

**Embargoed for release 7 am Wednesday 10 December 2003**  
**Numis Corporation Plc**  
**Final results for the 12 months ended 30 September 2003**

Numis Corporation Plc (“Numis”) announces final results for the 12 months ended 30 September 2003. Numis is the holding company of Numis Securities Limited, a leading stockbroker to mid and small-cap companies.

- Turnover £24.0m (2002: £17.4m)
- Profit before tax £9.4m (2002: £6.1m before an exceptional item)
- Basic EPS 40.2p (2002: 28.3p before an exceptional item)
- Dividend per share up 34% to 7.5p (2002: 5.6p)
- Net assets £30.6m (2002: £16.6m)
- £340m raised for corporate clients during the period
- Corporate client list more than doubled from 25 to 53 in the period
- Research coverage expanded - now providing analysis on more than 350 stocks

Oliver Hemsley, Chief Executive of Numis Corporation, said:

“We have made excellent progress in the year towards establishing Numis as a leading adviser and broker to mid and small cap-companies. In challenging market conditions, our corporate client list has more than doubled, we have broadened our research capability into new sectors and strengthened our sales, trading and corporate finance teams.

The current financial year has started satisfactorily and with a promising transaction pipeline, we are confident of making further progress.”

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## **Chief Executive's Statement**

### **Results**

We are delighted to report that the Group's profit before tax for the year ended 30 September 2003 was £9.4m (2002: £6.1m before an exceptional item), an increase of 54%. Turnover increased during the period to £24.0m (2002: £17.4m) and basic earnings per share rose to 40.2p (2002: 28.3p before an exceptional item). Net assets increased to £30.6m (2002: £16.6m) after a share issue raising £7.0m, after expenses, and another profitable year for the Group.

The Group increased its income and profits in all areas of business. We have added two new sectors to our research coverage and have been building our sales and sales trading strength to increase the impact of the research. During the period under review we have made progress towards establishing an office in New York to service US institutional investors.

### **Dividend and scrip alternative**

The board recommends payment of a dividend of 7.5p per share (2002: 5.6p) representing a 34% increase on the previous year. The dividend will be payable on 13 February 2004 to all shareholders on the register on 19 December 2003. Following a successful introduction last year, shareholders will be offered the option to receive shares instead of a cash dividend. The details of this will be explained in a circular to accompany our Annual Report.

### **Research**

We have added aerospace & defence and housebuilding as new sectors to our research coverage and now provide analysis on over 350 UK companies across 15 sectors. Our analysts were ranked first in six sectors in a recent survey of fund managers which is indicative of the emphasis we place on quality of product and personnel.

### **Corporate broking and corporate finance**

During the period under review we have raised approximately £340m for 11 companies. The number of companies for whom we act as retained adviser and/or broker had risen to 53 from 25 at 30 September 2003, a number to which we have subsequently added. New clients have been won across all sectors we cover and there is a growing appreciation amongst UK companies of the strength and depth of the services we offer to corporate clients. In corporate finance, we have continued to strengthen our business through the addition of a number of high quality individuals.

### **Sales and market making**

Our sales strength has increased substantially over the period and the Group now covers both larger and smaller UK companies. Commissions rose substantially during the period but the challenge remains to increase our institutional commission to reflect the quality of our research.

Our market making business has increased profitability during adverse trading conditions and has had to adapt to technological change. We have raised the number of securities where we make markets in from 135 to 180 and expect this number to grow substantially in the future.

## **People**

We are delighted that Michael Spencer joined the Group as Chairman earlier in the year and Geoffrey Vero has become a non-executive director. Both of them have already made valuable contributions and we look forward to working with them in the future.

Directors and employees own approximately 60% of the shares in the Group, with almost all employees owning equity. Employees subscribed £1.3m for shares in Numis, in June 2003, through a long term incentive scheme which indicates the level of commitment all of us have to the Group.

## **Outlook**

Although market conditions have improved during the period, the Group faces a number of challenges over the coming months. Proposed regulatory changes to market practices, increased competition and higher costs are all issues that we deal with on a daily basis. However, our strategy to build expertise, clients and a reputation across a range of sectors, has set us up well to be an important player in the market. We intend to continue building a high quality corporate client list whom we are proud to represent to our institutional customers.

The current financial year has started satisfactorily and with a promising transaction pipeline, we are confident of making further progress.

Oliver Hemsley  
Chief Executive  
10 December 2003

**Consolidated profit and loss account  
For the year ended 30 September 2003**

	2003 £000's Unaudited	2002 £000's Audited
TURNOVER	23,994	17,413
GROSS PROFIT	<u>23,994</u>	<u>17,413</u>
Administrative expenses	(15,097)	(11,987)
OPERATING PROFIT	<u>8,897</u>	<u>5,426</u>
Share of associated undertaking's profit	243	341
Exceptional item - profit on disposal of fixed asset investment	-	1,056
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND AMOUNTS WRITTEN OFF INVESTMENTS	<u>9,140</u>	<u>6,823</u>
Interest receivable and similar income	656	469
Amounts written off investments	(384)	(114)
Interest payable and similar charges	(11)	(1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>9,401</u>	<u>7,177</u>
Tax on profit on ordinary activities	(2,966)	(2,198)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	<u>6,435</u>	<u>4,979</u>
Dividends paid and proposed	(1,382)	(861)
RETAINED PROFIT FOR THE YEAR	<u><u>5,053</u></u>	<u><u>4,118</u></u>
Earnings per share		
Basic	40.2p	33.2p
Diluted	34.5p	28.9p
Earnings per share, excluding exceptional item		
Basic	40.2p	28.3p
Diluted	34.5p	24.6p

**Consolidated balance sheet  
At 30 September 2003**

	2003 £000's Unaudited	2002 £000's Audited
<b>FIXED ASSETS</b>		
Tangible fixed assets	848	1,079
Fixed asset investments	2,803	1,209
Investment in associated undertaking	644	481
	<hr/> 4,295	<hr/> 2,769
<b>CURRENT ASSETS</b>		
Debtors	52,393	18,533
Investments	8,952	2,840
Cash at bank and in hand	13,100	13,586
	<hr/> 74,445	<hr/> 34,959
<b>CREDITORS</b>		
Amounts falling due within one year	(48,101)	(21,146)
	<hr/> 26,344	<hr/> 13,813
<b>NET CURRENT ASSETS</b>		
	<hr/> 30,639	<hr/> 16,582
<b>CAPITAL AND RESERVES</b>		
Share capital	4,595	3,843
Share premium account	11,608	3,356
Profit and loss account	14,436	9,383
	<hr/> 30,639	<hr/> 16,582
<b>SHAREHOLDERS' FUNDS</b>	<hr/> <hr/> 30,639	<hr/> <hr/> 16,582

**Consolidated cash flow statement**  
**For the year ended 30 September 2003**

	2003 £000's Unaudited	2002 £000's Audited
Net cash (outflow)/inflow from operating activities	(4,969)	14,574
Returns on investments and servicing of finance		
Interest received	624	452
Interest paid	(11)	(1)
Dividends received	11	17
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	624	468
Taxation		
Corporation tax paid	(2,144)	(823)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(179)	(808)
Purchase of fixed asset investments	(620)	(772)
Sale of tangible fixed assets	-	141
Sale of fixed asset investments	-	1,252
	<hr/>	<hr/>
Net cash (outflow) from investing activities from capital expenditure and financial investment	(799)	(187)
Equity dividends paid	(607)	(649)
Financing		
Issue of ordinary shares	7,409	105
	<hr/>	<hr/>
Increase/(decrease) in cash in the year	(486)	13,488
Reconciliation of net cash flow to movement in net funds		
Increase/(decrease) in cash balances in the year	(486)	13,488
Net funds at the beginning of the year	13,586	98
	<hr/>	<hr/>
Net funds at the end of the year	13,100	13,586
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NOTES:

1. Exceptional item

The profit on disposal of fixed asset investment of £1,056,000, in the year ended 30 September 2002, related to the sale of 260,000 London Stock Exchange plc shares. We continue to hold 265,000 London Stock Exchange plc shares in our books at nil cost.

2. Administrative expenses

Administrative expenses include incentive payments of £4,335,000 (2002: £3,000,000) for the year ended 30 September 2003.

3. Earnings per share

Basic earnings per share is calculated on profit on ordinary activities before the exceptional item and after taxation of £6,435,000 (2002: £4,979,000) that has been adjusted to £6,414,000 (2002: £4,970,000) to remove dividends from shares held in the Employee Share Option Plan ("ESOP"). Diluted earnings per share assumes that options outstanding at 30 September 2003 were exercised on 1 October 2002, where the exercise price per share was less than the fair value of the price of the share during the year.

4. Earnings per share excluding the exceptional item

Basic earnings per share is calculated on profit on ordinary activities after taxation of £6,435,000 (2002: £4,240,000) that has been adjusted to £6,414,000 (2002: £4,231,000) to remove the exceptional item and dividends from shares held in the ESOP. Diluted earnings per share assumes that options outstanding at 30 September 2003 were exercised on 1 October 2002, where the exercise price is less than the fair value of the price of the share in the period.

	2003 Number 000's	2002 Number 000's
Weighted average number of ordinary shares in issue during the year-basic	15,946	14,963
Effect of options over ordinary shares	2,648	2,218
Diluted number of ordinary shares	18,594	17,181

5. Dividend

A dividend of 7.5p (2002: 5.6p) per ordinary share has been proposed. This is payable on 13 February 2004 subject to shareholders' approval on 3 February 2004 to all shareholders on the register on 19 December 2003.

6. Statutory accounts

This preliminary announcement of results does not constitute statutory accounts for the year. Statutory accounts for the year are still to be audited and filed with the Registrar of Companies. It is expected that these will be available on or about 8 January 2004. The results for the year ended 30 September 2002 are an abridged version of the Group's statutory accounts for that year which received an unqualified auditors' report and have been filed with the Registrar of Companies.

8. Further copies

A copy of the audited Report and Accounts and the circular explaining the payment of the dividend and scrip alternative is to be sent to all shareholders on or about 8 January 2004. Copies of this announcement are available free of charge for one month from:

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