

**Embargoed for release  
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**Numis Corporation Plc Interim Results for the six months  
ended 31 March 2005**

Numis Corporation Plc (“Numis”) today announces interim results for the six months ended 31 March 2005. Numis is the holding company of Numis Securities Limited, the independent investment banking and stockbroking business.

**Financial Highlights**

- **Operating income £25.5m (2004: £21.2m) + 20%**
- **Profit before tax £12.3m (2004: £10.4m<sup>\*</sup>) + 19%**
- **Earnings per share 9.1p (2004: 7.8p<sup>\*</sup>) + 16%**
- **Interim dividend of 0.625p (2004: 0.5p<sup>\*</sup>) + 25%**
- **Net assets £48.6m (2004: £37.4m<sup>\*</sup>) + 30%**

**(\*) restated to reflect the implementation of UITF 31, UITF 38 and the 5 for 1 share subdivision**

**Operational Highlights**

- **£427m raised for corporate clients in the period (2004: £268m)**
- **Corporate client list increased to 83 (2004: 70) across a wide range of sectors**
- **Commissions from sales and trading + 33%**
- **Significant investment in hiring high quality staff across the business**
- **Research coverage expanded – now providing analysis on more than 400 UK companies**

**Commenting on the results, Oliver Hemsley, Chief Executive of Numis, said:**

“Numis has taken advantage of the favourable market conditions over the past six months to increase the size and quality of its corporate and institutional client base. Our goal to become the broker of choice for high quality mid and small cap companies is steadily being realised.”

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## **CHIEF EXECUTIVES STATEMENT**

### **Results**

I am pleased to report an increase in profits for the six months ended 31 March 2005. Group operating income has risen to £25.5m (2004: £21.2m) while profit before tax rose to £12.3m (2004: £10.4m). Operating profit was £11.0m (2004: £9.7m). Earnings per share were 9.1p (2004: 7.8p) while net assets have increased to £48.6m (2004: £37.4m). During the period cash balances increased to £26.7m (2004: £16.8m).

### **Dividend and Scrip Alternative**

The Board has declared an interim dividend of 0.625p per share (2004: 0.5p restated for the 5 for 1 share subdivision). The dividend will be payable on 14 July 2005 to all shareholders on the register at 13 May 2005. 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.

### **Board Changes**

The Board welcomed William (Bill) Trent as Chief Financial Officer on 11<sup>th</sup> April as successor to Duncan Sweetland who has left the Board. During the first half, Charles Crick also left the Board. The Board would like to express its thanks to both for their contributions over the years.

## **REVIEW OF ACTIVITIES**

### **Corporate Broking and Advisory**

It has been a busy six months for existing and new corporate clients of the group. The number of corporate clients for whom we act has risen to 83 (2004: 70). During the period, our clients raised a total of £427m (2004: £268m) through 19 transactions, demonstrating the benefits of building a diverse corporate client base. It is pleasing to note that over 60% of these funds were raised on behalf of existing clients, reflecting the strength of our corporate clientele and our relationship with institutional investors.

We continue to make solid progress towards our goal of building Numis into the leading independent corporate broking house serving high quality mid and small cap companies. With this in mind, we have been strengthening both our corporate broking and corporate finance departments with high quality individuals and teams, who wish to work within a growing independent stockbroker where they can participate in the direction and success of the business.

## **Research, Sales and Trading**

We have continued to expand our research of UK quoted companies. We have recently added to our strength in support services and have made high calibre hires in the IT sector. The firm has a strong and recognised capability in a broad range of sectors, including aerospace and defence, building and construction, engineering, food producers, financials and insurance, leisure, life sciences, media, mining, motor distributors, oil & gas, retail and now IT.

Our sales and trading activities have flourished with commission rising by 33% over the corresponding period last year. Although this is an increasingly competitive area, with greater focus on commission levels through electronic trading, there will always be a market for independent and well researched ideas which help to improve performance for our institutional clients.

Our market making business is focused on client facilitation, rather than generating proprietary trading profits, and it continues to build market presence and goodwill for Numis, as well as producing a satisfactory return on capital. We now act as market maker to over 280 stocks.

We are committed to providing liquidity in all the stocks in which we make markets, in order to service our institutional and corporate clients. As part of our drive to capture liquidity we now act as a Retail Service Provider (RSP) to 22 retail brokers.

## **New York Office**

Numis Securities Inc. has now been fully operational for nine months. We have received a very positive response from US institutions and have begun analyst and company roadshows in the US. We continue to look to expand our distribution capability with additional personnel.

## **Outlook**

Market conditions during the period under review have been favourable with a number of our clients using the opportunity to raise funds for business expansion. Numis has also taken advantage of these conditions to increase the size and quality of its corporate client base; our goal to become the broker of choice for high quality mid and small cap companies is steadily being realised. Our client service and research strengths are such that we are now being increasingly invited to act as co lead managers on substantial flotations, and we expect more such opportunities to occur in future.

We have seen a satisfactory start to the second half of our year, which is historically less active. However, market conditions are inherently volatile and we operate in a fiercely competitive industry where competition for clients and talented people is relentless. Our success and future growth depends on our ability to continue to attract quality clients and talented individuals so we remain cautiously optimistic about the outlook for the full year and confident about Numis' long term prospects.

**Oliver Hemsley**  
Chief Executive  
4 May 2005

**Consolidated profit and loss account**  
 Unaudited results for the 6 months ended 31 March 05

	<b>6 months ended 31 Mar 05 Unaudited £000's</b>	<i>Restated</i> 6 months ended 31 Mar 04 Unaudited £000's	Year ended 30 Sept 04 Audited £000's
<b>Operating income</b>	<b>25,489</b>	21,240	32,733
Gross income	<u>25,489</u>	<u>21,240</u>	<u>32,733</u>
Administrative expenses	<b>(14,479)</b>	(11,515)	(21,138)
<b>Operating profit</b>	<b>11,010</b>	9,725	11,595
Share of associated undertaking's profit	<b>795</b>	268	588
Exceptional item - profit on disposal of fixed asset investments	-	-	984
<b>Profit on ordinary activities before interest</b>	<b>11,805</b>	9,993	13,167
Interest receivable and similar income	<b>548</b>	395	897
Interest payable and similar charges	<b>(28)</b>	(6)	(14)
<b>Profit on ordinary activities before taxation</b>	<b>12,325</b>	10,382	14,050
Taxation on profit on ordinary activities	<b>(3,664)</b>	(3,346)	(4,321)
<b>Profit on ordinary activities after taxation</b>	<b>8,661</b>	7,036	9,729
Dividends paid and proposed	<b>(630)</b>	(464)	(1,951)
<b>Retained profit for the period</b>	<b>8,031</b>	6,572	7,778
Earnings per share			
Basic	<b>9.1 p</b>	7.8 p	10.7
Diluted	<b>8.6 p</b>	7.0 p	9.5
Earnings per share, excluding exceptional item			
Basic	<b>9.1 p</b>	7.8 p	9.9
Diluted	<b>8.6 p</b>	7.0 p	8.9

**Consolidated balance sheet**

Unaudited as at 31 March 05

	<b>31 Mar 05</b>	<i>Restated</i>	
	<b>Unaudited</b>	31 Mar 04	30 Sept 04
	<b>£000's</b>	Unaudited	Audited
		£000's	£000's
<b>Fixed Assets</b>			
Tangible fixed assets	1,405	788	736
Fixed asset investments	320	295	295
Investment in associated undertakings ( <i>see restatement notes</i> )	4,957	(162)	4,331
	<b>6,682</b>	921	5,362
<b>Current assets</b>			
Debtors	92,665	96,348	84,201
Investments	17,538	21,087	13,396
Cash at bank and in hand	26,665	16,778	23,468
	<b>136,868</b>	134,213	121,065
<b>Creditors</b>			
Amounts falling due within one year	<b>(94,980)</b>	(97,748)	(87,446)
<b>Net current assets</b>	<b>41,888</b>	36,465	33,619
<b>Net assets</b>	<b>48,570</b>	37,386	38,981
<b>Capital and reserves</b>			
Share capital	5,180	4,843	4,875
Share premium account	18,706	14,558	14,896
Profit and loss account	24,684	17,985	19,210
<b>Equity shareholders' funds</b>	<b>48,570</b>	37,386	38,981

## Consolidated cashflow statement

Unaudited for the six months ended 31 March 05

	<b>31 Mar 05</b> <b>Unaudited</b> <b>£000's</b>	<i>Restated</i> 31 Mar 04 Unaudited £000's	30 Sept 04 Audited £000's
<b>Net cash inflow from operating activities before exceptional items</b>	<b>5,162</b>	4,119	15,314
<b>Cash inflow from exceptional items</b>	<b>-</b>	250	1,954
<b>Net cash inflow from operating activities</b>	<b>5,162</b>	4,369	17,268
<b>Returns on investments and servicing of finance</b>			
Interest received	548	332	893
Interest paid	(28)	(6)	(14)
Dividends received	-	4	4
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>520</b>	330	883
<b>Taxation</b>			
Corporation tax paid	(1,628)	(1,720)	(4,431)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	(895)	(174)	(345)
Purchase of fixed asset investments	(25)	(136)	(4,231)
Sale of fixed asset investments	-	-	620
<b>Net cash outflow from investing activities from capital expenditure and financial investments</b>	<b>(920)</b>	(310)	(3,956)
Equity dividends paid	(928)	(1,010)	(1,304)
<b>Financing</b>			
Issue of ordinary shares	991	2,019	1,940
<b>Increase in cash in the period</b>	<b>3,197</b>	3,678	10,400
<b>Reconciliation of net cash inflow to movement in net funds</b>			
Increase in cash balance in the period	3,197	3,678	10,400
Net funds at the beginning of the period	23,468	13,100	13,068
<b>Net funds at the end of the period</b>	<b>26,665</b>	16,778	23,468

## **Accounting policies**

The accounting policies that have been applied to the unaudited results are consistent with the latest published audited accounts.

## **Restatement of prior period comparatives**

During the year to 30 September, 2004 the company disposed of its 26.42% interest in the ordinary shares of Abbey Legal Holdings Limited and acquired a 30% interest in the ordinary shares of its successor company Abbey Protection Group Limited (“Abbey”).

The accounting treatment for the restructuring described above follows UITF 31. The accounting abstract requires that where there is a continuing interest in an underlying business, the proceeds arising from the restructuring should be set against the carrying value of the investment in the Group accounts, and, accordingly no profit or loss is recognised until such time as the interest in the underlying business is disposed of. The £250,000 cash received as part of the restructuring is included in the Consolidated cash flow statement as an exceptional item.

The effect of UITF 31 on the balance sheet is that the investment in associated undertaking is shown as a negative £162,000. The Directors consider that this accounting treatment does not reflect the value of the investment in what is a profitable trading company. In the original statement for the period ended 31 March 2004 the investment in Abbey was reported at £795,000.

Following the implementation in December 2003 of UITF 38 Accounting for ESOP trusts, the Group and the Company have made certain restatements in the financial statements for the six months ended 30 September 2004. The effect of the UITF is principally to reduce the distributable reserves of the Group by the cost of the shares held in the ESOP trust. In addition, dividends payable on shares held by the trust have been deducted from dividends payable in the profit and loss account and balance sheet.

At the Numis AGM, held on 1 February 2005, a resolution was passed to subdivide each Numis Ordinary Share of 25p into five new Numis Ordinary Shares of 5p each. Prior period per share comparatives have been restated for this subdivision.

## **Exceptional item**

As noted above under UITF 31 the restructuring of the interest in Abbey did not result in any recognition of gain in the profit and loss account. In the year to 30 September 2004 the exceptional item relates only to the profit on disposal of 265,000 London Stock Exchange plc shares.

## Earnings per share

Basic earnings per share is calculated on profit on ordinary activities after taxation of £8,661,000 (2004: £7,036,000) and 94,929,000 (2004: 89,686,000) ordinary shares being the weighted average number of ordinary shares in issue during the year. 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.

	<b>31 Mar 05</b> <b>Unaudited</b> <b>Number</b> <b>000s</b>	31 Mar 04 Unaudited Number 000s	30 Sept 04 Audited Number 000s
Weighted average number of ordinary shares in issue during the year - basic	<b>94,929</b>	89,686	91,033
Effect of options over ordinary shares	<b>5,453</b>	11,418	10,885
Diluted number of ordinary shares	<b>100,382</b>	101,104	101,918

## Administrative expenses

Administrative expenses include a provision for incentive payments of £4.6m (2004: £4.3m).

## Dividend

The board declares payment of an interim dividend of 0.625p per share (2004: 0.5p per share). The dividend will be payable on 14 July 2005 to all shareholders on the register on 13 May 2005.

## Reconciliation of the movement in shareholders funds

	<b>31 Mar 2005</b> <b>Unaudited</b> <b>£ 000</b>	<i>Restated</i> 31 Mar 2004 Unaudited £ 000	30 Sep 2004 Audited £ 000
Profit for the period	<b>8,661</b>	7,036	9,729
Dividends paid and proposed	<b>(630)</b>	(464)	(1,951)
Transfer to ESOP reserve	<b>(2,557)</b>	(1,168)	(1,149)
New shares issued	<b>4,115</b>	3,198	3,568
Net addition to shareholders' funds	<b>9,589</b>	8,602	10,197
Opening shareholders' funds	<b>38,981</b>	30,639	28,784
Cumulative effect of restatements related to associates and ESOP	-	(1,855)	-
Closing shareholders' funds	<b>48,570</b>	37,386	38,981

## Reconciliation of operating profit to net cashflow from operating activities

	<b>31 Mar 2005</b>	<i>Restated</i> 31 Mar 2004	30 Sep 2004
	<b>Unaudited</b>	Unaudited	Audited
	<b>£ 000</b>	£ 000	£ 000
Operating profit	<b>11,010</b>	9,725	11,595
Depreciation charges	<b>227</b>	234	457
Increase in debtors (excluding taxation receivable)	<b>(8,477)</b>	(42,601)	(31,588)
Net increase in trading investments	<b>(4,142)</b>	(12,135)	(4,444)
Increase in creditors (excluding taxation and dividends payable)	<b>6,544</b>	48,896	39,294
Net cash inflow from operating activities	<b>5,162</b>	4,119	15,314

### Audited results

The audited results for the year ended 30 September 2004 are an extract from the latest published audited accounts and 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.

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