Numis Corporation Plc

Half Year Results

for the six months ended 31 March 2020

London, 12 May 2020: Numis Corporation Plc ("Numis") today announces unaudited interim results for the period ended 31 March 2020.

Highlights

- Resilient business performance despite volatile market conditions during the 6 month period ending with the unprecedented impact of COVID-19
- Investment Banking revenues down 5% due to lower deal volumes in line with the UK market
- Equities revenue increased 55% reflecting higher market activity levels and strong trading gains
- Market declines at the end of the period resulted in £1.9m write down of the Investment portfolio
- All business lines fully operational with all staff working from home
- Resilient returns; dividend maintained at 5.5p and £5.5m spent on share repurchases
- Strong balance sheet; cash position materially higher and undrawn credit facility

Key statistics

Financial highlights	**H1 2020**	**H1 2019**	**Change**
Revenue	£63.1m	£55.7m	13.3%
Underlying Operating profit	£9.1m	£8.1m	12.4%
Profit before tax	£7.3m	£7.1m	2.1%
EPS	6.0p	5.4p	11.2%
Cash	£95.3m	£78.9m	20.9%
Net assets	£136.7m	£140.2m	(2.5)%

Operating highlights			
Corporate clients	209	214	(2.3)%
Average market cap of clients	£692m	£836m	(17.2)%
Revenue per head (annualised)	£449k	£401k	12.0%
Operating margin	14.5%	14.6%	(0.1)ppts
Spend on share repurchases	£5.5m	£7.5m	(26.2)%

Notes:
1) Revenue, Underlying Operating profit, Operating margin and Revenue per head all exclude investment income / losses
2) Basic EPS

Alex Ham and Ross Mitchinson, Co-Chief Executive Officers, said:

"During these unprecedented times our priority has been protecting our staff and continuing to support our clients in such difficult circumstances. We are proud of the commitment demonstrated by our people and grateful for their efforts in ensuring our business activities suffered no disruption and our quality of service remains uncompromised.

Over many years we have built an enviable corporate client base. Many of these companies are now facing significant challenges as a result of COVID-19 and our support for a number of these businesses in recent weeks has included raising equity to provide additional liquidity headroom in response to the disruption they are suffering. Our near term performance will likely be determined by the frequency of these deals given the immediate headwinds facing M&A, IPOs and other corporate transactions.

Whilst the pandemic is currently dominating markets, this event will eventually pass and the strength of our balance sheet ensures we can continue to focus on our long term strategic priorities. Our stability and consistency has underpinned our ability to capture market share gains through difficult market environments in the past and we expect to emerge from this challenging period with our business in a strong position."

Contacts:

Numis Corporation:

Alex Ham & Ross Mitchinson, Co-Chief Executive Officers	020 7260 1245
Andrew Holloway, Chief Financial Officer	020 7260 1266

Brunswick:

Nick Cosgrove	020 7404 5959
Simone Selzer	020 7404 5959

Grant Thornton UK LLP (Nominated Adviser):

Philip Secrett	020 7728 2578
Harrison Clarke	020 7184 4384
Jen Clarke	020 7865 2474

Notes for Editors

Numis is a leading independent investment banking group offering a full range of research, execution, corporate broking and advisory services to companies in the UK and their investors. Numis is listed on AIM, and employs approximately 280 staff in London and New York.

Business review

Overall performance

Numis delivered good revenue growth against an unpredictable market backdrop which proved beneficial for our equities business but our Investment Banking division was impacted by lower deal volumes. Overall, revenues increased 13% to £63.1m (2019: £55.7m) and Underlying Operating profit increased 12% to £9.1m (2019: £8.1m). Profit before tax was in line with the comparative period and includes £1.9m of losses recognised on investments held outside of our market making business (2019: £1.4m loss). Our balance sheet remains resilient, and our liquidity position strengthened over the period in response to the market environment; cash balances increased by 21% to £95.3m (2019: £78.9m).

Market conditions

Equity markets experienced a dramatic and largely unprecedented 6 month period, the FTSE 100 and FTSE250 were down 23.4% and 24.3% respectively.

The three month period ended 31 December 2019 featured subdued equity markets and weak corporate activity in advance of the UK General Election. Subsequently markets delivered strong gains and UK equity market activity improved significantly. However, there was insufficient opportunity for deal flow to recover in response to the General Election result as the second quarter was swiftly dominated by the COVID-19 pandemic which caused an unprecedented decline in global markets and extraordinary volatility levels. Transaction volumes across both ECM and M&A declined significantly through the second quarter as a result. ECM remains our largest revenue contributor and whilst market volumes in the comparative period were particularly weak relative to historic levels, this 6 month period witnessed volumes decline a further 10%.

During the final weeks of the period we started to see ECM issuance increase as a result of companies responding to liquidity stresses created by COVID-19. We expect this trend to continue, however the near term outlook for M&A and Private markets transactions will likely remain challenging.

Investment Banking

	H1 2020	**H1 2019**	**%**
	£m	**£m**	**Change**
Capital Markets	22.8	24.9	(8.1)%
Advisory	7.2	7.5	(4.2)%
Corporate retainers	6.8	6.4	6.0%
Investment Banking revenue	**36.9**	**38.8**	**(5.0)%**

Leveraging our market expertise to provide insightful advice to our corporate clients during this difficult period has been our priority. In parallel we continue to advance our strategic priorities through selective hiring to diversify our business and develop our sector capabilities. Our private markets business performed well in the first quarter, continuing the positive momentum from the prior year, and our debt advisory service has proved valuable in guiding our clients through their financing analysis in recent weeks.

Investment Banking revenue for the 6 months to 31 March 2020 was 5% lower than the first half of the prior year. Notwithstanding the cautious market environment leading up to the General Election the year started positively with an improvement in average deal fees leading to a strong performance in the first quarter. Whilst this improvement has been sustained across the period, the second quarter suffered from a decline in deal volumes as COVID-19 concerns significantly impacted the pipeline.

Capital markets revenues declined 8% as a result of lower market volumes and the weakest period for IPOs since 2012. The weak environment for public markets issuance was partially offset by an improvement in our private markets revenue contribution where we completed 6 deals in the period. In the near term we expect public markets activity to improve, prompted by an increase in corporate recapitalisations.

Advisory revenues were down 4% reflecting lower M&A volumes in the UK market over the period. Our M&A pipeline was building ahead of the second quarter however COVID-19 has caused a material decline in the near term. Despite the short term headwinds we continue to believe M&A represents a significant growth opportunity for Numis and we intend to leverage our evolving sector specialisation to improve the number of financial adviser mandates won from our corporate client base.

Retainer fee income increased 6% relative to the comparative period. Overall client numbers declined marginally over the period as we continue to actively rotate the client base. The average market capitalisation of the clients won was approximately five times higher than of those lost in the period reflecting our continued focus on strengthening the corporate client base and targeting those businesses which we believe will be active and offer revenue generating opportunities.

Equities

	H1 2020 £m	**H1 2019 £m**	**% change**
Institutional income	19.7	16.5	19.2%
Trading	6.5	0.4	n.m.
Equities revenue	**26.2**	**16.9**	**55.5%**

Equities delivered a strong performance over the half benefiting from the market share gains achieved in recent years, and the increase in market activity levels. Electronic trading was launched during the period and is delivering a growing contribution to our institutional income. The quality of our research offering, which has received further investment over the past couple of years, provides our institutional clients with a differentiated, high quality service which is invaluable in periods of such severe market disruption. We believe our market position and reputation as a leading UK equities platform will be enhanced through our performance and service in this environment.

Institutional income, which comprises execution commission and payments for research, increased 19% compared to the first half of the prior year. Execution commission benefitted from an increase in market activity post the General Election, and thereafter the extreme market volatility levels underpinned a strong performance in the second quarter. Research fees have been in line with expectations.

Trading delivered gains materially ahead of the comparative period which included the £3m loss associated with the underwriting of the Kier rights issue. In response to the heightened market volatility toward the end of the period we reduced our trading book positions, however this has not impacted profitability levels. Our standing in the market as a leading provider of liquidity in small and mid-cap equities, together with our long standing relationships, ensures we are well positioned to support our institutional clients in volatile markets.

Investment portfolio

Our investment portfolio is currently valued at £13.0m. The portfolio comprises a combination of operating companies and funds, with approximately 40% of the portfolio value held in funds or diversified investment vehicles. Whilst our portfolio is almost entirely private investments, these are not immune to the severe valuation declines we have seen across the public markets in recent months. As a result most of our investments have been subject to write downs attributable to the recent performance of equity markets. Overall the write down over the period amounted to £1.9m representing approximately 13% of the portfolio valuation at the start of the period. There were no disposals or new investments in the period. Given the diversified nature of the portfolio, should there be any recovery in public market indices in the second half we would expect the portfolio valuation to benefit.

Costs and people

	H1 2020	**H1 2019**	**%**
	£m	**£m**	**Change**
Staff costs	31.0	24.7	25.7%
Share-based payments	6.0	5.5	8.3%
Non-staff costs	17.0	17.4	(2.3)%
Total administrative costs	**54.0**	**47.6**	**13.5%**
Period end headcount	285	279	2.2%
Average headcount	281	278	1.1%
Compensation ratio	58.6%	54.2%	4.4ppts

Average headcount increased by only 1% over the period. Hiring activity has been focused on Investment Banking hires, particularly at junior levels, and support roles to safeguard the continued operational resilience of the business. Given the current market conditions, and challenges facing clients, our staff are currently operating at high utilisation rates. We have not furloughed any staff and have no intention of doing so. Similarly we have not accessed any of the Government schemes designed to provide financial support to businesses through this crisis. We expect future hiring activity, particularly at senior levels, to be limited in view of the current challenges, however we remain focused on continuing to advance our strategic priorities over the longer term.

Overall staff costs were 26% higher than the comparative period. The increase is mostly attributable to a higher variable compensation provision reflecting the improved operating performance of the business. In addition our staff costs for the period have been adversely impacted by a higher holiday pay accrual resulting from the current government restrictions.

Our share-based payment charge was £6.0m (2019: £5.5m), an increase of 8% compared to the comparable period. This increase is largely attributable to the higher aggregate equity award to staff as part of the last annual compensation round. The expense related to equity awards is generally weighted toward the first year of a three year term.

Compensation cost as a percentage of revenue has increased compared to the prior period but remains consistent with the FY19 ratio and within our target range of 50% to 60% which we believe to be appropriate given the potential for market cycles to significantly impact revenue performance. We will always target an appropriate alignment between staff compensation, business performance and shareholder returns whilst recognising the prevailing market conditions and outlook.

Non-staff costs are in line with the comparative period. Our investment in technology infrastructure over recent years facilitated an efficient transition to remote working for all staff including the trading floor, and importantly this ensured the protection of our people. All of our staff are working from home with minimal disruption to business performance and client service. In view of the uncertain outlook and our near term priorities, we have delayed discretionary spend related to a number of projects and initiatives.

As previously announced we have agreed to enter into a 15 year lease on new office space at 40 Gresham Street. We previously expected the lease to commence near the end of the current financial year with a relocation date early in the second half of FY21. However work on the Gresham Street building site has been delayed due to COVID-19 and we are awaiting details regarding the length of the delay to completion of the building before we can determine a revised office relocation timetable. As previously indicated the impact of the higher rent and larger office space will increase our ongoing property costs by approximately £3m annually, this cost increase will now most likely commence during the first half of FY21. We have adopted IFRS16 during the period, given the short duration remaining on our head office lease, the impact is immaterial.

Capital and Liquidity

The Group's net asset position as at 31 March 2020 was £136.7m representing an immaterial decline of 1% compared to 30 September 2019. We continue to operate significantly in excess of our regulatory capital requirements and believe this provides the business with stability, and offers reassurance to our clients and counterparties in periods of significant uncertainty and disruption.

Our liquidity position strengthened during the period as we reduced our market exposure in response to volatility levels. As at 31 March 2020 our cash position was £95.3m which was £11.1m higher than the position at 30 September 2019. In addition we have a revolving credit facility which is currently undrawn. Overall, at 31 March 2020 the Group had committed liquidity available of £130m, representing meaningful underwriting capacity to support equity issuance for our corporate clients.

Dividends and share purchases

The Board has declared an interim dividend for the year of 5.5p per share in accordance with our stated policy. The dividend will be paid on 19 June 2020 to shareholders on the Register on 22 May 2020.

Whilst market conditions have been highly volatile and COVID-19 is presenting many challenges across all sectors, we believe maintaining our dividend commitment to shareholders is important and demonstrates our ability to pay a stable ordinary dividend, whilst pursuing selective growth opportunities, across all market cycles.

During the period 2.01m shares were repurchased compared to 2.87m shares purchased in the prior period. The majority of employee share vestings occur during the first half, as a result the share count typically increases in the first few months of the year. Our intention is to continue mitigating the dilutive impact of these awards although the buyback volume may be lower this year compared to prior years given the extreme market volatility experienced.

Current trading and outlook

Transaction volumes have increased in recent weeks as corporate clients accessed the equity markets to complete recapitalisations. Deals executed since the period end include equity raises for ASOS, Hyve and Polypipe. Average deal fees have been maintained resulting in an improved Investment Banking performance since the end of the first half. Equities has maintained the strong performance levels achieved in the first half.

Our pipeline of recapitalisation transactions for clients continues to grow, partially offsetting the decline in M&A, Private markets and IPO fee opportunities which have generally been subject to delay or abandoned. The market environment post COVID-19 is difficult to forecast, however we expect the economic outlook will be challenging and balance sheet repair will continue to be a priority for many companies.

These market conditions will inevitably present opportunities to achieve market share gains and build a stronger business in an evolving competitive landscape, but in the short term we will continue to prioritise the wellbeing of our staff and support our clients whilst adopting a cautious approach to costs and liquidity.

Alex Ham & Ross Mitchinson

Co-Chief Executive Officers

12 May 2020

Consolidated Income Statement

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2020

	Notes	6 months ended 31 March 2020 Unaudited £'000	6 months ended 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
Revenue	3	63,104	55,689	111,610
Other operating income	4	(1,904)	(1,428)	(2,210)
Total income		**61,200**	**54,261**	**109,400**
Administrative expenses	5	(53,973)	(47,567)	(97,514)
Operating profit		**7,227**	**6,694**	**11,886**
Finance income	6	420	430	684
Finance costs	6	(390)	(16)	(134)
Profit before tax		**7,257**	**7,108**	**12,436**
Taxation		(1,003)	(1,396)	(3,110)
Profit after tax		**6,254**	**5,712**	**9,326**
Attributable to:				
Owners of the parent		6,254	5,712	9,326
Earnings per share	7			
Basic		6.0p	5.4p	8.8p
Diluted		5.5p	5.0p	8.1p

Consolidated Statement of Comprehensive Income

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2020

	6 months ended	6 months ended	Year ended
	31 March 2020	31 March 2019	30 September 2019
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Profit for the period	6,254	5,712	9,326
Exchange differences on translation of foreign operations	27	8	(96)
Other comprehensive income for the period, net of tax	**27**	**8**	**(96)**
Total comprehensive income for the period, net of tax, attributable to the owners of the parent	**6,281**	**5,720**	**9,230**

Consolidated Balance Sheet

UNAUDITED AS AT 31 MARCH 2020

	Notes	31 March 2020 Unaudited £'000	31 March 2019 Unaudited £'000	30 September 2019 Audited £'000
Non-current assets				
Property, plant and equipment		2,418	2,798	2,790
Intangible assets		222	62	80
Right-of-use asset	9a	5,045	-	-
Deferred tax	9b	3,194	3,455	3,962
		10,879	**6,315**	**6,832**
Current assets				
Trade and other receivables	9c	246,151	230,764	187,258
Trading investments	9d	25,367	38,824	38,463
Stock borrowing collateral	9e	10,658	23,853	14,640
Current income tax receivable		1,004	-	-
Derivative financial instruments		-	967	1,103
Cash and cash equivalents	9g	95,332	78,876	84,202
		378,512	**373,284**	**325,666**
Current liabilities				
Trade and other payables	9c	(236,176)	(217,313)	(178,613)
Financial liabilities	9f	(10,882)	(21,261)	(14,153)
Lease liabilities	9a	(1,925)	-	-
Current income tax		-	(804)	(1,578)
		(248,983)	**(239,378)**	**(194,344)**
Net current assets		**129,529**	**133,906**	**131,322**
Non current liabilities				
Lease liabilities	9a	(3,737)	-	-
Net assets		**136,672**	**140,221**	**138,154**
Equity				
Share capital		5,922	5,922	5,922
Other reserves		19,755	18,004	20,639
Retained earnings		110,995	116,295	111,593
Total equity		**136,672**	**140,221**	**138,154**

Consolidated Statement of Changes in Equity
UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2020

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2018	**5,922**	**17,537**	**119,677**	**143,136**
Profit for the period			5,712	5,712
Other comprehensive income		8	-	8
Total comprehensive income for the period		**8**	**5,712**	**5,720**
Dividends paid			(6,837)	(6,837)
Movement in respect of employee share plans		459	(2,281)	(1,822)
Deferred tax related to share based payments			(1,445)	(1,445)
Net movement in Treasury shares			1,469	1,469
Transactions with shareholders	**-**	**459**	**(9,094)**	**(8,635)**
Balance at 31 March 2019	**5,922**	**18,004**	**116,295**	**140,221**
Balance at 1 October 2018	**5,922**	**17,537**	**119,677**	**143,136**
Profit for the year			9,326	9,326
Other comprehensive income		(96)	-	(96)
Total comprehensive income for the year		(96)	9,326	9,230
Dividends paid			(12,650)	(12,650)
Movement in respect of employee share plans		3,198	(1,879)	1,319
Deferred tax related to share based payments			(578)	(578)
Net movement in Treasury shares			(2,303)	(2,303)
Transactions with shareholders	-	3,198	(17,410)	(14,212)
Balance at 30 September 2019	5,922	20,639	111,593	138,154
Balance at 1 October 2019	**5,922**	**20,639**	**111,593**	**138,154**
Profit for the period			6,254	6,254
Other comprehensive income		27	-	27
Total comprehensive income for the period	**-**	**27**	**6,254**	**6,281**
Dividends paid			(6,787)	(6,787)
Movement in respect of employee share plans		(912)	(2,853)	(3,765)
Deferred tax related to share based payments			(647)	(647)
Net movement in Treasury shares			3,436	3,436
Transactions with shareholders	**-**	**(912)**	**(6,852)**	**(7,763)**
Balance at 31 March 2020	**5,922**	**19,755**	**110,995**	**136,672**

Consolidated Statement of Cash Flows
UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2020

	Notes	6 months ended 31 March 2020 Unaudited £'000	6 months ended 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
Cash flows from/(used in) operating activities	10	28,175	(16,817)	391
Interest paid		(270)	(16)	(134)
Taxation paid		(3,464)	(1,949)	(3,005)
Net cash from/(used in) operating activities		**24,441**	**(18,782)**	**(2,748)**
Investing activities				
Purchase of property, plant and equipment		(212)	(155)	(714)
Purchase of intangible assets		(189)	-	(47)
Interest received		420	430	684
Net cash from/(used in) investing activities		**19**	**275**	**(77)**
Financing activities				
Purchase of own shares – Employee Benefit Trust		(3,548)	(3,457)	(7,774)
Purchase of own shares – Treasury		(1,953)	(4,001)	(4,222)
Cash paid in respect of lease arrangements - principal		(922)	-	-
Cash paid in respect of lease arrangements - discount		(120)	-	-
Dividends paid		(6,787)	(6,837)	(12,650)
Net cash used in financing activities		**(13,330)**	**(14,295)**	**(24,646)**
Net movement in cash and cash equivalents		**11,130**	**(32,802)**	**(27,471)**
Opening cash and cash equivalents		84,202	111,673	111,673
Net movement in cash and cash equivalents		11,130	(32,802)	(27,471)
Exchange movements		-	5	-
Closing cash and cash equivalents		**95,332**	**78,876**	**84,202**

Notes to the Financial Statements

1. Basis of preparation

Numis Corporation Plc is a UK AIM traded company incorporated and domiciled in the United Kingdom. The address of its registered office is 10 Paternoster Square, London, EC4M 7LT. The Company is incorporated in the United Kingdom under the Companies Act 2006 (company registration No. 2375296).

The consolidated financial information contained within these financial statements is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. These financial statements have been prepared in accordance with AIM Rule 18. The statutory accounts for the year ended 30 September 2019, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The report of the independent auditor on those statutory accounts contained no qualification or statement under Section 498(2) or (3) of the Companies Act 2006.

The preparation of these interim financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The judgements and estimates applied by the Group in these interim financial statements have been applied on a consistent basis with the statutory accounts for the year ended 30 September 2019. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those of estimates.

These interim financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments.

These interim financial statements are prepared on a going concern basis as the directors have satisfied themselves that, at the time of approving these interim financial statements, the Group has adequate resources to continue in operational existence for at least the next twelve months.

During the period, a number of new standards and amendments to IFRS became effective and were adopted by the Company and the Group. These included IFRS 16 'Leases'.

IFRS 16 'Leases' brings all material leases on to the balance sheet with a liability representing future lease payments and an asset representing right of use. This impacts the Company and the Group for all its leases that fall within scope of the standard. All leases have been assessed, and the leases that fall within the standard will be the property leases that the Company has in place in London and New York, as well as some equipment leases in New York. The standard is applicable for the Company's 2020 accounting year end. The assessment shows that the impact will not be material to the income statement, although it has introduced material additional balances to the assets and liabilities of the Company and the Group. In relation to the property leases that the Company and Group have in place, where the space is available for use, the net present value of the remaining lease liabilities, and therefore also the right of use asset, is approximately £5.0m as at the balance sheet date and the impact on the income statement is immaterial.

2. Segmental reporting

Geographical information
The Group is managed as an integrated investment banking and equities business and although there are different revenue types (which are separately disclosed in note 3) the nature of the Group's activities is considered to be subject to the same and/or similar economic characteristics. Consequently the Group is managed as a single business unit.

The Group earns its revenue in the following geographical locations:

	6 months ended 31 March 2020 Unaudited £'000	6 months ended 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
United Kingdom	60,358	51,308	106,077
United States of America	2,746	4,381	5,533
	63,104	**55,689**	**111,610**

The following is an analysis of the carrying amount of non-current assets (excluding deferred tax assets) by the geographical area in which the assets are located:

	6 months ended 31 March 2020 Unaudited £'000	6 months ended 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
United Kingdom	4,225	2,359	2,394
United States of America	3,460	501	476
	7,685	**2,860**	**2,870**

Other information
In addition, the analysis below sets out the income performance and net asset split between our investment banking and equities business and the equity holdings which constitute our investment portfolio.

	6 months ended 31 March 2020 Unaudited £'000	6 months ended 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
Equities income	26,233	16,871	37,325
Corporate retainers	6,811	6,423	13,357
Total corporate transactions revenues	30,060	32,395	60,928
Revenue (see note 3)	**63,104**	**55,689**	**111,610**
Investment activity net gains	(1,904)	(1,428)	(2,210)
Contribution from investment portfolio	**(1,904)**	**(1,428)**	**(2,210)**
Total income	**61,200**	**54,261**	**109,400**

Net assets	6 months ended 31 March 2020	6 months ended 31 March 2019	Year ended 30 September 2019
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Investment banking and equities activities	28,380	45,820	39,105
Investing activities	12,960	15,525	14,847
Cash and cash equivalents	95,332	78,876	84,202
Total net assets	**136,672**	**140,221**	**138,154**

3. Revenue

	6 months ended 31 March 2020	6 months ended 31 March 2019	Year ended 30 September 2019
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Net trading gains	6,548	359	4,008
Institutional income	19,685	16,512	33,317
Equities income	26,233	16,871	37,325
Corporate retainers	6,811	6,423	13,357
Advisory	7,225	7,541	12,576
Capital markets	22,835	24,854	48,352
Investment banking income	36,871	38,818	74,285
	63,104	**55,689**	**111,610**

4. Other operating income

Other operating income represents net losses made on investments which are held outside of the market making portfolio. The losses reflect price movements on quoted holdings, fair value adjustments on unquoted holdings and related dividend income. In the period both our portfolio of unquoted and quoted investments suffered negative valuation movements. Specifically, downward valuation adjustments have been made against the unquoted investment portfolio in relation to the impact from the COVID-19 pandemic.

5. Administrative expenses

	6 months ended 31 March 2020	6 months ended 31 March 2019	Year ended 30 September 2019
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Staff costs	36,999	30,200	64,543
Non-staff costs	16,974	17,367	32,971
	53,973	**47,567**	**97,514**

The average number of employees during the period has increased to 281 (H1 2019: 279). Staff costs excluding share award related charges have increased by 22.5% compared to the prior period due to the improved operating performance resulting in higher variable compensation.

Non-staff costs have decreased by 2.3% compared to the prior period. Approximately 0.4% of this reduction relates to changes in classification and treatment of expenses due to IFRS 16, for which comparatives are not restated.

6. Finance income and Finance costs

Finance income for the period:

	6 months ended 31 March 2020 Unaudited £'000	6 months ended 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
Interest income	226	430	581
Net foreign exchange gains	194	-	74
Other income	-	-	29
	420	**430**	**684**

Finance costs for the period:

	6 months ended 31 March 2020 Unaudited £'000	6 months ended 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
Interest expense	390	6	134
Net foreign exchange losses	-	10	-
	390	**16**	**134**

Finance costs have increased in the current financial year due to the classification of the unwinding of the lease liability discount as a Finance cost under IFRS16, and additional costs in relation to the Revolving Credit Facility.

7. Earnings per share

Basic earnings per share is calculated on profits after tax of £6,254,000 (2019: £5,712,000) and 104,162,166 (2019: 105,750,034) ordinary shares being the weighted average number of ordinary shares in issue during the period. Diluted earnings per share takes account of contingently issuable shares arising from share scheme award arrangements where their impact would be dilutive. In accordance with IAS 33, potential ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share from continuing operations attributable to the equity holders. Therefore shares that may be considered dilutive while positive earnings are being reported may not be dilutive while losses are incurred.

The calculations exclude shares held by the Employee Benefit Trust on behalf of the Group and shares held in Treasury.

	6 months ended 31 March 2020 Unaudited Number Thousands	6 months ended 31 March 2019 Unaudited Number Thousands	Year ended 30 September 2019 Audited Number Thousands
Weighted average number of ordinary shares in issue during the period – basic	104,162	105,750	105,443
Dilutive effect of share awards	8,946	9,114	9,424
Diluted number of ordinary shares	**113,108**	**114,864**	**114,867**

8. Dividends

	6 months ended 31 March 2020 Unaudited £'000	6 months ended 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
Final dividend year ended 30 September 2018 (6.50p)		6,837	6,837
Interim dividend year ended 30 September 2019 (5.50p)			5,813
Final dividend year ended 30 September 2019 (6.50p)	6,787		
Distribution to equity holders of Numis Corporation Plc	**6,787**	**6,837**	**12,650**

The Board has approved the payment of an interim dividend of 5.50p per share (2019: interim 5.50p per share). This dividend will be payable on 19 June 2020 to shareholders on the register of members at the close of business on 22 May 2020. These financial statements do not reflect this dividend payable.

9. Balance sheet items

(a) Right-of-use asset and lease liabilities
The right-of-use asset and lease liabilities (current and non-current) represent the two property leases that the Group holds for its offices in London and New York. This does not include the lease for our new London office, as that lease is not yet available for use.

(b) Deferred tax
As at 31 March 2020 deferred tax assets totalling £3,194,000 (30 September 2019: £3,962,000) have been recognised reflecting management's confidence that there will be sufficient levels of future taxable profits against which these deferred tax asset can be utilised. The deferred tax asset principally comprises amounts in respect of unvested share-based payments.

(c) Trade and other receivables and Trade and other payables
Trade and other receivables and trade and other payables principally comprise amounts due from and due to clients, brokers and other counterparties. Such amounts represent unsettled sold and unsettled purchased securities transactions and are stated gross. The magnitude of such balances varies with the level of business being transacted around the reporting date. Included within Trade and other receivables are cash collateral balances held with securities clearing houses of £8,537,000 (30 September 2019: £12,007,000).

The group has a legally enforceable right and intention to offset with a clearing house. The amount offset at the period end was £10.2m (30 September 2019: £5.0m). The prior period has been restated to reflect the application of the offsetting rules. This does not affect the prior period net assets value and there has been no impact on reported results in either financial period.

(d) Trading investments
Included within trading investments is £12,985,000 (30 September 2019: £14,847,000) of investments held outside of the market making portfolio. The net decrease during the period has been due to unfavourable valuation movements largely attributable to the Covid-19 pandemic.

(e) Stock borrowing collateral
The Group enters stock borrowing arrangements with certain institutions which are entered into on a collateralised basis with cash advanced as collateral. Under such arrangements a security is purchased with a commitment to return it at a future date at an agreed price. The securities purchased are not recognised on the balance sheet. Where cash has been used to affect the purchase, an asset is recorded on the balance sheet as stock borrowing collateral at the amount of cash collateral advanced or received.

(f) Financial liabilities
Financial liabilities comprise short positions in quoted securities arising through the normal course of business in facilitating client order flow and form part of the market making portfolio.

(g) Cash and cash equivalents

Cash balances are higher than those reported at 31 March 2019 reflecting a reduction of market making positions held, following the Covid-19 outbreak. Dividend distributions have been maintained at a similar level to the prior period (£6.8m cash outflow). The repurchase of shares into Treasury and the Employee Benefit Trust have continued, but at a lower level than the prior period (£5.5m cash outflow).

(h) Investment commitment

During 2018 the Company signed an investment subscription agreement in a U.S. private fund with a total subscription value of $1.0m. The full amount of the subscription had not been called upon at the balance sheet date. The fund calls upon capital as it is required and at the balance sheet date $0.9m had been called up and paid. This is classified within Trading Investments. The remaining $0.1m has not yet been called and is therefore a commitment until it is paid over to the fund. The subscription agreement allows that the investment can be called any time up till the 5th anniversary of the agreement, which is June 2023.

10. Reconciliation of profit before tax to cash from operating activities

	6 months ended 31 March 2020 Unaudited £'000	6 months ended 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
Profit before tax	7,257	7,108	12,436
Net finance (income)	(30)	(414)	(550)
Depreciation charge on property, plant and equipment	584	558	1,124
Depreciation charge on right-of-use asset	862	-	-
Amortisation charge on intangible assets	47	15	44
Share scheme charges	5,200	5,493	10,914
Decrease in current asset trading investments	13,096	4,976	5,337
(Increase)/decrease in trade and other receivables	(58,893)	139,506	182,046
Net movement in stock borrowing collateral	3,982	(15,947)	(6,734)
Increase/(decrease) in trade and other payables	54,292	(157,490)	(203,473)
Other balance sheet movements in respect of leases	676	-	-
Decrease/(increase) in derivatives	1,103	(622)	(753)
Cash from/(used in) operating activities	**28,175**	**(16,817)**	**391**

The increase in cash generated from operating activities during the six months ended 31 March 2020 reflects a reduction in market making positions over the period, partially offset by outflows in respect of seasonal expense items which fall within the first half of our financial year.