

**Embargoed for release  
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**Numis Corporation Plc Final Results  
for the twelve months ended 30 September 2005**

**Numis Corporation Plc (“Numis”) today announces final results for the twelve months ended 30 September 2005. Numis is the holding company of Numis Securities Limited the independent investment banking and stockbroking business.**

**Financial Highlights**

- **Operating income up 101% to £65.7m (2004: £32.7m)**
- **Profit before tax and exceptional profits up 134% to £30.6m (2004: £13.1m)**
- **Profit before tax up 184% to £39.9m (2004: £14.1m)**
- **Basic earnings per share before an exceptional profit of £9.3m (2004: £1.0m) up 119% to 21.7p (2004: 9.9p restated)**
- **Final dividend of 2.525p per share, making 3.15p per share (2004: 2.1p per share) for the year, up 50%**
- **Net assets increased by 81% to £70.7m (2004: £39.0m) and cash balances increased to £57.1m, representing 81% of net assets (2004: 60%)**

**Operational Highlights**

- **£1,062m raised for corporate clients in the period (2004: £388m), with the AIM market being particularly active. Numis was the largest fund raiser on AIM with £785m raised for 26 clients.**
- **Corporate client list increased to 93 from 76.**
- **Institutional commissions and market making profits from sales and trading up to £17.4m, reflecting a growth in Numis share of the market and a particularly active equity market.**
- **Significant investment in staff across the business with total headcount now 127 (2004: 100).**
- **Research coverage expanded – now providing analysis on more than 400 stocks to a broadening universe of UK and overseas institutions; and, hedge funds.**

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

“We have taken advantage of the favourable market conditions over the past six months to increase the size and quality of our corporate and institutional client base and have continued to invest in highly regarded and talented staff. We are making steady progress towards our goal of becoming the

independent broker of choice for high quality mid and small cap companies and we are deepening our relationships with institutional and hedge fund managers.”

## **CHIEF EXECUTIVE’S STATEMENT**

For the twelve months ending 30 September 2005 operating income was up 101% to £65.7m (2004: £32.7m). Profit before tax and exceptional items for the year rose to £30.6m (2004: £13.1m). Basic earnings per share were 21.7p (2004: 9.9p restated) while net assets increased to £70.7m (2004: £39.0m) and cash balances to £57.1m (2004: £23.5m).

Numis has achieved these results in the context of a very strong market backdrop and an exceptionally active new issues market. The FTSE 250 and AIM markets in particular have grown significantly during this period and Numis has been the largest single fundraiser on AIM during this time.

Numis continues to invest in talented people across the business. Our corporate and institutional client base has expanded and we have further enhanced our research capabilities. Numis has built this business at the same time as improving its expense ratio and operating margins and will continue to selectively hire talent to improve its services as it grows.

London is now, more than ever, seen as the leading international financial market and, as such, is of growing interest to overseas companies looking to access capital. Numis is in a strong position to benefit from this trend.

### ***Corporate Broking and Advisory***

It has been an exceptionally busy last six months for existing and new corporate clients of the group. The number of corporate clients for whom we act has now risen to 93 (2004: 76). During the year, our clients raised a total of £1,062m (2004: £388m) through 37 transactions, demonstrating the benefits of building a diverse corporate client base. It is pleasing to note that over 33% of these transactions were on behalf of existing clients, reflecting the strength of our relationships with corporate clientele.

Our goal to become the corporate broker of choice for high quality mid and small cap companies is steadily being realised. We believe the opportunity remains significant, and we continue to strengthen both our corporate broking and corporate finance departments with high quality individuals and teams, who wish to work within a growing independent stockbroker.

### ***Research, Sales and Trading***

We have expanded and improved our research and execution services for UK quoted companies and institutional investors. During the period our combined institutional commissions and market making profits rose to £17.4m. We have recently added to our research strength in support services and have made a number of high calibre hires in the IT sector. The firm now has a strong and recognised research capability in 14 sectors, including aerospace & defence, building & construction, environmental engineering & services, food producers, insurance, IT, leisure, life sciences, media, mining, oil & gas, retail, specialised financials and support services. Our analysts now cover 422 companies on the UK stockmarket.

Our execution services have made a substantial contribution to the growth in institutional commissions. Our New York office is an increasing contributor to our institutional commission revenues and the relationships we are developing in Europe will enable us to support broader institutional interest in the London market.



Although sales and trading is an increasingly competitive area, with pressure on commission levels for trades in liquid stocks from electronic trading, there will always be a market for independent and well researched ideas, combined with high quality execution, which help to improve performance for our institutional clients.

Our market making business continues to be focused on client facilitation, rather than generating proprietary trading profits, and it has helped build market presence and goodwill for Numis, as well as producing revenues that cover the operating and liquidity costs incurred. We now act as market maker to 320 stocks (2004: 236).

### ***Financial Review***

We continue to invest in high quality people in all areas of the business and in upgrading our ability to serve our clients. During the year our average headcount has increased from 86 to 112 and revenue per employee has risen from £381,000 to £587,000. Our operating expenses before bonuses have risen during the year from £14.7m to £25.4m reflecting our significant investment in new people, the expansion in facilities and a major upgrade to infrastructure. We have replaced technology platforms for securities settlements and accounting and are introducing new IT systems for research and customer relationship management. At the same time we are keeping costs under tight control and our expense ratio and operating margins have improved with costs before bonuses falling to 39% of revenue (2004: 45%). Balance sheet management has also improved with cash balances now representing 81% of net assets (2004: 60%).

### ***Board Development***

During the year we continued to strengthen the Board with the appointment of Bill Trent as Chief Financial Officer and of Tom Bartlam, founder and former Managing Director of Intermediate Capital Group PLC as a non-executive director. We are also delighted to have made two further Board appointments since the year end: Nigel Turner, the former Vice Chairman of ABN Amro's wholesale client business, as Deputy Chairman and Lorna Tilbian as an Executive Director. We are confident that their extensive experience will be of great benefit to Numis.

### ***Dividend and Scrip Alternative***

The Board has declared a final dividend of 2.525p per share (2004: 1.6p - restated for the 5 for 1 share subdivision). The dividend will be payable on 17 February 2006 to all shareholders on the register at 16 December 2005. Shareholders will be offered the option to receive shares instead of a cash dividend, the details of which will be explained in a circular to accompany our Annual Report.

### ***Outlook***

We have seen a satisfactory start to the new financial year with 8 new client wins and £191m being raised for 9 corporate clients. Competition is increasing in the areas where we operate but as long as we maintain our drive to improve our services to our clients, Numis has a bright future as an independent investment banking and stockbroking business.

## ***Our people***

Our people are exceptional and are dedicated to serving clients and building a leading investment bank for high quality mid and small cap companies. We are grateful for their efforts, without which we would have been unable to make such strong progress during the year.

Oliver Hemsley  
Chief Executive

7<sup>th</sup> December 2005

### **Contacts:**

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## Consolidated profit and loss account

For the year ended 30 September 2005

|  | 2005     | 2004     |
|--|----------|----------|
|  | £000     | £000     |
| OPERATING INCOME                                 | 65,693   | 32,733   |
| GROSS PROFIT                                     | 65,693   | 32,733   |
| Administrative expenses                          | (38,076) | (21,138) |
| OPERATING PROFIT                                 | 27,617   | 11,595   |
| Share of associated undertakings' profit         | 1,388    | 588      |
| Exceptional item                                 |          |          |
| - profits on disposal of fixed asset investments | 9,299    | 984      |
| PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST    | 38,304   | 13,167   |
| Interest receivable and similar income           | 1,652    | 897      |
| Interest payable and similar charges             | (48)     | (14)     |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION    | 39,908   | 14,050   |
| Tax on profit on ordinary activities             | (9,466)  | (4,321)  |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION     | 30,442   | 9,729    |
| Dividends paid and proposed                      | (3,157)  | (1,951)  |
| RETAINED PROFIT FOR THE YEAR                     | 27,285   | 7,778    |
| Earnings per share                               |          |          |
| Basic  | 31.3p    | 10.7p    |
| Diluted  | 30.0p    | 9.6p     |
| Earnings per share, excluding exceptional item   |          |          |
| Basic  | 21.7p    | 9.9p     |
| Diluted  | 20.9p    | 8.9p     |

## Consolidated balance sheet

At 30 September 2005

|                                       | 2005<br>£000 | 2004<br>£000 |
|---------------------------------------|--------------|--------------|
| Fixed assets                          |              |              |
| Tangible fixed assets                 | 1,598        | 736          |
| Fixed asset investments               | 1,546        | 295          |
| Investment in associated undertakings | 859          | 4,331        |
|                                       | <hr/>        | <hr/>        |
|                                       | 4,003        | 5,362        |
|                                       | <hr/> <hr/>  | <hr/> <hr/>  |
| Current assets                        |              |              |
| Debtors                               | 84,246       | 75,676       |
| Investments                           | 15,394       | 13,396       |
| Collateral                            | 7,857        | 8,525        |
| Short term liquid investments         | 2,418        | -            |
| Cash at bank and in hand              | 57,133       | 23,468       |
|                                       | <hr/>        | <hr/>        |
|                                       | 167,048      | 121,065      |
| Creditors                             |              |              |
| Amounts falling due within one year   | (100,259)    | (87,446)     |
|                                       | <hr/>        | <hr/>        |
| Net current assets                    | 66,789       | 33,619       |
|                                       | <hr/>        | <hr/>        |
| Net assets                            | 70,792       | 38,981       |
|                                       | <hr/> <hr/>  | <hr/> <hr/>  |
| Capital and reserves                  |              |              |
| Share capital                         | 5,258        | 4,875        |
| Share premium account                 | 19,341       | 14,896       |
| Profit and loss account               | 46,193       | 19,210       |
|                                       | <hr/>        | <hr/>        |
| Equity shareholders' funds            | 70,792       | 38,981       |
|                                       | <hr/> <hr/>  | <hr/> <hr/>  |

**Consolidated cash flow statement**  
**For the year ended 30 September 2005**

|   | 2005<br>£000 | 2004<br>£000 |
|---|--------------|--------------|
| Net cash inflow from operating activities<br>before exceptional items                           | 24,147       | 15,314       |
| Cash inflow from exceptional items  | 13,802       | 1,954        |
|   | <hr/>        | <hr/>        |
| Net cash inflow from operating activities   | 37,949       | 17,268       |
| Returns on investments and servicing of finance   |              |              |
| Interest received   | 1,631        | 893          |
| Interest paid   | (48)         | (14)         |
| Dividends received  | 21           | 4            |
|   | <hr/>        | <hr/>        |
| Net cash inflow from returns on<br>investments and servicing of finance                         | 1,604        | 883          |
| Taxation  |              |              |
| Corporation tax paid  | (5,683)      | (4,431)      |
| Capital expenditure and financial investment  |              |              |
| Purchase of tangible fixed assets   | (1,375)      | (345)        |
| Purchase of associated undertaking  |              | (4,231)      |
| Purchase of fixed asset investments   | (1,251)      |              |
| Disposal of fixed asset investments   |              | 620          |
|   | <hr/>        | <hr/>        |
| Net cash outflow from investing activities<br>from capital expenditure and financial investment | (2,626)      | (3,956)      |
| Equity dividends paid   | (1,334)      | (1,304)      |
| Financing   |              |              |
| Issue of ordinary shares  | 3,755        | 1,940        |
|   | <hr/>        | <hr/>        |
| Increase in cash in the year  | 33,665       | 10,400       |
|   | <hr/>        | <hr/>        |
| Reconciliation of net cash flow<br>to movement in net funds                                     |              |              |
| Increase in cash balances in the year   | 33,665       | 10,400       |
| Net funds at the beginning of the year  | 23,468       | 13,068       |
|   | <hr/>        | <hr/>        |
| Net funds at the end of the year  | 57,133       | 23,468       |
|   | <hr/>        | <hr/>        |



## Notes to the financial statements

### 1 Operating income

|   | 2005<br>£000 | 2004<br>£000 |
|---|--------------|--------------|
| Institutional commissions and market making trading | 17,386       | 11,258       |
| Corporate retainers                                 | 2,197        | 1,811        |
| Deal fees   | 11,044       | 5,560        |
| Placing commission                                  | 35,066       | 14,104       |
|   | <hr/>        | <hr/>        |
|   | 65,693       | 32,733       |
|   | <hr/> <hr/>  | <hr/> <hr/>  |

### 2 Exceptional items

|  | 2005<br>£000 | 2004<br>£000 |
|--|--------------|--------------|
| Profit from sale of interest in associate: Comdirect Ltd | 9,299        |              |
| Profit on disposal of fixed asset investment             |              | 984          |
|  | <hr/>        | <hr/>        |
|  | 9,299        | 984          |
|  | <hr/> <hr/>  | <hr/> <hr/>  |

### 3 Staff costs

|   | 2005<br>£000 | 2004<br>£000 |
|---|--------------|--------------|
| Employee costs during the year amounted to: |              |              |
| Wages and salaries                          | 8,753        | 6,601        |
| Incentive payments                          | 10,697       | 5,727        |
| Exceptional Incentive                       | 600          | -            |
| Social security costs                       | 4,226        | 1,510        |
| Compensation for loss of office             | 526          | 48           |
| Other pension costs                         | 755          | 448          |
| LTIP costs                                  | 1,063        | 502          |
|   | <hr/>        | <hr/>        |
|   | 26,620       | 14,836       |
|   | <hr/> <hr/>  | <hr/> <hr/>  |

### 4 Number of staff employed

|                      | 2005<br>Number | 2004<br>Number |
|----------------------|----------------|----------------|
| Average for the year |                |                |
| Professional         | 85             | 64             |
| Administration       | 27             | 22             |
|                      | <hr/>          | <hr/>          |
|                      | 112            | 86             |
|                      | <hr/> <hr/>    | <hr/> <hr/>    |
| At the year end      | 127            | 100            |
|                      | <hr/> <hr/>    | <hr/> <hr/>    |