



ANNUAL REPORT 2003

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DIRECTORS

MA Spencer	Chairman (Non-executive)
OA Hemsley	Chief Executive
CA Crick	Executive Director
DBJ Sweetland FCA	Finance Director and Company Secretary
GO Vero FCA	Non-executive Director

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

CORPORATE GOVERNANCE STATEMENT

AIM companies are not required to comply with the Combined Code (Principles of good governance and code of best practice) issued by the London Stock Exchange but the directors have chosen to make a number of disclosures to provide corporate governance information.

THE BOARD AND MAIN COMMITTEES

THE BOARD

The Board of Numis Corporation Plc (“the Company” or “the Holding Company”), chaired by MA Spencer, normally meets quarterly. It reviews trading performance, business strategy, investment and divestment opportunities and any other matters of significance to the Group.

MANAGEMENT COMMITTEE

The Management Committee, chaired by OA 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 and administration, finance and compliance matters.

RISK AND CREDIT COMMITTEE

The Group has a Risk and Credit Committee, chaired by DBJ Sweetland, that meets regularly to discuss and manage market risk of the Group’s trading book. The Risk and Credit Committee sets individual stock limits and overall trading book limits.

REMUNERATION COMMITTEE

The Remuneration Committee, chaired by MA Spencer, comprises the non-executive directors of the Company. It determines salary levels, discretionary bonuses and equity awards of the executive directors of the Company.

AUDIT COMMITTEE

The Audit Committee is chaired by GO Vero and comprises the non-executive directors of the Company. The Audit Committee considers the internal control environment, reviews external financial reporting and monitors the system for compliance with laws and regulations.

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. 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 the Board has concluded that an internal audit department is not required at this stage in the Group’s development.

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 2003.

PRINCIPAL ACTIVITY

The principal activity of the Group is to provide integrated institutional stockbroking and 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.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

A review of the Group's business and an indication of likely future developments is contained in the Chief Executive's statement.

RESULTS AND DIVIDENDS

The results, distributions and retained profit for the financial year are as follows:

	GROUP £000
Retained profit at 30 September 2002	9,383
Profit for the year, after taxation	6,435
Dividends paid and proposed	(1,382)
Retained profit at 30 September 2003	14,436

DIRECTORS AND THEIR INTERESTS

The directors listed below served for part of the year, the directors shown on page 1 were all in office at the year end:

DJA Craig	(resigned 28 April 2003)
P Gaunt	(resigned 28 April 2003)
MA Spencer	(appointed 28 April 2003)
GO Vero	(appointed 28 April 2003)

The Directors serving during the year ended 30 September 2003 and their interests in the ordinary shares of 25p each ("ordinary shares") of the Company, other than with respect to options over ordinary shares, were as follows:

	30 SEPTEMBER 2003 ORDINARY SHARES	30 SEPTEMBER 2002 ORDINARY SHARES
MA Spencer *	1,828,000	-
OA Hemsley	2,908,273	2,892,400
CA Crick	287,890	277,100
DBJ Sweetland	73,703	70,000
GO Vero *	-	-

* Non-executive director

DIRECTORS' REPORT

(CONTINUED)

DIRECTORS AND THEIR INTERESTS (CONTINUED)

MA Spencer together with his wife own approximately 45.6% of Intercapital Private Group Limited ("IPGL") which holds 1,828,000 ordinary shares. MA Spencer is deemed under the Companies Act 1985 to be interested in the entire issued share capital of IPGL.

The directors, along with employees, have been granted options over ordinary shares, and participated in the long term incentive plan. Details of the directors' interests in options over ordinary shares and prospective entitlements under the long term incentive plan are disclosed in Note 6.

There have been no changes in the interests of directors in ordinary shares and options over ordinary shares during the period 30 September 2003 to 10 December 2003.

SUBSTANTIAL SHAREHOLDERS

Except for the directors' interests noted above, the directors are aware of the following who are interested in 3% or more of the Company, as follows:

	REGISTERED HOLDING	% OF ISSUED SHARE CAPITAL
Mr DJ Poutney	1,570,318	8.54
Mr MJC Stone and Mrs L Stone	1,320,700	7.19
Mourant & Co Trustees Ltd., Trustees of the Numis Corporation Plc Employee Share Trust	798,264	4.34
Jupiter UK Special Situations Fund	624,244	3.40

AUDITORS

The directors will place a resolution before the Annual General Meeting to reappoint PKF as auditors.

SUPPLIERS

The Company 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. The Company has taken 28 days to pay suppliers during the past financial year.

CHARITABLE DONATIONS

During the year, the Group made charitable donations of £804 (2002:£892).

By order of the Board

DBJ Sweetland
Company Secretary
Cheapside House
138 Cheapside
London EC2V 6LH
10 December 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

The maintenance and integrity of the Numis Corporation Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NUMIS CORPORATION PLC

We have audited the financial statements of Numis Corporation Plc for the year ended 30 September 2003 which comprise the Profit and Loss Account, the Balance Sheets, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements.

This other information comprises the Chief Executive's Statement, Corporate Governance Statement and Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the group's and the company's affairs as at 30 September 2003 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF
Registered Auditors
London, UK

10 December 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £000	2002 £000
TURNOVER	2	23,994	17,413
GROSS PROFIT		23,994	17,413
Administrative expenses		(15,097)	(11,987)
OPERATING PROFIT		8,897	5,426
Share of associated undertaking's profit	3	243	341
Exceptional item			
- profit on disposal of fixed asset investment	5	-	1,056
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND AMOUNTS WRITTEN OFF INVESTMENTS		9,140	6,823
Interest receivable and similar income	7	656	469
Amounts written off investments	12	(384)	(114)
Interest payable and similar charges	8	(11)	(1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	9,401	7,177
Tax on profit on ordinary activities	9	(2,966)	(2,198)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,435	4,979
Dividends paid and proposed	10	(1,382)	(861)
RETAINED PROFIT FOR THE YEAR		5,053	4,118
Earnings per share			
Basic	22	40.2p	33.2p
Diluted	22	34.5p	28.9p
Earnings per share, excluding exceptional items			
Basic	22	40.2p	28.3p
Diluted	22	34.5p	24.6p

There were no other recognised gains or losses made during the years ended 30 September 2003 and 30 September 2002 other than the profits for those years. A statement of movements on reserves is given in note 21.

All amounts shown in the consolidated profit and loss account derive from continuing operations of the group.

The accompanying notes are an integral part of this consolidated profit and loss account.

CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2003

	NOTES	2003 £000	2002 £000
FIXED ASSETS			
Tangible fixed assets	11	848	1,079
Fixed asset investments	12	2,803	1,209
Investment in associated undertaking	13	644	481
		4,295	2,769
CURRENT ASSETS			
Debtors	15	52,393	18,533
Investments	16	8,952	2,840
Cash at bank and in hand	17	13,100	13,586
		74,445	34,959
CREDITORS			
Amounts falling due within one year	18	(48,101)	(21,146)
		26,344	13,813
NET CURRENT ASSETS			
		30,639	16,582
NET ASSETS			
CAPITAL AND RESERVES			
Share capital	19	4,595	3,843
Share premium account	21	11,608	3,356
Profit and loss account	21	14,436	9,383
SHAREHOLDERS' FUNDS	20	30,639	16,582

Signed on behalf of the Board on 10 December 2003

OA Hemsley
Director

DBJ Sweetland
Director

A statement of movements on reserves is given in note 21.

The accompanying notes are an integral part of this consolidated balance sheet.

HOLDING COMPANY BALANCE SHEET

AT 30 SEPTEMBER 2003

	NOTES	2003 £000	2002 £000
FIXED ASSETS			
Fixed asset investments	12	1,887	530
Investment in associated undertaking	13	371	371
Investment in subsidiary undertakings	14	2,101	2,448
		4,359	3,349
CURRENT ASSETS			
Debtors	15	15,351	5,584
Cash at bank and in hand		43	80
		15,394	5,664
CREDITORS			
Amounts falling due within one year	18	(3,118)	(1,131)
		12,276	4,533
NET CURRENT ASSETS			
		16,635	7,882
NET ASSETS			
CAPITAL AND RESERVES			
Share capital	19	4,595	3,843
Share premium account	21	11,608	3,356
Profit and loss account	21	432	683
SHAREHOLDERS' FUNDS			
		16,635	7,882

Signed on behalf of the Board on 10 December 2003

OA Hemsley
Director

DBJ Sweetland
Director

A statement of movements on reserves is given in note 21.

The accompanying notes are an integral part of this Holding Company balance sheet.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2003

	NOTES	2003 £000	2002 £000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	23	(4,969)	14,574
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		624	452
Interest paid		(11)	(1)
Dividends received		11	17
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
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
(DECREASE)/INCREASE IN CASH IN THE YEAR		(486)	13,488
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
(Decrease)/Increase in cash balances in the year		(486)	13,488
Net funds at the beginning of the year		13,586	98
NET FUNDS AT THE END OF THE YEAR		13,100	13,586

The accompanying notes are an integral part of this cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

1

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements of the Group are described below.

(A) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention, modified by the inclusion of trading positions at market value and in accordance with applicable accounting standards.

(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 acquisition method. In accordance with Financial Reporting Standard 10 (entitled goodwill and intangible assets) goodwill represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, and remains eliminated against reserves.

No profit and loss account is presented for the Company itself, as provided by Section 230 Companies Act 1985. The Company's loss for the financial year, determined in accordance with the Companies Act 1985, was £250,993 (2002 profit: £81,910).

(C) TURNOVER

Turnover comprises commission, fee income and net dealing profit or loss. Commission income is gross commission from stockbroking and is taken to the profit and loss account when transactions are executed. Fee income includes corporate finance fees and placing commissions, which are recognised in the profit and loss account once the corporate activity is substantially complete. Net dealing profit or loss is realised and unrealised profits and losses from current asset investments held for trading purposes. The recognition of unrealised profits and losses in the profit and loss account, which is common, for companies which make markets, represents a departure from the Companies Act 1985.

(D) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation.

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

(E) INVESTMENTS

Fixed asset investments are stated at cost, less amounts written off in respect of any impairment in value.

Current asset trading investments that are considered to be liquid represent the aggregate of net long positions in individual securities and are valued at the market's bid prices at the balance sheet date. Short trading positions that are considered to be liquid represent the aggregate of net short positions in individual securities and are valued at the market's offer prices at the balance sheet date. Positions in trading investments that are considered to be illiquid are included at cost less provision for any permanent diminution in value.

In the Group's financial statements, investments in associated undertakings are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of this associated undertaking's profits less losses and the Group's share of the net assets, excluding goodwill which is written off against reserves, of the associated undertaking is shown in the consolidated balance sheet.

(F) CLIENTS' DEPOSITS

All money held on behalf of clients has been excluded from the balances of cash at bank and in hand and amounts due to clients, brokers and recognised stock exchanges.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(G) 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.

Further information on pension costs is provided in note 24d.

(H) OPERATING LEASES

The Group has entered into operating leases as described in note 24c.

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term even if the payments are not made on such a basis.

(I) FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are taken to the profit and loss account directly.

(J) TAXATION

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is provided for using the full provision method following the adoption of Financial Reporting Standard No. 19.

(K) EMPLOYEE SHARE OWNERSHIP PLAN

The Group has an Employee Share Ownership Plan ("ESOP"). The ESOP acquires 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. Costs of establishing and administering the ESOP are taken to the profit and loss account and disclosed under staff costs (see note 6). Assets and liabilities held by the ESOP are recognised in the balance sheet of the Company.

2 SEGMENTAL INFORMATION

The analysis by class of the Group's turnover, profit before taxation and net assets, is set out below:

	2003 £000	2002 £000
TURNOVER:		
Financial services	23,994	17,413
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:		
Exceptional item	-	1,056
Financial services	8,502	5,311
Share of associated undertaking's operating profit	243	341
Interest receivable and similar income	656	469
	9,401	7,177
NET ASSETS:		
Financial services	29,995	16,101
Share of associated undertaking's net assets	644	481
	30,639	16,582

The Group's business arises mainly from the United Kingdom and amounts arising outside the United Kingdom are not significant to the Group's business.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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INTEREST IN UNLISTED ASSOCIATED UNDERTAKING

The analysis of the Group's interest in the associated undertaking's turnover, profit, assets and liabilities is set out below:

	2003 £000	2002 £000
Turnover	2,327	3,509
Profit for the year	243	341
Fixed assets	558	235
Current assets	2,135	1,603
Creditors: amounts falling due within one year	(2,049)	(1,357)

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OPERATING PROFIT

Operating profit is stated after charging:

	2003 £000	2002 £000
Depreciation	407	339
Operating lease costs	278	221
Staff costs (see note 6)	10,940	8,330
Auditors' remuneration - audit related	37	33
- non-audit related	20	20

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EXCEPTIONAL ITEM

	2003 £000	2002 £000
Profit on disposal of fixed asset investment, being 260,000		
London Stock Exchange Plc shares	-	1,056

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

6

STAFF COSTS

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

	2003 £000	2002 £000
EMPLOYEE COSTS DURING THE YEAR AMOUNTED TO:		
Wages and salaries	4,686	4,119
Incentive payments	4,335	3,000
Social security costs	1,255	645
Compensation for loss of office	49	154
Other pension costs (see note 24d)	381	288
ESOP costs	234	124
	10,940	8,330

Number of staff employed

	2003 NUMBER	2002 NUMBER
Average for the year		
Professional	48	42
Administration	14	14
	62	56
At the year end		
	69	61

DIRECTORS' REMUNERATION

AGGREGATE REMUNERATION

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

	2003 £000	2002 £000
Emoluments	1,319	1,273
Money purchase contributions	54	56
	1,373	1,329

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

6

STAFF COSTS (CONTINUED)

DIRECTORS' EMOLUMENTS

	BASIC SALARY £000	TAXABLE BENEFITS £000	PERFORMANCE RELATED BONUS £000	PENSION CONTRIBUTIONS £000	2003 TOTAL £000	2002 TOTAL £000
EXECUTIVE						
OA Hemsley	150	14	700	20	884	785
CA Crick	125	8	50	19	202	284
DBJ Sweetland	100	11	60	15	186	186
NON-EXECUTIVE						
MA Spencer	15	-	-	-	15	-
GO Vero	8	-	-	-	8	-
DJA Craig	38	-	-	-	38	44
P Gaunt	40	-	-	-	40	30
Aggregate emoluments	476	33	810	54	1,373	1,329

The emoluments, excluding pension contributions, of the directors includes:

	2003 £000	2002 £000
HIGHEST PAID DIRECTOR		
Emoluments	864	763

DIRECTORS' PENSION ENTITLEMENTS

All executive directors are members of money purchase schemes. Contributions paid by the Group in respect of these directors are shown above.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

6

STAFF COSTS (CONTINUED) DIRECTORS' SHARE OPTIONS

Details of options to acquire ordinary shares in the Company granted to or held by the directors are as follows:

GRANT DATE	NUMBER OF OPTIONS	EXERCISE PRICE	EARLIEST EXERCISE DATE	LATEST EXERCISE DATE
OA Hemsley				
7 July 1997	200,000	105.0p	7 July 2000	7 July 2004
18 October 1999	50,000	107.5p	18 October 2003	18 October 2006
CA Crick				
7 July 1997	100,000	105.0p	7 July 2000	7 July 2004
18 October 1999	40,000	107.5p	18 October 2003	18 October 2006
28 March 2000	60,000	292.5p	28 March 2003	28 March 2010
DBJ Sweetland				
18 October 1999	40,000	107.5p	18 October 2003	18 October 2006
28 March 2000	40,000	292.5p	28 March 2003	28 March 2010
9 May 2000	30,000	252.5p	9 May 2003	9 May 2010

The market price of the ordinary shares at 30 September 2003 was 537.5p and the range during the year was 238.5p to 567.5p.

DIRECTORS' INTERESTS UNDER A LONG TERM INCENTIVE PLAN

The Company established a long term incentive plan ("LTIP") during the year. Under the terms of the LTIP, employees and directors are invited to subscribe for new ordinary shares or purchase existing ordinary shares in the Company on the terms the effect of which is that for each new ordinary share subscribed for or purchased, employees will receive, at no further cost to them, one further ordinary share (each a "matching share"). Subject to certain limited exceptions employees and directors must remain in employment with the Numis Group for a period of 5 years to achieve the matching benefit.

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

OA Hemsley	15,873
CA Crick	9,524
DBJ Sweetland	3,703

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INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £000	2002 £000
Interest receivable	624	452
Income from UK listed investments	32	17
	656	469

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

8

INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £000	2002 £000
On overdrafts repayable within five years not by instalments	11	1

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TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the period and comprises:

	2003 £000	2002 £000
CURRENT TAX		
Corporation tax at 30% (2002:30%)	3,089	2,090
Corporation tax (over)/under-provided in the previous year	(81)	6
Share of tax of associated undertaking	80	102
Current tax charged for the period	3,088	2,198
DEFERRED TAX		
Origination and reversal of timing differences	(79)	-
Adjustments in respect of previous years	(43)	-
	2,966	2,198

The tax effect in the profit and loss account relating to the exceptional item in Note 5 in 2002 was a charge of £316,696.

Factors affecting the tax charge for the year:

	2003 £000	2002 £000
Profit on ordinary activities before taxation	9,401	7,177
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax	2,820	2,153
EFFECTS OF:		
Expenses not deductible for tax purposes	209	54
Capital allowances for the period in excess of depreciation	46	17
Non taxable income received	(10)	13
Small companies relief	(11)	(39)
Investment provisions not qualifying for relief in the period	115	33
Employer's pension contributions not qualifying for relief in the period	-	(39)
Prior year adjustments	(81)	6
Current tax charge for the period	3,088	2,198

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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DIVIDENDS PAID AND PROPOSED

	2003 £000	2002 £000
Dividends proposed of 7.50p (2002: 5.60p) per ordinary share	1,378	861
Under provided dividends from prior year	4	-
Dividends paid and proposed	1,382	861

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TANGIBLE FIXED ASSETS

The movement during the year was as follows:

	OFFICE AND COMPUTER EQUIPMENT £000	MOTOR VEHICLES £000	TOTAL £000
COST			
At 30 September 2002	1,449	56	1,505
Additions	179	-	179
Amounts written off	(3)	-	(3)
At 30 September 2003	1,625	56	1,681
DEPRECIATION			
At 30 September 2002	401	25	426
Charge for year	393	14	407
At 30 September 2003	794	39	833
NET BOOKVALUE			
At 30 September 2002	1,048	31	1,079
At 30 September 2003	831	17	848

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FIXED ASSET INVESTMENTS

(A) GROUP AND HOLDING COMPANY

	2003 £000	2002 £000
OWN SHARES		
At 30 September 2002	530	216
Additions	1,357	314
At 30 September 2003	1,887	530

The number and market value of the ordinary shares held by the ESOP at 30 September 2003 was 798,264 (2002: 367,000) and £4,290,669 (2002: £961,540).

The ESOP acquired 424,338 ordinary shares during the year at 315p per share. These ordinary shares were acquired for use in the Long Term Incentive Plan of the Company. The 424,338 shares represent 2.3% of the shares in issue at 30 September 2003 with a nominal value of £106,084.

The ESOP also acquired 6,926 ordinary shares during the year by taking the scrip alternative on the dividend on ordinary shares for the year ended 30 September 2002. The 6,926 ordinary shares represent 0.04% of the shares in issue at 30 September 2003 with a nominal value of £1,740.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

(B) GROUP

	2003 £000	2002 £000
OTHER UK LISTED INVESTMENTS		
At 30 September 2002	100	300
Disposals	-	(200)
At 30 September 2003	100	100

The market value of these investments at 30 September 2003 was £119,647 (2002: £107,684).

(C) GROUP

	2003 £000	2002 £000
OTHER UK UNLISTED INVESTMENTS		
At 30 September 2002	310	200
Additions	500	235
Amounts written off	(194)	(100)
Transfers	-	(25)
At 30 September 2003	616	310

Transfers:

In 2002 the Group became the sole holder of Real Education Plc, the company is now shown as a subsidiary (see note 14).

(D) GROUP

	2003 £000	2002 £000
NON UK UNLISTED INVESTMENT		
At 30 September 2002	269	1
Additions	121	279
Amounts written off	(190)	(11)
At 30 September 2003	200	269

(E) GROUP

The Group holds 265,000 (2002: 265,000) shares in London Stock Exchange Plc, at nil cost. The market value of these shares at 30 September 2003 was £904,313 (2002: £906,300).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

13 INVESTMENT IN ASSOCIATED UNDERTAKING

	2003 £000	2002 £000
GROUP		
At 30 September 2002	481	242
Share of associated undertaking's profit on ordinary activities after tax	163	239
At 30 September 2003	644	481

HOLDING COMPANY

Investment in associated undertaking	371	371
--------------------------------------	-----	-----

The investment in associated undertaking, Abbey Legal Holdings Limited, represents a 26.42% shareholding in the company that provides legal expenses and tax protection insurance products. Audited accounts of the company were drawn up to 31 March 2002. The above figures were based on draft financials statements to 31 March 2003 and management accounts to 30 June 2003.

14 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

a) The fixed asset investment in subsidiary undertakings represents the cost of the investments in Numis Securities Limited, PrimeSearch Limited, Numis Leasing Limited, Numis Corporate Finance Limited, Insurance Analysis Limited, Numis Education Limited and Star Nominees Limited.

	2003 £000	2002 £000
At 30 September 2002	2,448	2,448
Amounts written off	(347)	-
At 30 September 2003	2,101	2,448

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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INVESTMENT IN SUBSIDIARY UNDERTAKINGS (CONTINUED)

b) Subsidiary undertakings

The Company beneficially owns the whole of the issued share capital of the following companies, all of which are registered in England and Wales:

	PRINCIPAL ACTIVITY	EFFECTIVE PROPORTION OF SHARES HELD BY	
		GROUP	COMPANY
DIRECTLY HELD:			
Numis Securities Limited	Financial services	100	100
PrimeSearch Limited	Recruitment	100	100
Numis Leasing Limited	Non-trading	100	100
Numis Corporate Finance Limited	Non-trading	100	100
InsuranceAnalysis Limited	Non-trading	100	100
Numis Education Limited	Non-trading	100	100
Star Nominees Limited	Non-trading	100	100
INDIRECTLY HELD:			
Numis Capital Limited	Non-trading	100	100
Numis Nominees Limited	Non-trading	100	100
Real Education Plc	Non-trading	100	100

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DEBTORS

The following items are included as debtors:

	2003 £000	2002 £000
GROUP		
Due from clients, brokers and recognised stock exchanges	51,329	17,464
VAT	145	110
Other debtors	86	53
Corporation tax recoverable	123	-
Prepayments and accrued income	710	906
	52,393	18,533
HOLDING COMPANY		
Dividend due from subsidiary undertaking	1,500	861
Amounts due from subsidiary undertakings	13,738	4,723
Corporation tax recoverable	113	-
	15,351	5,584

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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CURRENT ASSET INVESTMENTS

	2003 £000	2002 £000
GROUP		
LONG EQUITY POSITIONS AT MARKET VALUE		
- Listed on the London Stock Exchange main market	4,684	2,255
- Listed on AIM	3,638	568
- Listed overseas	630	17
	8,952	2,840

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CASH AT BANK AND IN HAND

	2003 £000	2002 £000
GROUP		
Cash at bank and in hand	13,100	13,586

The cash at bank and in hand at 30 September 2003 includes £31,952 (2002: £30,842) that is held in a designated bank account in trust for the Group's ESOP.

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 2003 held on deposit for clients was £69,585 (2002: £71,913).

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CREDITORS

Amounts falling due within one year. The following amounts are included in creditors:

	2003 £000	2002 £000
GROUP		
Amounts due to clients, brokers and recognised stock exchanges	36,161	14,086
Securities short positions	3,007	1,880
Other creditors		
- UK corporation tax payable	1,738	873
- VAT	55	91
- Social security and PAYE	208	130
- Sundry creditors	99	146
Accruals	5,455	3,079
Dividend proposed	1,378	861
	48,101	21,146
HOLDING COMPANY		
Dividend proposed	1,378	861
Other creditors		
- UK corporation tax payable	19	34
- Other	1,720	149
Amounts due to subsidiary undertakings	1	87
	3,118	1,131

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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SHARE CAPITAL

	2003 NUMBER 000's	2002 NUMBER 000's
AUTHORISED		
25p ordinary shares	28,000	20,000
50% cumulative 10p preference shares	25	25
	28,025	20,025
ALLOTTED, ISSUED AND FULLY PAID		
25p ordinary shares	18,379	15,370
50% cumulative 10p preference shares	-	-
	18,379	15,370
	2003 £000	2002 £000
AUTHORISED		
25p ordinary shares	7,000	5,000
50% cumulative 10p preference shares	3	3
	7,003	5,003
ALLOTTED, ISSUED AND FULLY PAID		
25p ordinary shares	4,595	3,843
50% cumulative 10p preference shares	-	-
	4,595	3,843

During the year 3,008,515 ordinary shares were issued for a total consideration £9,004,055 of which £8,251,926 has been included as share premium (see note 21 below).

At 30 September 2003 the following options granted to directors and employees to acquire ordinary shares in the Company were outstanding, as follows:

GRANT DATE	NUMBER OF OPTIONS OUTSTANDING	EXERCISE PRICE	EARLIEST EXERCISE DATE	LATEST EXERCISE DATE
7 July 1997	358,000	105.0p	7 July 2000	7 July 2004
28 May 1998	10,854	107.5p	28 May 2002	28 May 2005
18 October 1999	313,600	107.5p	18 October 2003	18 October 2006
28 March 2000	360,000	292.5p	28 March 2003	28 March 2010
9 May 2000	253,334	252.5p	9 May 2003	9 May 2010
21 December 2000	493,000	207.0p	21 December 2003	21 December 2010
15 May 2001	554,100	150.0p	15 May 2004	15 May 2011
15 August 2001	156,200	216.5p	15 August 2004	15 August 2011
3 September 2001	44,650	224.0p	3 September 2004	3 September 2011
28 March 2002	24,000	250.0p	28 March 2005	28 March 2012
8 August 2002	80,000	231.0p	8 August 2005	8 August 2012

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

20 RECONCILIATION OF THE MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £000	2002 £000
GROUP		
Profit for the financial year	6,435	4,979
Dividends paid and proposed	(1,382)	(861)
New shares issued	9,004	105
Net addition to shareholders' funds	14,057	4,223
Opening shareholders' funds	16,582	12,359
Closing shareholders' funds	30,639	16,582

21 RESERVES

	SHARE PREMIUM ACCOUNT £000	PROFIT AND LOSS ACCOUNT £000
GROUP		
At 30 September 2002	3,356	9,383
Retained profit for the year	-	5,053
Premium on shares issued	8,252	-
At 30 September 2003	11,608	14,436
HOLDING COMPANY		
At 30 September 2002	3,356	683
Retained profit for the year	-	(251)
Premium on shares issued	8,252	-
At 30 September 2003	11,608	432

The cumulative amount of goodwill written off against the Group's reserves, net of goodwill relating to undertakings acquired, is £1,291,984 (2002: £1,291,984).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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EARNINGS PER SHARE

Earnings per share. Basic earnings per share is calculated on profit on ordinary activities 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 ESOP. Diluted earnings per share assumes that options outstanding at 30 September 2003 were exercised at 1 October 2002, for options where the exercise price was less than the fair value of the price of the share during the year.

Earnings per share, excluding the exceptional item for the year ended 30 September 2002. Basic earnings per share is calculated on profit on ordinary activities after taxation of £ 4,240,000 that was adjusted to £4,231,000 to remove dividends from shares held in the ESOP. Diluted earnings per share assumes that options outstanding at 30 September 2003 were exercised at 1 October 2002, for options where the exercise price was less than the fair value of the price of the share during the year.

	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

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RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2003 £000	2002 £000
Operating profit	8,897	5,426
Loss on sale of tangible fixed assets	-	(137)
Amounts written off tangible fixed assets	3	-
Depreciation charges	407	339
(Increase)/decrease in debtors (excluding taxation receivable)	(33,737)	918
Net (increase)/decrease in trading investments	(6,112)	5,565
Increase in creditors (excluding taxation and dividends payable)	25,573	2,438
Effect of reclassification of holding in Real Education Plc	-	25
Net cash (outflow)/inflow from operating activities	(4,969)	14,574

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

Amounts contracted for but not provided in the accounts amounted to £34,100 for the Group (2002: £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. The contingent liability arising therefrom cannot be quantified, although the directors do not believe that any material liability will arise under these indemnities.

The Group also underwrites the placing of securities in the main and AIM markets in the ordinary course of its business. The aggregate value of these commitments at 30 September 2003 was £nil (30 September 2002: £3,279,200).

The Company has given a guarantee to the Company's bankers, National Westminster Bank plc, for the debts of Numis Securities Limited, up to £10 million. As at 30 September 2003 that company did not have any indebtedness to the National Westminster Bank plc.

c) Operating leases

At 30 September 2003 the Group had annual commitments under operating leases as set out below:

	2003 £000	PROPERTY	2002 £000
Within one year	-		-
In two to five years	278		271
After five years	-		-
	278		271

d) Pension arrangements

The pension cost charge for the year was £380,735 (2002: £288,133).

The Group operated a defined contribution scheme (with a defined benefit guarantee for pensionable services prior to 1 April 1993) up to 5 April 1997. After seeking professional independent advice, the directors decided to effect a winding up of the defined contribution scheme and to secure members' benefits outside the scheme by means of individual policies or transfer to the Group Personal Pension Plan or some other suitable pension arrangements chosen by the member. The winding up of the defined contribution scheme is complete and was funded by the Group.

A Group Personal Pension Plan has been in operation from 6 April 1997 for all full-time employees of the Group over the age of 18 who have served the Group for at least 3 months. 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Group provided financial advice and securities dealing facilities to persons connected with the Group, on an “arms’ length” basis.

The group has taken advantage of exemptions available under FRS8 which permits the non-disclosure of transactions with the parent company and fellow subsidiaries where 90% of the voting rights are controlled within the group.

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FINANCIAL INSTRUMENTS

The Group’s financial instruments comprise trading investments, cash balances and various items such as trade debtors and trade creditors that arise from the normal course of business.

Trading investments are current asset and short positions held as a result of proprietary trading in listed UK investments. These UK investments are equity securities and equity warrants. Trading investments are held at fair value, in accordance with the accounting policy provided in Note 1(e). The Group manages market risk through individual stock limits and overall trading book limits, as determined and monitored by the Risk and Credit Committee.

Sterling cash balances are invested in the Group’s approved banks. Foreign currency balances arise from time to time resulting from trading in foreign currency denominated securities, all material exposures are fully hedged in sterling.

There is no disclosure of short term debtors and short term creditors, as required by FRS13 Derivatives and Financial Instruments: disclosures.

Undrawn committed borrowing facilities

	2003 £000	2002 £000
Expiring within one year	250	250

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

December	Year end results announced
January	Annual report issued
February	Dividend paid
April	Interim results announced
May	Interim statement issued

COMPANY REGISTRATION NUMBER

2375296

NOMINATED BROKER

Numis Securities Ltd
Cheapside House
138 Cheapside
London
EC2V 6LH

NOMINATED ADVISER

PricewaterhouseCoopers LLC
1 Embankment Place
London
WC2N 6RH

REGISTRAR

Computershare Investor Services plc
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BS99 7NH

AUDITORS

PKF
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London
EC1M 3AP

BANKERS

National Westminster Bank plc
1 Princes Street
London
EC2R 8PH

NOTICE OF ANNUAL GENERAL MEETING

(see notes on page 35 for a brief explanation of each of the resolutions)

Notice is hereby given that the Annual General Meeting of the Company will be held at Cheapside House, 138 Cheapside, London, EC2V 6LH on 3 February 2004, at 11.00am for the following purposes:

ORDINARY BUSINESS

To receive and, if thought fit, pass the following resolutions numbered 1-8 (inclusive) as ordinary resolutions:

1. To receive and adopt the Company's annual accounts for the year ended 30 September 2003, together with the directors' report and auditors' report on those accounts.
2. To declare a final dividend for the year ended 30 September 2003 of 7.5p per share payable to shareholders on the register at the close of business on 19 December 2003.
3. To reappoint MA Spencer as a director, who, having been appointed by the directors since the last Annual General Meeting, would in accordance with the Company's articles of association vacate office at the conclusion of this meeting unless reappointed.
4. To reappoint GO Vero as a director, who, having been appointed by the directors since the last Annual General Meeting, would in accordance with the Company's articles of association vacate office at the conclusion of this meeting unless reappointed.
5. To reappoint CA Crick, who is retiring by rotation in accordance with the Company's articles of association, as a director.
6. To reappoint DBJ Sweetland, who is retiring by rotation in accordance with the Company's articles of association, as a director.
7. To re-appoint PKF 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.
8. To consolidate and redesignate the 250,000 preference shares of 10p each as 100,000 ordinary shares of 25p each.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which resolution 9 will be proposed as an ordinary resolution, and resolutions 10 and 11 will be proposed as special resolutions:

Ordinary resolution

9. That in place of all existing authorities the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) of the Company up to a maximum aggregate nominal amount of £1,531,571 provided that:
 - a) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date fifteen months from the passing of this resolution unless previously revoked or renewed by the Company in 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 any relevant securities pursuant to such offer or agreement as if such authority had not expired; and
 - c) all prior authorities to allot relevant securities be revoked but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

Special resolution

10. That, subject to and conditional upon the passing of resolution 9 the directors be granted power pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred by the said resolution as if section 89(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

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

ordinary shareholders on the register on a date fixed by the directors where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them on that date but subject to such exclusions and other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or other legal or practice difficulties under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or as regards shares in issue in uncertified form; and

- b) the allotment (otherwise than pursuant to sub-paragraph a) above) of any equity securities having an aggregate nominal amount, not exceeding in aggregate £229,736 representing approximately 5% of the current issued ordinary share capital of the Company.

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or (if earlier) fifteen months from the date of the passing of this resolution 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

11. That, the Company be unconditionally and generally authorised in accordance with section 166 of the Act to make market purchases (within the meaning of section 163(3) of the Act) on the London Stock Exchange plc's market for Alternative Investment Market securities, of ordinary shares of 25p each in the capital of the Company provided that:

- a) the maximum number of ordinary shares hereby authorised to be purchased is limited to an aggregate of 1,837,855 such shares (representing 10 per cent of the Company's issued ordinary share capital at the date of this resolution).
- b) the minimum price, exclusive of any expenses, which may be paid for each ordinary share is 25p;

- c) the maximum price, exclusive of any expenses, which may be paid for each 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 on the earlier date of the conclusion of the next Annual General Meeting of the Company or fifteen months after the date on which this resolution is passed unless such authority is revoked or renewed prior to such time; 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.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

RESOLUTION 1

REPORT AND ACCOUNTS

The directors are required to present the accounts for the year ended 30 September 2003 to the meeting.

RESOLUTION 2

DECLARATION OF 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 7.5p per ordinary share be paid on 13 February 2004 to ordinary shareholders who are on the register at the close of business on 19 December 2003. Shareholders are being offered the option to receive new ordinary shares as an alternative to cash in respect of this dividend.

RESOLUTION 3

REAPPOINTMENT OF DIRECTOR

Directors appointed during the year will vacate their positions at the end of the annual general meeting following their appointment unless reappointed. Mr Michael Spencer was appointed during the year and seeks re-election.

RESOLUTION 4

REAPPOINTMENT OF DIRECTOR

Directors appointed during the year will vacate their positions at the end of the annual general meeting following their appointment unless reappointed. Mr Geoffrey Vero was appointed during the year and seeks re-election.

RESOLUTION 5

REAPPOINTMENT OF DIRECTOR

The articles of association of the company require one third of the directors to retire at each annual general meeting. At this meeting, Mr Charles Crick will retire by rotation and seeks re-election.

RESOLUTION 6

REAPPOINTMENT OF DIRECTOR

The articles of association of the company require one third of the directors to retire at each annual general meeting. At this meeting, Mr Duncan Sweetland will retire by rotation and seeks re-election.

RESOLUTION 7

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, PKF, and authorises the directors to agree their remuneration.

RESOLUTIONS 8

PREFERENCE SHARES

The Company has authorised but unissued preference share capital. It seeks to combine and align this share capital with the ordinary share capital.

RESOLUTION 9

AUTHORITY TO ALLOT THE RELEVANT SECURITIES

The Company requires the flexibility to allot equity securities from time to time. Accordingly, resolution 9 seeks to grant (until the next annual general meeting or the expiration of 15 months if sooner) the directors authority to allot equity securities up to an aggregate nominal amount of £1,531,571. Save in respect of the issue of new ordinary shares pursuant to the share incentive schemes, 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 10

DISAPPLICATION OF SECTION 89(1) OF THE COMPANIES ACT 1985

This resolution seeks to disapply the pre-emption rights provisions of section 89 of the Companies Act 1985 in respect of the allotment of equity securities 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 £229,736, being approximately 5% of the current issued ordinary share capital. If given this power will expire at the same time as the authority referred to in resolution 9. The directors consider this power desirable due to the flexibility afforded by it. They have no present intention of issuing any equity securities pursuant to this disapplication..

RESOLUTION 11

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 other consents required by law. Such purchases must be authorised by the shareholders at a general meeting. This resolution seeks to grant (until the next annual general meeting or the expiry of 15 months if sooner) the directors authority to purchase the Company's own shares up to a maximum of 10% of the issued ordinary share capital of the Company. In proposing this resolution, the directors consider that it is in the best interests of the Company and its shareholders that the directors should keep the ability to make market purchases of the Company's own shares without the cost and delay of an extraordinary general meeting to seek specific authority for a share purchase. It is only exercisable if to do so would increase earnings per share and it is in the best interest of shareholders generally.

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