

# 2007

## Interim Report



A leading independent investment banking and stockbroking group  
serving high quality companies quoted in the UK and their investors.



## NUMIS CORPORATION PLC

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

## Financial

- **Revenue** £39.4m (2006: £35.8m) +10%
- **Profit before tax** and before non-recurring property costs £19.6m (2006: £16.8m) +17%
- **Profit before tax** and after non-recurring property costs £18.1m (2006: £16.8m) +8%
- **Earnings per share** before non-recurring property costs 13.5p (2006: 12.1p) +12%
- **Earnings per share** 12.4p (2006: 12.1p) +2%
- **Interim dividend** of 2.00p (2006: 1.25p) +60%

## Operational

- 
- **Corporate client list** increased to 104 and average market capitalisation now £200m
  - **Core revenues** from institutional clients up 52%
  - **New York office** now a significant contributor
  - **First clients signed for Kazakh office**
  - **Continued investment** in high quality staff across the business
  - **Excellent start to second half** with all areas of the business performing strongly

Note: Profit before tax and before non-recurring property costs includes an adjustment to reflect the related impact on incentive payments. Incentive payments are disclosed within administrative expenses on the face of the income statement.

## CHIEF EXECUTIVE'S STATEMENT

### Results

During the six months ended 31 March 2007, revenue has risen to £39.4m (2006: £35.8m) and underlying profit before tax (before non-recurring property costs) rose to £19.6m (2006: £16.8m). Underlying earnings per share (before non-recurring property costs) were 13.5p (2006: 12.1p) while net assets have increased to £104.0m (September 2006: £91.7m). Cash balances are now £65.8m (September 2006: £74.9m).

### Review of Activities

#### Dividend and Scrip Alternative

The Board has decided to continue the rebalancing of the dividend towards a more even distribution and have declared an interim dividend of 2.00p per share (2006: 1.25p). The dividend will be payable on 4 July 2007 to all shareholders on the register at 11 May 2007. Shareholders will be offered the option to receive shares instead of a cash dividend, the details of which will be explained in a circular to accompany our interim report.

#### Corporate Broking and Advisory

It has been a busy six months for existing and new corporate clients of the group and the net number of corporate clients for whom we act has risen to 104 (2006: 101) and their average market capitalisation is now approximately £200m (2006: £115m). During the period, our clients raised a total of £383m (2006: £443m) through 20 (2006: 25) transactions; and, it is pleasing to note that approximately 50% of these funds were raised on behalf of existing clients, reflecting the increasing strength and quality of our corporate clientele.

High levels of M&A activity have resulted in a number of our clients leaving the quoted arena but we have been more than successful in replacing these with new high quality companies with 15 new clients signed during the period. Recent appointments include co-lead manager and joint broker for the forthcoming IPO of the highly respected financial adviser, Hargreaves Lansdown.

Placing commissions have fallen during the period as a result of the timing of transactions, however, growth in our non-deal related income has more than compensated for this.

Numis also continues to develop and finance large, innovative transactions. In December 2006, Numis structured and raised £100m for Clean Energy Brazil, a sugar cane and ethanol producer, which is already generating strong returns for investors. Paternoster UK Ltd, an insurance company established by Numis to take over closed final salary pension schemes, has succeeded in attracting significant levels of business and is now perceived as a major player in the area.

#### Research, Sales and Trading

Over the past 6 months we have continued to invest in improving the quality of our research product and service and we are pleased to see early returns from this investment in sharply increased institutional commissions and market recognition in the Thomson-Extel survey\*. The firm now has a strong capability in a broad range of sectors.

The market for objective research, particularly with the advent of unbundling, has shown that our investment in research capability has been well founded and we continue to add teams and individuals in attractive sectors.

\* details of the results of the Thomson-Excel survey are given in our published 2006 Annual Report and Accounts

Our execution capability continues to win valuable share of market, reinforcing our research franchise and enabling us to compete for corporate brokering.

Numis' focus on client service and facilitation has benefited the firm in an environment where the demarcation lines between investors and intermediaries are increasingly blurred. We are benefiting from the growing appreciation by investors of the potential conflicts of interest within some investment banks and their proprietary trading activities.

#### **New York Office**

Our New York office is accelerating its growth and now accounts for 10% of our total institutional commissions. We continue to receive a very positive response from US institutions to our analysts and company roadshows in the US and we expect to be able to continue the rapid growth of our business in New York.

#### **People**

Numis continues to seek high quality people to enable us to improve our service to clients and service our expanding client base. Numis is an increasingly attractive choice for talented individuals who wish to work within a high quality, growing independent investment bank where they can participate in the direction and success of the business.

#### **Current Trading and Outlook**

Over the last six months we have strengthened our business significantly. We have made an excellent start to the second half of the year with all areas of our business performing strongly. We are well positioned to take advantage of the increasing globalisation of the London equity markets. Our pipeline of high quality transactions and our rapidly growing secondary market business give us confidence for the future.



Oliver Hemsley  
Chief Executive

02.05.07

## CONSOLIDATED INCOME STATEMENT

UNAUDITED FOR THE SIX MONTHS ENDED 31 MARCH 2007

		Six months ended 31 March 2007	Six months ended 31 March 2006 Restated	Year ended 30 September 2006 Restated
	Note	Unaudited £'000	Unaudited £'000	Unaudited £'000
Revenue	2	37,526	35,671	72,028
Other operating income		1,867	94	181
<b>Total revenue</b>		<b>39,393</b>	<b>35,765</b>	<b>72,209</b>
Administrative expenses	3	(21,563)	(20,931)	(40,742)
<b>Underlying operating profit</b>		<b>17,830</b>	<b>14,834</b>	<b>31,467</b>
Non-recurring property costs		(2,196)	-	(200)
<b>Operating profit</b>		<b>15,634</b>	<b>14,834</b>	<b>31,267</b>
Share of results of associates		696	720	1,500
Finance income		1,942	1,281	3,149
Finance costs		(204)	(73)	(223)
<b>Profit before tax</b>		<b>18,068</b>	<b>16,762</b>	<b>35,693</b>
Taxation		(5,558)	(4,546)	(10,283)
<b>Profit after tax</b>		<b>12,510</b>	<b>12,216</b>	<b>25,410</b>
<b>Attributable to equity holders of the parent</b>		<b>12,510</b>	<b>12,216</b>	<b>25,410</b>
<b>Earnings per share</b>	4			
Basic before non-recurring property costs		13.5p	12.1p	25.3p
Basic		12.4p	12.1p	25.2p
Diluted		12.1p	11.7p	24.3p
Memo – dividends paid	5	3,971	2,574	3,845

CONSOLIDATED  
BALANCE SHEET  
UNAUDITED AS AT 31 MARCH 2007

		31 March 2007	31 March 2006	30 September 2006
		Unaudited £'000	Restated Unaudited £'000	Restated Unaudited £'000
	Note			
<b>Non-current assets</b>				
Property, plant and equipment	6a	2,455	1,331	1,388
Intangible assets		466	378	414
Other investments	6b	-	1,892	-
Associates		2,905	1,738	2,209
Derivative financial instruments		1,606	-	1,606
Deferred tax		1,044	636	788
		8,476	5,975	6,405
<b>Current assets</b>				
Trade and other receivables	6c	134,763	175,124	148,318
Trading investments	6d	38,075	14,030	24,196
Pledged assets	6e	27,574	10,770	8,059
Derivative financial instruments		2,765	1,404	1,066
Cash and cash equivalents		65,807	68,237	74,899
		268,984	269,565	256,538
<b>Current liabilities</b>				
Trade and other payables	6c	(155,725)	(181,377)	(160,307)
Financial liabilities		(7,821)	(5,288)	(5,424)
Provisions		-	-	(200)
Current income tax		(5,475)	(2,269)	(2,080)
		(169,021)	(188,934)	(168,011)
<b>Net current assets</b>		99,963	80,631	88,527
<b>Non-current liabilities</b>				
Provisions		(4,471)	(3,551)	(3,207)
<b>Net assets</b>		103,968	83,055	91,725
<b>Equity</b>				
Share capital		5,313	5,295	5,295
Share premium account		21,690	20,636	20,727
Capital reserve		157	(31)	68
Retained profits		76,808	57,155	65,635
<b>Equity attributable to equity holders of the parent</b>		103,968	83,055	91,725

## CONSOLIDATED

## STATEMENT OF CHANGES IN EQUITY

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 06, YEAR ENDED 30 SEPTEMBER 06  
AND 6 MONTHS ENDED 31 MARCH 07

	Share capital £'000	Share premium £'000	Capital reserve £'000	Retained profits £'000	Total £'000
Attributable to equity holders of the parent at 1 October 2005	5,258	19,341	-	49,308	73,907
New shares issued - scrip	37	1,295			1,332
Profit after tax				12,216	12,216
Dividends paid				(2,574)	(2,574)
Exchange differences on translation of foreign operations			(31)		(31)
Movement in respect of employee share plans				(1,795)	(1,795)
<b>Attributable to equity holders of the parent at 31 March 2006</b>	<b>5,295</b>	<b>20,636</b>	<b>(31)</b>	<b>57,155</b>	<b>83,055</b>
Attributable to equity holders of the parent at 1 October 2005	5,258	19,341	-	49,308	73,907
New shares issued - scrip	37	1,386			1,423
Profit after tax				25,410	25,410
Dividends paid				(3,845)	(3,845)
Exchange differences on translation of foreign operations			68		68
Movement in respect of employee share plans				(5,238)	(5,238)
<b>Attributable to equity holders of the parent at 30 September 2006</b>	<b>5,295</b>	<b>20,727</b>	<b>68</b>	<b>65,635</b>	<b>91,725</b>
Attributable to equity holders of the parent at 1 October 2006	5,295	20,727	68	65,635	91,725
New shares issued - scrip	18	963			981
Profit after tax				12,510	12,510
Dividends paid				(3,971)	(3,971)
Exchange differences on translation of foreign operations			89		89
Movement in respect of employee share plans				2,634	2,634
<b>Attributable to equity holders of the parent at 31 March 2007</b>	<b>5,313</b>	<b>21,690</b>	<b>157</b>	<b>76,808</b>	<b>103,968</b>



CONSOLIDATED  
**CASH FLOW STATEMENT**  
 UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 07

		Six months ended 31 March 2007	Six months ended 31 March 2006 Restated	Year ended 30 September 2006 Restated
	Note	Unaudited £'000	Unaudited £'000	Unaudited £'000
Cash flows from operating activities	7	(4,465)	17,876	41,925
Interest paid		(2)	(66)	(41)
Taxation paid		(2,209)	(8,229)	(14,009)
<b>Net cash from operating activities</b>		<b>(6,676)</b>	<b>9,581</b>	<b>27,875</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(1,976)	(381)	(805)
Purchase of intangible assets		(56)	(157)	(306)
Purchase of non-current asset investments		-	(573)	(5,695)
Interest received		1,942	1,228	3,149
Proceeds from sale of non-current asset investments		-	61	-
Dividends received from associates		-	-	150
Dividends received from other investments		-	18	-
<b>Net cash (used in)/from investing activities</b>		<b>(90)</b>	<b>196</b>	<b>(3,507)</b>
<b>Financing activities</b>				
Proceeds from issue of share capital		-	130	130
Net movement in respect of Employee Benefit Trust *		535	-	(6,508)
Dividends paid		(2,861)	(1,221)	(2,642)
<b>Net cash (used in)/from financing</b>		<b>(2,326)</b>	<b>(1,091)</b>	<b>(9,020)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(9,092)</b>	<b>8,686</b>	<b>15,348</b>
Opening cash and cash equivalents		74,899	59,551	59,551
Net movement in cash and cash equivalents		(9,092)	8,686	15,348
<b>Closing cash and cash equivalents</b>		<b>65,807</b>	<b>68,237</b>	<b>74,899</b>

\* In the six months to 31 March 2007 the Group effected purchases through the Employee Benefit Trust of £893,000 and collected receipts from employees of £1,428,000 in relation to future prospective Employee Benefit Trust purchases. The total cash distribution to equity holders of the parent in the six month period ending 31 March 2007 was £4,864,000, being the dividend paid during the period plus the above purchase of shares through the Employee Benefit Trust.

## NOTES TO THE FINANCIAL STATEMENTS

### Accounting policies

#### 1. Basis of preparation

The consolidated financial information contained within these financial statements has been prepared in accordance with accounting policies which will be adopted in presenting the full year annual report and accounts. The full year annual report and accounts will be prepared for the first time in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Group has applied IFRS for the six month period ended 31 March 2007, with comparative figures for the six month period ended 31 March 2006 also presented under IFRS as adopted by the EU. Figures presented are in thousands sterling. In preparing these consolidated financial statements, the Group has elected to take advantage of certain transitional provisions within IFRS 1 'First-time adoption of International Financial Reporting Standards' ("IFRS 1") which offer exemptions from presenting comparative information in accordance with IFRS. The most significant optional exemptions available and taken advantage of by the Group are as follows:

- IFRS 2 'Share Based Payments' ("IFRS 2"); In accordance with IFRS 1, the new standard has been applied only to share options and equity instruments granted after 7th November 2002 that have not vested by 1st October 2005.
- IAS 21 'The Effects of Changes in Foreign Exchange Rates' ("IAS 21"); In accordance with IFRS 1, cumulative translation differences arising on monetary items that form part of the Group's net investment in foreign operations are assumed to be zero at the date of transition.

The financial statements are prepared under the historical cost convention with the exception of financial instruments which are stated in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The Group has adopted IAS 39 for the year beginning 1 October 2005 and therefore comparative figures are also valued in accordance with IAS 39.

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.

Full details of the Group's accounting policies can be found in the Impact of International Financial Reporting Standards ("IFRS") presentation dated 2 May 2007 on our website (<http://www.numiscorp.com>). This presentation also contains reconciliations from UK GAAP to IFRS of the opening Equity as at 1 October 2005, the Equity as at 30 September 2006 and Profit before Tax for the year ended 30 September 2006 together with explanations of those reconciling items.

#### 2. Revenue

	Six months ended 31 March 2007	Six months ended 31 March 2006	Year ended 30 September 2006
	Unaudited £'000	Restated Unaudited £'000	Restated Unaudited £'000
Institutional trading profits and commissions	18,339	12,048	17,556
Corporate retainers	1,967	1,695	3,464
Deal fees	7,049	4,781	8,980
Placing commissions	10,171	17,147	42,028
	37,526	35,671	72,028

### 3. Administrative expenses

	Six months ended 31 March 2007	Six months ended 31 March 2006 Restated	Year ended 30 September 2006 Restated
	Unaudited £'000	Unaudited £'000	Unaudited £'000
Staff costs (excluding incentive payments)	9,352	8,422	15,666
Non-staff costs (excluding non-recurring property costs)	6,192	5,505	12,026
Incentive payments	6,019	7,004	13,050
	21,563	20,931	40,742

### 4. Earnings per share

Basic earnings per share is calculated on profit after tax of £12,510,000 (2006: £12,216,000) and 100,517,561 (2006: 100,734,605) ordinary shares being the weighted average number of ordinary shares in issue during the period. Diluted earnings per share assumes that options outstanding at the end of the financial period were exercised at the beginning of the period for options where the exercise price was less than the average price of the shares during the period.

	Six months ended 31 March 2007	Six months ended 31 March 2006 Restated	Year ended 30 September 2006 Restated
	Unaudited £'000	Unaudited £'000	Unaudited £'000
Weighted average number of ordinary shares in issue during the period – basic	100,518	100,735	100,712
Effect of options over ordinary shares	3,091	3,890	3,730
Diluted number of ordinary shares	103,609	104,625	104,442

Underlying earnings per share of 13.5p for the six months ended 31 March 2007 is calculated on profit after tax of £13,586,000 having been adjusted for the post tax impact of non recurring property costs and related incentive payment accruals.

### 5. Dividends

	Six months ended 31 March 2007	Six months ended 31 March 2006 Restated	Year ended 30 September 2006 Restated
	Unaudited £'000	Unaudited £'000	Unaudited £'000
Final dividend year ended 30 Sep 2005 (2.525p)		2,574	2,574
Interim dividend year ended 30 Sep 2006 (1.25p)			1,271
Final dividend year ended 30 Sep 2006 (3.75p)	3,971		
Distribution to equity holders of the parent	3,971	2,574	3,845

The board declares the payment of an interim dividend of 2.00p per share, £2,027,000 (2006: 1.25p per share). The dividend will be payable on 4 July 2007 to all shareholders on the register on 11 May 2007. These financial statements do not reflect this dividend payable.

Accounting policies  
(continued)

6. Balance sheet items

(a) Property, plant and equipment

In the six months to 31 March 2007 the Group acquired £1,976,000 of property, plant and equipment largely as a result of the move to our new premises in Paternoster Square. Also during the period a £512,000 impairment write-off was recorded in relation to previously capitalised leasehold improvements made to our former premises in Cheapside.

(b) Other investments

As set out in the published 2006 Annual Report and Accounts, holdings previously classified as non-current asset investments were reviewed during the year ended 30 September 2006 and it was concluded that these particular investments were no longer likely to be held for continuing long term use within the business. Hence they were reclassified and reported as current asset investments. In the balance sheet prepared under IFRS such investments are reported within trading investments.

(c) Trade and other receivables and Trade and other payables

Under UK GAAP, client, broker and other counterparty balances representing bought and sold securities transactions were shown net where a netting agreement was in place. Under IFRS, netting is only permitted when an enterprise has a legally enforceable right to set off the amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Although our netting agreements convey an enforceable right to net settlement, in practice such balances are settled on an individual basis as and when the relevant underlying securities are transferred. Therefore such assets and liabilities on the Group's balance sheet are now shown gross.

(d) Trading investments

In the six months to 31 March 2007 the Group acquired 10,630,572 shares in Clean Energy Brazil Plc, an AIM listed company, at the listing price of £1 per share.

(e) Pledged assets

The Group enters stock borrowing arrangements with certain institutions which are entered into on a collateralised basis with securities or cash advanced or received as collateral. Under such arrangements a security is purchased with a commitment to return it at a future date at an agreed price. The securities purchased are not recognised on the balance sheet and the transaction is treated as a secured loan made for the purchase price. Where cash has been used to effect the purchase, the purchase is recorded as a pledged asset on the balance sheet. The balance as at 31 March 2007 includes £19,631,000 related to a specific individual transaction entered into on 28 March 2007 and settled in full on 2 April 2007 at which time the level of pledged assets reduced to £8,025,000.

## 7. Reconciliation of operating profit to net cash from operating activities

	Six months ended 31 March 2007	Six months ended 31 March 2006	Year ended 30 September 2006
	Unaudited £'000	Restated Unaudited £'000	Restated Unaudited £'000
Operating profit	15,634	14,834	31,267
Impairment of property, plant and equipment	511	-	108
Impairment of non-current asset investments	-	-	27
Transfer from non-current to current asset investments	-	-	7,232
Depreciation	402	365	799
(Increase)/decrease in current asset trading investments	(11,482)	3,029	(7,001)
Decrease/(increase) in trade and other receivables	15,202	(59,283)	(29,061)
Increase in pledged assets	(19,515)	(2,913)	(202)
(Decrease)/increase in trade and other payables and provisions	(3,518)	62,719	41,505
Increase in derivatives	(1,699)	(875)	(2,143)
Other non-cash movements	-	-	(606)
<b>Net cash from operating activities</b>	<b>(4,465)</b>	<b>17,876</b>	<b>41,925</b>

Accounting policies  
(continued)

8. IFRS Reconciliation

(a) Income statement for the six months ended 31 March 2006 – effect of IAS 1 “Presentation of Financial Statements” on UK GAAP balances

UK GAAP balances in UK GAAP format	£'000	IFRS adjustments £'000	£'000	UK GAAP balances in IFRS format
Operating income	36,755	(36,755)		
		36,665	36,665	Revenue
		94	94	Other operating income
Administrative expenses	(20,322)		(20,322)	Administrative expenses
Operating profit	16,433	4	16,437	Operating profit
Share of associated undertaking's operating profit	1,029	(309)	720	Share of results of associates
Interest receivable and similar income	1,250		1,250	Finance income
Interest payable and similar charges	(69)	(4)	(73)	Finance costs
Profit on ordinary activities before tax	18,643	(309)	18,334	Profit before tax
Tax on profit on ordinary activities (5,336)		309	(5,027)	Taxation
Profit on ordinary activities after taxation	13,307	-	13,307	Profit after tax
Attributable to:				Attributable to:
Equity holders of the parent	13,307		13,307	Equity holders of the parent
Earnings per share				Earnings per share
Basic	13.2p		13.2p	Basic
Diluted	12.7p		12.7p	Diluted
Dividends	(1,324)		(1,324)	Memo - Dividends

## 8. IFRS Reconciliation

## (b) Income statement for the six months ended 31 March 2006 – effect of other standards

UK GAAP balances in IFRS format	IFRS adjustments							IFRS
	Financial instruments IAS39 £'000	Employee benefits IAS19 £'000	Dividends IAS10 £'000	Provisions IAS37 IRFS2 £'000	Foreign exchange IAS21 £'000	Intangible assets IAS38 £'000		£'000
Revenue	36,665	[994]						35,671
Other operating income	94							94
Administrative expenses	[20,322]		[113]		[496]			[20,931]
Operating profit	16,437	[994]	[113]	-	[496]	-	-	14,834
Share of results of associates	720							720
Finance income	1,250					31		1,281
Finance costs	[73]							[73]
Profit before tax	18,334	[994]	[113]	-	[496]	31	-	16,762
Taxation	[5,027]	298	34		149			[4,546]
Profit after tax	13,307	[696]	[79]	-	[347]	31	-	12,216
Attributable to:								
Equity holders of the parent	13,307	[696]	[79]	-	[347]	31	-	12,216
Earnings per share								
Basic	13.2p							12.1p
Diluted	12.7p							11.7p
Memo - Dividends paid	[1,324]			[1,250]				[2,574]

Accounting policies  
(continued)

8. IFRS Reconciliation

(c) Balance sheet as at 31 March 2006 – Effect of IAS1 “Presentation of Financial Statements”  
on UK GAAP Balances

UK GAAP balances in UK GAAP format	IFRS adjustments					UK GAAP balances in IFRS format
	£'000	Debtors £'000	Investments £'000	Creditors £'000	Provisions £'000	
<b>Fixed assets</b>						<b>Non-current assets</b>
Tangible fixed assets	1,709					1,709 Property, plant and equipment
Fixed asset investments	1,892					1,892 Other investments
Investment in associated undertakings	1,738					1,738 Associate
		721				721 Deferred tax
	5,339	721	-	-	-	6,060
<b>Current assets</b>						<b>Current assets</b>
Debtors	101,629	(11,491)				90,138 Trade and other receivables
Investments	18,802		(5,870)			12,932 Trading investments
		10,770				10,770 Pledged assets
			1,404			1,404 Derivative financial instruments
Cash at bank and in hand	63,771		4,466			68,237 Cash and cash equivalents
	184,202	(721)	-	-	-	183,481
<b>Creditors</b>						<b>Current liabilities</b>
Amounts falling due within one year	107,269			(7,873)	(1,741)	97,655 Trade and other payables
				5,288		5,288 Financial liabilities
				2,585		2,585 Current income tax
	107,269	-	-	-	(1,741)	105,528
<b>Net current assets</b>	76,933	(721)	-	-	1,741	77,953 <b>Net current assets</b>
						<b>Non-current liabilities</b>
Provisions	-				1,741	1,741 Provisions
<b>Net assets</b>	82,272	-	-	-	-	82,272 <b>Net assets</b>
<b>Capital and Reserves</b>						<b>Equity</b>
Share capital	5,295					5,295 Share capital
Share premium account	20,636					20,636 Share premium account
						- Capital reserves
Profit and loss account	56,341					56,341 Retained profits
<b>Shareholders funds</b>	82,272	-	-	-	-	82,272 <b>Equity attributable to equity holders of the parent</b>



## 8. IFRS Reconciliation

## (d) Balance sheet as at 31 March 2006 – effect of other standards

UK GAAP balances in UK GAAP format	IFRS adjustments								IFRS	
	Opening balance sheet IFRS adj*	Gross up IAS32	Financial instruments IAS39	Employee benefits IAS19	Dividends IAS10	Provisions IAS37 IFRS2	Foreign exchange IAS21	Intangible assets IAS38		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>										
Property, plant and equipment	1,709	(309)						(69)	1,331	
Intangible assets		309						69	378	
Other Investments	1,892								1,892	
Associate	1,738								1,738	
Deferred tax	721	(234)				149			636	
	6,060	(234)	-	-	-	149	-	-	5,975	
<b>Current assets</b>										
Trade and other receivables	90,138	33,899	51,140		(53)				175,124	
Trading investments	12,932	2,092		(994)					14,030	
Pledged assets	10,770								10,770	
Derivative financial instruments	1,404								1,404	
Cash and cash equivalents	68,237								68,237	
	183,481	35,991	51,140	(994)	(53)	-	-	-	269,565	
<b>Current liabilities</b>										
Trade and other payables	97,655	33,846	51,140		60	(1,324)			181,377	
Financial liabilities	5,288								5,288	
Current income tax	2,585	16		(298)	(34)				2,269	
	105,528	33,862	51,140	(298)	26	(1,324)	-	-	188,934	
<b>Net current assets</b>	77,953	2,129	-	(696)	(79)	1,324	-	-	80,631	
<b>Non-current liabilities</b>										
Provisions	1,741	1,314				496			3,551	
<b>Net assets</b>	82,272	581	-	(696)	(79)	1,324	(347)	-	83,055	
<b>Equity</b>										
Share capital	5,295								5,295	
Share premium account	20,636								20,636	
Capital reserves	-							(31)	(31)	
Retained profits	56,341	581		(696)	(79)	1,324	(347)	31	57,155	
<b>Equity attributable to equity holders of the parent</b>	82,272	581	-	(696)	(79)	1,324	(347)	-	83,055	

\* As at 1 October 2005

Accounting policies  
(continued)

8. IFRS Reconciliation

(e) Cash flow statement for the six months ended 31 March 2006 –  
effect of IFRS on UK GAAP cash flow statement

UK GAAP balances in UK GAAP format		IFRS adjustments			IFRS
	£'000	Financial instruments IAS39 £'000	Employee benefits IAS19 £'000	Provisions IAS37 IFRS2 £'000	£'000
Operating profit	16,437	(994)	(113)	(496)	14,834
Depreciation	365				365
Increase in debtors	(59,336)		53		(59,283)
Decrease in trading investments	2,035	994			3,029
Increase in pledged assets	(2,913)				(2,913)
Increase in derivatives	(875)				(875)
Increase in creditors and provisions	62,163		60	496	62,719
Cash generated from operations	17,876	-	-	-	17,876
Interest paid	(66)				(66)
Taxation paid	(8,229)				(8,229)
<b>Net cash from operating activities</b>	<b>9,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,581</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	(381)				(381)
Purchase of intangible fixed assets	(157)				(157)
Purchase of non-current asset investment	(573)				(573)
Interest received	1,228				1,228
Proceeds from sale of non-current asset investments	61				61
Dividend received from other investments	18				18
<b>Net cash (used in)/from investing activities</b>	<b>196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196</b>
<b>Financing activities</b>					
Proceeds from issue of share capital	130				130
Dividends paid	(1,221)				(1,221)
<b>Net cash (used in)/from financing</b>	<b>(1,091)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,091)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,686</b>
Opening cash and cash equivalents	59,551				59,551
Net increase in cash and cash equivalents	8,686				8,686
<b>Closing cash and cash equivalents</b>	<b>68,237</b>				<b>68,237</b>

## 8. IFRS Reconciliation

### (f) Statement of changes in equity for the six months ended 31 March 2006 – effect of IFRS on UK GAAP balances

	Share capital £'000	Share premium £'000	Capital reserves £'000	Retained profit £'000	Total £'000
Balance as at 1 October 2005 - UK GAAP	5,258	19,341	-	48,727	73,326
IFRS re-statement:					
IAS 39 Financial instruments				1,464	1,464
IAS 19 Employee benefits				37	37
IAS 37 Provisions				(920)	(920)
Balance as at 1 October 2005 - IFRS	5,258	19,341	-	49,308	73,907
New shares issued	37	1,295			1,332
Profit for the period				12,216	12,216
Dividends paid				(2,574)	(2,574)
Exchange differences on translation of foreign operations			(31)		(31)
Adjustment in respect of employee share plans				(1,795)	(1,795)
<b>Balance as at 31 March 2006 - IFRS</b>	<b>5,295</b>	<b>20,636</b>	<b>(31)</b>	<b>57,155</b>	<b>83,055</b>
Equity attributable to equity holders of the parent					
	5,295	20,636	(31)	57,155	83,055

## 9. Results for year ended 30 September 2006

The results for the year ended 30 September 2006 are based on the latest published audited accounts, but subject to unaudited restatement to IFRS. They do not constitute the statutory accounts as defined in Section 240 of the Companies Act 1985. The published audited accounts have been delivered to the Registrar of Companies and included the report of the auditors that was unqualified.

## MANAGEMENT & ADMINISTRATION

### Directors

Michael Spencer  
Oliver Hemsley  
Nigel Turner  
Bill Trent  
Lorna Tilbian  
Tom Bartlam  
Declan Kelly  
Geoffrey Vero

Chairman  
Chief Executive Officer  
Deputy Chairman  
Chief Financial Officer  
Executive Director  
Non-executive Director  
Non-executive Director and alternate to M Spencer  
Non-executive Director

### Financial Calendar

December  
January  
February  
May  
July

Year end results announced  
Annual report issued  
Final dividend paid  
Interim results announced and Interim statement issued  
Interim dividend paid

### Company Registration Number

2375296

### Registered Office

10 Paternoster Square  
London  
EC4M 7LT

### Nominated Broker

Numis Securities Ltd  
The London Stock Exchange Building  
10 Paternoster Square  
London  
EC4M 7LT

### Nominated Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### Registrar

Computershare Investor Services plc  
P O Box 82  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 7NH

### Auditors

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### Bankers

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

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