 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:

Amounts owed to the Company from subsidiaries are disclosed in note 22 and amounts owed by the Company to subsidiaries are disclosed in note 25.

b) Key management compensation
The compensation payable to or earned by key management is set out below.

	2009 £'000	2008 £'000
Salaries and short-term employment benefits	1,482	2,223
Post-employment benefits	17	175
Gains made on exercise of share options	–	–
Share based payments	(86)	(94)
	1,413	2,304

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 accounted for 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 2 February 2010, at 11.00 a.m. to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions:

1. To receive and adopt the Company's annual accounts for the financial year ended 30 September 2009, together with the directors' report and auditors' report for such year.

2. To declare a final dividend for the year ended 30 September 2009 of 5.50p per ordinary share payable on 19 February 2010 to shareholders on the register at the close of business on 11 December 2009.

3. To reappoint as a director Sir David Arculus, who was appointed to the Board of the Company since the last Annual General Meeting and, being eligible, offers himself for election.

4. To reappoint as a director Mr Gerald Corbett, who was 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 Ms Lorna Tilbian, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers herself for election.

6. 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.

Ordinary resolution – authority to allot relevant securities

7. That:

(i) the provision treated pursuant to paragraph 42(2)(a) of Schedule 2 to The Companies Act 2006 (Commencement No. 8, Transitional Provisions and Savings) Order 2008 as a provision of the Company's articles of association setting the maximum amount of shares that may be allotted by the Company be and is hereby revoked; and

(ii) in place of all existing such authorities, the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Relevant Securities"), up to a maximum aggregate nominal amount equal to £1,852,201.32 (equivalent to 37,044,026 shares), provided that:

a) this authority shall expire at the conclusion of the next Annual General Meeting of the Company unless previously revoked, varied or renewed by the Company in a 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

8. That, subject to and conditional upon the passing of resolution 7 set out in the notice of this meeting, the directors be generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by the said resolution 7, as if section 561(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 in proportion (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 £277,830.20 (equivalent to 5,556,604 shares), and this power shall expire at the conclusion of the next Annual General Meeting of the Company 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

9. That the Company be generally authorised pursuant to section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company on such terms and in such manner as the directors shall determine, provided that:

a) the maximum number of ordinary shares hereby authorised to be purchased is limited to an aggregate of 11,113,208 shares (equivalent to £555,660.40);

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 unless 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.

By order of the Board
Simon Denyer
Company Secretary
18 December 2009

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, Bridgwater Road, Bristol BS99 6ZY, no later than 31 January 2010 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 as at 11.00 a.m. on 31 January 2010 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. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

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, The Pavilions, Bridgwater 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 111,132,079 issued ordinary shares of 5p each in the capital of the Company in issue as at the close of business on 4 January 2010 (being the latest practicable date before the publication of this document).

Resolution 1 – Report and accounts
The directors are required to present the accounts for the year ended 30 September 2009 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 5.50p per ordinary share be paid on 19 February 2010 to ordinary shareholders who are on the register at the close of business on 11 December 2009. Shareholders are being offered the option to receive new ordinary shares as an alternative to cash in respect of this dividend.

Resolutions 3, 4 and 5 – Reappointment of directors
The Articles of Association of the Company require the nearest number to 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.

Resolution 6 – 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 7 – Authority to allot relevant securities
The Company requires the flexibility to allot shares from time to time. With effect from 1 October 2009, the Companies Act 2006 (the "Act") abolished the requirement for a company to have an authorised share capital. As of that date, the provision of the Company's Memorandum of Association as to the amount of the Company's authorised share capital has been treated as a provision of the Articles of Association of the Company setting the maximum amount of shares that may be allotted by the Company. Paragraph (i) of resolution 7 would revoke this provision to give the Company the desired flexibility. The directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

The directors' existing authority to allot "relevant securities" (including ordinary shares and/or rights to subscribe for or convert into ordinary shares), which was granted (pursuant to section 80 of the Companies Act 1985) at the Annual General Meeting held on 16 February 2009, will expire at the end of this year's Annual General Meeting. Accordingly, paragraph (ii) of resolution 7 would renew and increase this authority until the next Annual General Meeting unless such authority is revoked or renewed prior to such time by authorising the directors (pursuant to section 551 of the Act) to allot relevant securities up to an aggregate nominal amount equal to approximately one third 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 8 – Disapplication of statutory pre-emption rights
This resolution seeks to disapply the pre-emption rights provisions of section 561 of the 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 £277,830.20 (5,556,604 shares), 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 7. 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 9 – 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 the directors authority until the next Annual General Meeting unless such authority is revoked or renewed prior to such time to make market purchases of the Company's own ordinary shares, up to a maximum of 11,113,208 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.

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, Sundays and public holidays), and 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. the Articles of Association of the Company.

INFORMATION FOR SHAREHOLDERS

Financial Calendar

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

Company Registration Number
2375296

Registered Office
10 Paternoster Square
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EC4M 7LT

Nominated Broker
Numis Securities Ltd
10 Paternoster Square
London
EC4M 7LT

Nominated Adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Registrar
Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

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Bankers
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