



# 2006

## Interim Report

A leading independent investment banking and broking group serving high quality London-quoted mid and small cap companies.



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# We are building Numis for the future.

We have been able to take advantage of favourable market conditions over the past six months but our success has depended on our strong commitment to anticipating and delivering the needs of our clients and the institutions we service.

The second half of the year has started well. London continues to be an attractive market for UK and international companies looking to raise money and the size and quality of our corporate client base is growing as a result.

Oliver Hemsley  
Chief Executive

## NUMIS CORPORATION FINANCIAL AND OPERATIONAL HIGHLIGHTS

### Financial

- **Operating income** £36.8m (2005: £25.5m) +44%
- **Profit before tax** £18.6m (2005: £12.3m) +51%
- **Earnings per share** 13.2p (2005: 9.1p) +45%
- **Interim dividend** of 1.25p (2005: 0.625p) +100%
- **Net assets** £82.3m (September 2005: £70.8m) +16%

### Operational

- **Corporate client list** increased to 101 (2005: 83) across a wide range of sectors
- **£443m raised for corporate clients** in the period (2005: £427m)
- **Institutional client revenue** +71% with the New York office now a significant contributor
- **Research coverage expanded** – now providing analysis on more than 430 London quoted companies
- **Continued investment** in hiring high quality staff across the business
- **Control over costbase** maintained

**Results**

I am pleased to report an increase in profits for the six months ended 31 March 2006. Group operating income has risen to £36.8m (2005: £25.5m) while profit before tax rose to £18.6m (2005: £12.3m). Operating profit was £16.4m (2005: £11.0m). Earnings per share were 13.2p (2005: 9.1p) while net assets have increased to £82.3m (September 2005: £70.8m). During the period cash balances increased to £63.8m (September 2005: £57.1m).

**Dividend and Scrip Alternative**

The Board has decided to rebalance the dividend towards a greater interim distribution and has declared an interim dividend of 1.25p per share (2005: 0.625p). The Board believes that rebalancing will underline its commitment to a progressive and sustainable dividend policy. The dividend will be payable on 31 July 2006 to all shareholders on the register at 12 May 2006. 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.

**Review of  
Activities****Corporate Broking and Advisory**

It has been a busy six months for existing and new corporate clients of the group and the number of corporate clients for whom we act has risen to 101 (2005: 83). During the period, our clients raised a total of £443m (2005: £427m) through 25 (2005: 19) transactions; many of these had an international element, reflecting the UK's growing importance as the international financial centre of choice. It is pleasing to note that over 42% of these funds were raised on behalf of existing clients, reflecting the strength of our corporate clientele.

We have been strengthening both our corporate broking and corporate finance departments with exceptional individuals including the appointment of Nigel Turner as Deputy Chairman. Numis is an attractive choice for ambitious individuals who wish to work within a growing independent investment bank where they can participate in the direction and success of the business.

**Research, Sales and Trading**

We have continued to expand our analysis of UK quoted companies and now provide research on over 430 stocks across the whole market to a wide range of UK and international institutional clients. Over the past 6 months we have invested in improving the quality of our research product and service and we are pleased to see the return in increased institutional commission. The firm now has a strong and recognised capability in a broad range of sectors, including aerospace, defence & engineering, building & construction, food producers, financials, insurance, IT, leisure, life sciences, media, mining, new energy & renewables, oil & gas, retail and support services. The market for objective research has shown that our investment in this area has been well founded and we continue to add teams and individuals in attractive sectors.

Our sales and trading activities have flourished with commissions rising by 71% 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, well researched and well executed ideas that help to improve performance for our institutional clients.

Our trading business is focused on client facilitation, rather than generating proprietary trading profits, and it continues to build market presence and goodwill for Numis. We now actively trade over 400 stocks.

**New York Office**

Numis Securities Inc. has now been fully operational for over a year. We have received a very positive response from US institutions in particular to our analyst and company roadshows in the US. We expect to be able to continue the rapid growth of our business in New York.

**Current trading and outlook**

Market conditions during the period under review remain 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, UK quoted, mid and small cap companies is steadily being realised. Our client service and research strengths are such that we are now also being increasingly invited to act as co-lead managers on substantial flotations; we expect more such opportunities to occur in future.

We have had an excellent start to the second half of our year, with a number of innovative transactions. Notably, we have raised £250m for Trinity Capital, an Indian property company, which will give us an excellent opportunity to develop our business and contacts in India. In addition, Numis has founded and expects to raise more than £500m over the next 18 months for Paternoster Limited to acquire defined benefit pension schemes from UK companies.

Although trading will be dependent on market conditions, we continue to build Numis as an independent investment banking business with confidence.

Oliver Hemsley  
Chief Executive

3 May 2006

CONSOLIDATED  
**PROFIT & LOSS ACCOUNT**  
 UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 06

	6 months ended 31 Mar 06 Unaudited £'000	6 months ended 31 Mar 05 Unaudited £'000	Year ended 30 Sept 05 Audited £'000
<b>Operating income</b>	36,755	25,489	65,693
<b>Gross profit</b>	36,755	25,489	65,693
Administrative expenses	(20,322)	(14,479)	(38,076)
<b>Operating profit</b>	16,433	11,010	27,617
Share of associated undertaking's profit	1,029	795	1,388
Exceptional item – profit on disposal of associated undertakings and fixed asset investments	-	-	9,299
<b>Profit on ordinary activities before interest</b>	17,462	11,805	38,304
Interest receivable and similar income	1,250	548	1,652
Interest payable and similar charges	(69)	(28)	(48)
<b>Profit on ordinary activities before taxation</b>	18,643	12,325	39,908
Taxation on profit on ordinary activities	(5,336)	(3,664)	(9,466)
<b>Profit on ordinary activities after taxation</b>	13,307	8,661	30,442
Dividends paid and proposed	(1,324)	(630)	(3,157)
<b>Retained profit for the period</b>	11,983	8,031	27,285
<b>Earnings per share</b>			
Basic	13.2p	9.1p	31.3p
Diluted	12.7p	8.6p	30.0p
<b>Earnings per share, excluding exceptional item</b>			
Basic	13.2p	9.1p	21.7p
Diluted	12.7p	8.6p	20.9p

CONSOLIDATED  
**BALANCE SHEET**  
 UNAUDITED AS AT 31 MARCH 06

	31 Mar 06 Unaudited £'000	31 Mar 05 Unaudited £'000	30 Sept 05 Audited £'000
<b>Fixed assets</b>			
Tangible fixed assets	1,709	1,405	1,598
Fixed asset investments	1,892	320	1,546
Investment in associated undertakings	1,738	4,957	859
	5,339	6,682	4,003
<b>Current assets</b>			
Debtors	101,629	92,665	92,103
Investments	18,802	17,538	17,812
Cash at bank and in hand	63,771	26,665	57,133
	184,202	136,868	167,048
<b>Creditors</b>			
Amounts falling due within one year	(107,269)	(94,980)	(100,259)
<b>Net current assets</b>	76,933	41,888	66,789
<b>Net assets</b>	82,272	48,570	70,792
<b>Capital and reserves</b>			
Share capital	5,295	5,180	5,258
Share premium account	20,636	18,706	19,341
Profit and loss account	56,341	24,684	46,193
<b>Equity shareholders' funds</b>	82,272	48,570	70,792

CONSOLIDATED  
**CASH FLOW STATEMENT**  
 UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 06

	6 months ended 31 Mar 06 Unaudited £'000	6 months ended 31 Mar 05 Unaudited £'000	Year ended 30 Sept 05 Audited £'000
Net cash inflow from operating activities before exceptional items	15,828	5,162	24,147
Cash inflow from exceptional items	-	-	13,540
Net cash inflow from operating activities	15,828	5,162	37,687
<b>Returns on investments and servicing of finance</b>			
Interest received	1,228	548	1,631
Interest paid	(66)	(28)	(48)
Dividends received	18	-	21
Net cash inflow from returns on investments and servicing of finance	1,180	520	1,604
<b>Taxation</b>			
Corporation tax paid	(8,229)	(1,628)	(5,683)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	(538)	(895)	(1,375)
Purchase of fixed asset investments	(573)	(25)	(1,251)
Disposal of interests in fixed asset investments	61	-	-
Net cash outflow from investing activities from capital expenditure and financial investments	(1,050)	(920)	(2,626)
Equity dividends paid	(1,221)	(928)	(1,361)
<b>Financing</b>			
Issue of ordinary shares	130	991	4,044
Increase in cash in the period	6,638	3,197	33,665
<b>Reconciliation of net cash inflow to movement in net funds</b>			
Increase in cash balance in the period	6,638	3,197	33,665
Net funds at the beginning of the period	57,133	23,468	23,468
Net funds at the end of the period	63,771	26,665	57,133

NOTES  
 TO THE FINANCIAL STATEMENTS

**Accounting policies**

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

**Operating Income**

	6 months ended 31 Mar 06 Unaudited £'000	6 months ended 31 Mar 05 Unaudited £'000	Year ended 30 Sept 05 Audited £'000
Institutional commissions and trading profits	12,138	7,201	17,386
Corporate retainers	1,695	758	2,197
Deal fees	4,781	3,795	11,044
Placing commissions	18,141	13,735	35,066
	36,755	25,489	65,693

**Administrative expenses**

	6 months ended 31 Mar 06 Unaudited £'000	6 months ended 31 Mar 05 Unaudited £'000	Year ended 30 Sept 05 Audited £'000
Staff costs (excluding incentive payments)	7,813	5,979	15,323
Non-staff costs	5,505	3,938	10,919
	13,318	9,917	26,242
Incentive payments	7,004	4,562	11,297
	20,322	14,479	37,539

**Earnings per share**

Basic earnings per share is calculated on profit on ordinary activities after taxation of £13,307,000 (2005: £8,661,000) and 100,734,605 (2005: 94,929,000) ordinary shares being the weighted average number of ordinary shares in issue during the period. Diluted earnings per share assumes that options outstanding at the end of the financial period were exercised at the beginning of the period for options where the exercise price was less than the average price of the shares during the period.

	6 months ended 31 Mar 06 Unaudited £'000	6 months ended 31 Mar 05 Unaudited £'000	Year ended 30 Sept 05 Audited £'000
Weighted average number of ordinary shares in issue during the year - basic	100,735	94,929	97,310
Effect of options over ordinary shares	3,890	5,453	4,001
Diluted number of ordinary shares	104,625	100,382	101,311

## NOTES TO THE FINANCIAL STATEMENTS

### Dividend

The board declares the payment of an interim dividend of 1.25p per share (2005: 0.625p per share). The dividend will be payable on 31 July 2006 to all shareholders on the register on 12 May 2006.

### Reconciliation of the movement in shareholders' funds

	6 months ended 31 Mar 06 Unaudited £'000	6 months ended 31 Mar 05 Unaudited £'000	Year ended 30 Sept 05 Audited £'000
Profit for the period	13,307	8,661	30,442
Dividends paid and proposed	(1,324)	(630)	(3,157)
Adjustment in respect of ESOP reserve	(1,835)	(2,557)	(302)
New shares issued	1,332	3,198	4,828
Net addition to shareholders' funds	11,480	8,602	31,811
Opening shareholders' funds	70,792	38,981	38,981
Closing shareholders' funds	82,272	48,570	70,792

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

	6 months ended 31 Mar 06 Unaudited £'000	6 months ended 31 Mar 05 Unaudited £'000	Year ended 30 Sept 05 Audited £'000
Operating profit	16,433	11,010	27,617
Depreciation charges	365	227	514
Increase in debtors (excluding taxation receivable)	(6,809)	(8,477)	(8,191)
Net increase (decrease) in trading investments	1,613	(4,142)	(3,748)
Increase in creditors (excluding taxation and dividends payable)	4,226	6,544	7,955
Net cash inflow from operating activities	15,828	5,162	24,147

### Audited results

The audited results for the year ended 30 September 2005 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.

## MANAGEMENT & ADMINISTRATION

### Directors

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

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

### Financial Calendar

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

### Company Registration No.

2375296

### Registered Office

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### Nominated Broker

Numis Securities Limited  
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### Nominated Adviser

PricewaterhouseCoopers LLP  
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### Registrar

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### Bankers

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