

**Embargoed for release
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**Numis Corporation Plc Final Results for the twelve months
ended 30 September 2004**

Numis Corporation Plc (“Numis”) today announces final results for the twelve months ended 30 September 2004. Numis is the holding company of Numis Securities Limited, the independent investment banking and stockbroking business.

Financial Highlights

- **Operating income up 39% to £32.7m (2003: £23.6m)**
- **Profit before tax up 50% to £14.1m (2003: £9.4m)**
- **Basic earnings per share before an exceptional profit of £1.0m (2003: nil) up 24% to 49.7p (2003: 40.2p) on the same basis**
- **Final dividend of 8.0p per share, making 10.5p per share (2003: 7.5p per share) for the year, up 40%**
- **Net assets increased by 35% to £39.0m (2003: £28.8m)**

Operational Highlights

- **£388m raised for corporate clients in the period (2003: £340m)**
- **Corporate client list increased to 73 from 53**
- **Significant investment in staff across the business**
- **Research coverage expanded – now providing analysis on more than 360 stocks**

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

“ I am pleased with the performance of the business in the last financial year. All areas of the Group’s business have grown and we have expanded our corporate and institutional client base and extended our research capabilities.

Although it is difficult to predict market conditions or business flows going forward, we have made an excellent start in the first two months of the new financial year and we are cautiously optimistic for the future.

Our focus on investing in talented people in each of corporate broking, corporate advisory, research, sales and trading has allowed us consistently to provide the high quality of service

all our clients expect. As a result of this, we continue to attract further corporate clients and support for our research product from institutional investors.

We believe we have created a stable platform from which we can drive our client offering to the next level and position Numis as a leading independent provider of stockbroking and investment banking services in the UK mid and small cap market.”

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Chief Executive's Statement

Results

We are pleased to report that the Group's profit before tax for the twelve months ended 30 September 2004 was £14.1 million (2003: £9.4 million), an increase of 50%. Operating profit, which excludes an exceptional profit of £1.0 million relating to the sale of London Stock Exchange plc shares, increased by 36% to £11.6 million (2003: £8.5 million). Operating income increased in the period to £32.7 million (2003: £23.6 million). Basic earnings per share before the exceptional profit were 49.7p (2003: 40.2p) while net assets have increased to £39.0 million (2003: £28.8 million). Our administrative costs rose during the year as a result of significant investment in new staff and our cost to income ratio is now 44%, a level that we are comfortable with.

Dividend and Scrip Alternative

The board recommends payment of a final dividend of 8.0p per share payable on 11 February 2005 to all shareholders on the register on 17 December 2004. A maiden interim dividend of 2.5p per share was paid during the year making the total dividend per share 10.5p for the year, an increase of 40%. We continue to offer shareholders 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.

Review of Activities

Turnover and profitability increased across all areas of the Group's business as we grew our corporate client base and expanded our research capabilities. Institutional commission income rose by 70%, retainers from corporate clients grew by 89% and fees from capital raisings and corporate finance activities increased by 51%. Our New York office, opened recently to give corporate clients access to US investors, has commenced trading and is now making a positive contribution to commission income as well as broadening our appeal to corporate clients wishing to undertake US roadshows. In London, we have taken an additional 10,000 square feet at Cheapside House to accommodate our expansion. This space will be ready for occupation in the New Year.

Research

We have focused on building and strengthening our research capability, endeavouring to provide institutional investors with high quality, well researched ideas. The group is becoming recognised as one of the leading research houses in the UK mid and small cap arena in London, which is demonstrated by the wide range of institutions and companies with whom our analysts and sales team maintain contact. We constantly strive to improve the quality of our research and our service to institutional clients by investing in further sectors, and strengthening our existing teams. We have made significant progress in tailoring our research to make it relevant to all types of investors and we now cover the majority of UK mid and large cap companies as well as many smaller ones.

Corporate Broking and Advisory

Our corporate broking and advisory business has developed strongly during the period and continues to attract new corporate clients. Numis is becoming a leading independent adviser to high quality UK mid and small cap companies. During the period, the number of corporate

clients for whom we act as broker and/or retained adviser has risen to 73 (2003: 53), and continues to rise. Numis raised £388 million for companies in the period (2003: £340 million), encompassing a broad range of transactions.

Sales and Execution

Institutional commissions have risen by 70% during the period. This rise reflects an increasing emphasis on providing targeted research and high quality ideas to institutional clients, a substantial effort to increase our market share in stocks that we analyse and our drive to provide first-class execution. We are seeking to expand our sales team with high quality individuals and teams in the mid and large cap area.

Our emphasis when executing business remains on client service and facilitation, a model that has worked well in developing confidence amongst institutional investors. We now actively trade 236 stocks, of which 72 are on SETSmm, a trading system which we support and also welcome its proposed extension.

During the year we became a Retail Service Provider (RSP). At present we have 12 retail brokers in our community and anticipate growing this substantially. We believe our ability to attract retail order flow will enhance our offering to institutional clients.

Investment in comdirect

During the year, the Group acquired a 26.3 per cent stake in comdirect, the UK's second largest on-line broker and the UK's third largest retail stockbroker by share trading volumes and the market leader in covered warrants. We are delighted with the progress made at comdirect since we acquired our stake in June 2004.

Outlook

The new financial year has started well with further corporate client wins and a total of £261 million being raised for 7 corporate clients in the last two months. These include two secondary placings of £100 million or more, underlining the growing strength of our distribution capability. Although it is difficult to predict market conditions or business flows, our pipeline of corporate transactions is ahead of last year and we are cautiously optimistic for the future.

We continue to invest in high quality people in all areas of the business, whilst maintaining a watchful eye on our cost base. It is pleasing to note that whilst our cost base has increased by 80% since 2001, our turnover is up nearly five fold. We are confident the increased investment during the year, mostly in high quality people and the establishment of a presence in New York, will help us to make further progress in the current year.

We are grateful for the efforts of our staff, without whom we would have been unable to make such positive progress.

Oliver Hemsley
Chief Executive
8 December 2004

**Consolidated profit and loss account
For the year ended 30 September 2004**

	Year ended 30 Sept 04 Unaudited £000's	Year ended 30 Sept 03 Audited £000's Restated
Operating income	32,733	23,610
Administrative expenses	(21,138)	(15,097)
Operating profit	<u>11,595</u>	<u>8,513</u>
Share of associated undertaking's profit	588	243
Exceptional item -profit on disposal of fixed asset investments	984	0
Profit on ordinary activities before interest	<u>13,167</u>	<u>8,756</u>
Interest receivable and similar income	897	634
Interest payable and similar charges	(14)	(11)
Profit on ordinary activities before taxation	<u>14,050</u>	<u>9,379</u>
Taxation on profit on ordinary activities	(4,321)	(2,966)
Profit on ordinary activities after taxation	<u>9,729</u>	<u>6,413</u>
Dividends paid and proposed	(1,951)	(1,322)
Retained profit for the year	<u>7,778</u>	<u>5,091</u>
Earnings per share		
Basic	53.4p	40.2p
Diluted	47.7p	34.5p
Earnings per share, excluding exceptional item		
Basic	49.7p	40.2p
Diluted	44.3p	34.5p

Consolidated balance sheet
At 30 September 2004

	30 Sept 04	30 Sept 03
	Unaudited	Audited
	£000's	£000's
		Restated
Fixed Assets		
Tangible fixed assets	736	848
Fixed asset investments	295	916
Investment in associated undertakings	4,331	644
	<hr/> 5,362	<hr/> 2,408
Current Assets		
Debtors	84,201	52,393
Investments	13,396	8,952
Cash at bank and in hand	23,468	13,068
	<hr/> 121,065	<hr/> 74,413
Creditors		
Amounts falling due within one year	(87,446)	(48,037)
	<hr/>	<hr/>
Net current assets	33,619	26,376
	<hr/>	<hr/>
Net assets	38,981	28,784
	<hr/>	<hr/>
Capital and reserves		
Share capital	4,875	4,595
Share premium	14,896	11,608
Profit and loss account	19,210	12,581
	<hr/>	<hr/>
Equity shareholders' funds	38,981	28,784
	<hr/>	<hr/>

Consolidated cashflow statement
For the year ended 30 September 2004

	30 Sept 04 Unaudited £000's	30 Sept 03 Audited £000's
Net cash inflow / (outflow) from operating activities before exceptional items	15,314	(4,969)
Cash inflow from exceptional items	1,954	0
Net cash inflow/(outflow) from operating activities	<u>17,268</u>	<u>(4,969)</u>
Returns on investments and servicing of finance		
Interest received	893	623
Interest paid	(14)	(11)
Dividends received	4	11
Net cash inflow from returns on investments and servicing of finance	<u>883</u>	<u>623</u>
Taxation		
Corporation tax paid	(4,431)	(2,144)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(345)	(179)
Purchase of associated undertaking	(4,231)	(620)
Disposal of fixed asset investments	620	0
Net cash outflow from investing activities from capital expenditure and financial investments	<u>(3,956)</u>	<u>(799)</u>
Equity dividends	(1,304)	(628)
Financing		
Issue of ordinary shares	1,940	7,409
Increase / (decrease) in cash in the year	<u>10,400</u>	<u>(508)</u>
Reconciliation of net cashflow to movement in net funds		
Increase / (decrease) in cash balances in the year	10,400	(508)
Net funds at the beginning of the year	13,068	13,576
Net funds at the end of the year	<u>23,468</u>	<u>13,068</u>

Accounting policies

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

Prior Year Restatements

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

Exceptional item

The profit on disposal of fixed asset investment of £984,000 (2003: nil) relates to the sale of 265,000 London Stock Exchange plc shares. The Group held no (2003: 265,000) London Stock Exchange plc shares at 30 September 2004.

Earnings per share

The calculation of basic earnings per ordinary share is based on the profit for the year ended 30 September 2004 of £9,729,000 (2003: £6,413,000) and 18,207,000 (2003: 15,946,000) ordinary shares being the weighted average number of ordinary shares in issue during the year. Diluted earnings per share assumes that options outstanding at 30 September 2004 were exercised at 1 October 2003, for options where the exercise price was less than the average the price of the share during the year.

Basic earnings per share, excluding the exceptional items for the year ended 30 September 2004 (2003: there were no exceptional items) is calculated on profit on ordinary activities after taxation of £9,040,000. Diluted earnings per share assumes that options outstanding at 30 September 2004 were exercised at 1 October 2003, for options where the exercise price was less than the average price of the share during the year.

	Year ended 30 Sept 04 Unaudited number	Year ended 30 Sept 03 Unaudited number
Weighted average number of ordinary shares in issue during the year - basic	18,207	15,946
Effect of options over ordinary shares	2,160	2,648
Diluted number of ordinary shares	20,367	18,594

Administrative expenses

Administrative expenses include a provision for incentive payments of £6,459,000 (2003: £4,335,000).

Dividend

The board recommends payment of a final dividend of 8.0p per share (2003: 7.5p per share). The dividend will be payable on 11 February 2005 to all shareholders on the register on 17 December 2004.

Reconciliation of operating profit to net cashflow from operating activities

	Year ended 30 Sept 04 Unaudited £000's	Year ended 30 Sept 03 Audited £000's
Operating profit	11,595	8,513
Amounts written off tangible fixed assets	0	3
Amounts written off investment	0	384
Depreciation charges	457	407
Increase in debtors (excluding taxation receivable)	(31,588)	(33,737)
Net increase in trading investments	(4,444)	(6,112)
Increase in creditors (excluding taxation and dividends payable)	39,294	25,573
Net cash inflow/ (outflow) from operating activities	<u>15,314</u>	<u>(4,969)</u>

Audited results

The audited results for the year ended 30 September 2003 are an extract from the latest published audited accounts and do not constitute the statutory accounts as defined in Section 240 of the Companies Act 1985. The published audited accounts have been delivered to the Registrar of Companies and included the report of the auditors that was unqualified.

Further copies

A copy of the audited Report and Accounts and the circular explaining the payment of the dividend and scrip alternative is to be sent to all shareholders on or about 7 January 2005. Copies of this announcement are available free of charge for one month from:

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