

Numis Corporation Plc Preliminary Results for the year ended 30 September 2012

London, 5 December 2012: Numis Corporation Plc (“Numis”) today announces preliminary results for the year ended 30 September 2012. Numis is the holding company of Numis Securities Limited, the independent merchant banking and broking business.

Highlights

- Revenue of £50.1m (2011: £54.2m)
- Adjusted profit before tax of £7.7m (2011: £8.9m)
- Statutory profit before tax of £4.1m (2011: £0.2m)
- Final dividend of 4.00p, maintaining the total dividend at 8.00p per share (2011: 8.00p)
- 18 new corporate clients during the year bringing the total to 144 covering a wide range of companies across 16 sectors of the market
- Completed 3 IPOs during the year and raised £717m of funds for corporate clients
- Ongoing administrative expenses reduced by £3.3m (7%)
- A leading issuer of retail bonds, raising in excess of £250m during the four months to December 2012
- Quality new hires across the firm whilst overall headcount and expenses both reduced
- Voted “Best Advisor – Corporate Sponsor in the 2012 UK Stock Market Awards”
- Findings of joint Numis / London Stock Exchange Group (LSEG) survey of Numis Smaller Companies Index constituents published today

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

“In a challenging and over-broked market, Numis has produced another creditable performance. At a time when bank lending is increasingly constrained, we are delivering much needed debt and equity finance to UK companies to help them grow.

Today we have released the results of a survey jointly undertaken by Numis and London Stock Exchange Group. Companies surveyed in the Numis Smaller Companies Index (NSCI) highlight that capital markets are playing a critical role in the economy and job creation with 97% of all respondents saying that access to finance is critical to economic growth. Over 80% of all respondents agree that the Government should encourage retail investment in small and mid cap companies.”

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Notes for Editors

Numis is a leading independent merchant banking and stockbroking group offering a full range of research, execution, corporate broking and corporate finance services to companies quoted in the UK and their investors.

The results of the Numis/London Stock Exchange Group survey of attitudes to financing among the constituents of the Numis Small Company Index are also available today at www.numiscorp.com.

CHIEF EXECUTIVE'S STATEMENT

Against a background of low volumes and challenging markets, we are pleased to report that the business has traded profitably and delivered a creditable performance for the year ended 30 September 2012 generating revenues of £50.1m (2011: £54.2m) and adjusted profit before tax of £7.7m (2011: £8.9m). In addition, there were £2.8m of net gains (2011: £0.7m) recognised on investments held outside of our market making business and £6.3m of charges (2011: £7.2m) relating to employee share scheme arrangements. Hence, the resulting statutory profit before tax for the year amounted to £4.1m (2011: £0.2m). A reconciliation of the adjusted profit to the statutory result is set out in note 9.

Ongoing sovereign debt and macro economic uncertainties prevailed throughout the year and continue to impact the overall appetite for equity issuance amongst investors and corporates. A marked slow down in equity fund raising on the London Stock Exchange continued with equity funds raised on AIM and the Main Market totalling £4.5bn during our first half and £6.3bn during our second half resulting in a year on year decrease of 56%. Despite this, we raised £717m of funds for corporate clients and have led the way in recent retail bond issues. Secondary trading volumes across the market, however, continued to be weak, creating a challenging environment. These market conditions impacted our revenue performance whereby combined institutional commission & trading revenues ended the year down 15% at £24.8m (2011: £29.3m) despite maintaining market share. Income from M&A and capital raising for the year was 2% down at £19.1m (2011: £19.4m) reflecting a creditable performance despite subdued activity across the market.

Our balance sheet remains strong with cash and cash collateral totalling £41.0m (September 2011: £47.5m) and net assets of £97.1m (September 2011: £99.6m). Our Regulatory capital remains over 4 times the required minimum. Cash outflows during the year largely reflect the purchase of shares into the Group's Employee Benefit Trust and the payment of dividends.

Our investment portfolio is valued at £17.8m (September 2011: £15.9m) the vast majority of which comprises holdings in quoted companies. Overall, this portfolio experienced net fair value gains of £1.9m and dividend receipts of £0.9m resulting in a net gain of £2.8m reported through the other operating income line of the income statement.

Corporate Finance & Corporate Broking

Notable deals included IPOs of Clinigen and NMC Healthcare, secondary fund raises for Better Capital, CatCo Reinsurance and International Public Partnerships and the successful launch of a retail bond for Beazley. In total we have completed 16 transactions during the year raising £717m and since 30 September 2012, have completed a further 3 retail bonds for Workspace, St Modwen and Unite.

We continue to attract high quality corporate clients with 18 added during the year bringing the total number for whom we act to 144 companies (September 2011: 140). Our efforts focus across a broad range of corporate clients which include one FTSE100 company, 28 FTSE250 clients, 59 FTSE Small Caps/Fledgling, 52 AIM companies and 4 other main market companies. The offering to our corporate clients includes access to worldwide institutional investors, but also to a network of over 1,500 active private client fund managers who manage c. £475bn of discretionary funds providing alternative sources of liquidity.

The past five years have seen the average market capitalisation of our clients more than double to £332m. This growth is a testament to the calibre of our people and the strength of our team which was instrumental in Numis being voted #1 UK Small & Mid Cap Brokerage Firm by company votes in the 2012 Thomson Reuters Extel survey as well as #2 Leading UK Brokerage firm by fund manager votes. In addition, Numis was voted "Best Advisor – Corporate Sponsor" in the UK Stock Market Awards 2012 giving further evidence of the leading role we play in this field and the high regard in which our franchise is held.

Research & Execution

Our research and execution services are recognised as being exceptional. In particular, in the 2012 Thomson Reuters Extel survey our research teams were ranked top in 6 of the sectors we cover (up from 2 sectors last year) and ranked in the top 3 in 9 of the sectors that we cover (up from 7 sectors last year). Our highly rated analysts produce research on over 300 companies. In addition, our investment funds research covers around 400 investment companies and together this gives us a recognised capability across sixteen sectors.

Further external recognition was achieved in the Starmine FTSE250 Best Recommendations awards. Numis has been ranked 1st in each of the last 6 years for brokers researching more than 100 Midcap companies. This demonstrates the consistent and significant insight that our research product provides to investors in UK listed companies.

Sales & Trading is a highly competitive area. However, our clients have a strong demand for well-researched ideas combined with high quality execution across a wide range of 'lit' and 'dark' trading venues. We believe our platform is well placed to improve

performance for our 450+ active institutional clients across the UK, Europe and the USA. Our US office continues to provide an excellent service in marketing UK quoted companies to major US institutional investors and arranging road shows in the US for FTSE350 companies. External recognition of our Sales Team and Trading capability was achieved in the 2012 Thomson Reuters Extel survey in which Numis was voted #1 UK Small & Mid Cap Sales as well as #2 UK Small & Mid Cap Trading.

Dividend and Scrip Alternative

In view of our robust cash position, significant excess regulatory capital and underlying profitability, the Board has proposed a final dividend of 4.00p per share (2011: 4.00p) which maintains the total distribution for 2012 at 8.00p per share (2011: 8.00p). The dividend will be payable on 12 April 2013 to all shareholders on the register at 14 December 2012. 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, which will be circulated to all shareholders on 7 January 2013.

Numis Smaller Companies Index (NSCI)

It has been a strong year for UK smaller companies, with the NSCI (total returns) up by 22% so far in 2012, compared to the FTSE All-Share up by 11%. Since 1955 the NSCI has outperformed the FTSE All-Share index by a compound 3.3% per annum.

In April 2012 Numis took over the index which was formerly known as the RBS Hoare Govett Smaller Companies Index. The NSCI is one of the most venerable stock market indices in the UK, having been first published in 1987 but with a back-history dating from 1955. The main NSCI has become the leading benchmark for UK Small Cap investors, covering over 800 companies which make up the bottom 10% of the UK market up to a market cap of £1.2bn.

Since taking over the index, we believe we have significantly improved the service to investors who use the Index as a benchmark. We have increased the frequency and range of relevant data provided, and we are working with a range of aggregators to improve access to index data. All known prior users of the Index have been retained, and new users have been attracted to using the NSCI since we took it over.

Outlook

In a challenging and over-broked market, Numis has produced another creditable performance. At a time when bank lending is increasingly constrained, we are delivering much needed debt and equity finance to companies to help them grow.

We have had an encouraging start to the new financial year and are in a strong position to take advantage of an increased demand for non-bank finance. In a rapidly changing environment, we believe there will be more opportunities to provide capital to growing companies. Our model of building close relationships through trust, rather than through a leveraged balance sheet, is increasingly appreciated by both institutions and companies.

Oliver Hemsley
Chief Executive
5 December 2012

Consolidated Income Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2012

		2012	2011
Continuing operations	Notes	£'000	£'000
Revenue	3	50,076	54,203
Other operating income		2,817	688
Total income		52,893	54,891
Administrative expenses	4	(48,925)	(55,281)
Operating profit / (loss)		3,968	(390)
Analysed as follows:			
Operating profit before exceptional charge		3,968	1,818
Exceptional non-recurring charge		-	(2,208)
Operating profit / (loss)		3,968	(390)
Finance income		363	639
Finance costs		(182)	(69)
Profit before tax		4,149	180
Taxation		(848)	(851)
Profit / (loss) after tax		3,301	(671)
Attributable to:			
Equity holders of the parent		3,301	(671)
Earnings / (loss) per share			
Basic	5	3.2p	(0.7p)
Diluted	5	3.0p	(0.7p)
Dividends for the year	6	(8,397)	(8,338)

Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012	2011
	£'000	£'000
Profit / (loss) for the year	3,301	(671)
Exchange differences on translation of foreign operations	(15)	24
Other comprehensive (expense) / income for the year, net of tax	(15)	24
Total comprehensive income / (expense) for the year, net of tax, attributable to equity holders of the parent	3,286	(647)

Consolidated Balance Sheet

AS AT 30 SEPTEMBER 2012

	Notes	2012 £'000	2011 £'000
Non current assets			
Property, plant and equipment		1,959	1,936
Intangible assets		82	105
Deferred tax	7a	1,906	2,192
		3,947	4,233
Current assets			
Trade and other receivables	7b	241,472	221,374
Trading investments	7c	38,596	30,734
Stock borrowing collateral	7d	4,511	2,330
Derivative financial instruments		72	28
Cash and cash equivalents		35,854	41,778
		320,505	296,244
Current liabilities			
Trade and other payables	7b	(215,879)	(197,036)
Financial liabilities	7e	(11,013)	(1,984)
Stock lending collateral	7d	-	(1,000)
Provisions		-	(298)
Current income tax		(485)	(568)
		(227,377)	(200,886)
Net current assets		93,128	95,358
Net assets			
		97,075	99,591
Equity			
Share capital		5,736	5,622
Share premium account		32,461	30,767
Other reserves		11,653	12,809
Retained profits		47,225	50,393
Equity attributable to equity holders of the parent		97,075	99,591

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Retained Profits £'000	Total £'000
Attributable to equity holders of the parent at 1 October 2011	5,622	30,767	12,809	50,393	99,591
New shares issued	114	1,694	-	-	1,808
Dividends paid				(8,397)	(8,397)
Movement in respect of employee share plans			(1,141)	1,924	783
Deferred tax related to share based payments				4	4
Total comprehensive (expense)/income for the year			(15)	3,301	3,286
Attributable to equity holders of the parent at 30 September 2012	5,736	32,461	11,653	47,225	97,075
	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Retained Profits £'000	Total £'000
Attributable to equity holders of the parent at 1 October 2010	5,593	30,106	9,977	61,034	106,710
New shares issued	29	661	-	-	690
Dividends paid				(8,338)	(8,338)
Movement in respect of employee share plans			2,808	(1,322)	1,486
Deferred tax related to share based payments				(406)	(406)
Total comprehensive income/(expense) for the year			24	(671)	(647)
Other				96	96
Attributable to equity holders of the parent at 30 September 2011	5,622	30,767	12,809	50,393	99,591

Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Notes	2012 £'000	2011 £'000
Cash flows from operating activities	8	4,781	(381)
Interest paid		(23)	(22)
Taxation paid		(640)	(256)
Net cash from operating activities		4,118	(659)
Investing activities			
Purchase of property, plant and equipment		(407)	(201)
Purchase of intangible assets		(26)	(112)
Interest received		326	614
Net cash from investing activities		(107)	301
Financing activities			
Purchases of own shares		(3,221)	(5,697)
Dividends paid		(6,589)	(7,648)
Net cash used in financing activities		(9,810)	(13,345)
Net movement in cash and cash equivalents		(5,799)	(13,703)
Opening cash and cash equivalents		41,778	55,370
Net movement in cash and cash equivalents		(5,799)	(13,703)
Exchange movements		(125)	111
Closing cash and cash equivalents		35,854	41,778

Notes to the Financial Information

1. Basis of preparation and accounting policies

Basis of preparation

The consolidated financial information contained within these preliminary results is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year ended 30 September 2012 will be delivered to the Registrar of Companies in due course. The annual report will be posted to shareholders on 7 January 2013 and further copies will be available from the Company Secretary at the Company's registered office. The Company's Annual General Meeting will be held on 5 February 2013.

The preparation of the preliminary results 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 significant judgements and estimates applied by the Group in these preliminary results have been applied on a consistent basis with the statutory accounts for the years ended 30 September 2011 and 2010. Although such estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those of estimates.

The consolidated financial information contained within these preliminary results has been prepared on a going concern basis as the Directors have satisfied themselves that, at the time of approving the financial information and having taken into consideration the strength of the Group balance sheet and cash balances, the Group has adequate resources to continue in operational existence for at least the next 12 months.

Accounting policies

The accounting policies applied in these preliminary results are in accordance with International Financial Reporting Standards, as endorsed by the European Union ('IFRS'), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and are in accordance with the accounting policies that were applied in the Group's statutory accounts for the year ended 30 September 2011, except as set out below:

IAS 24 (revised), 'Related party disclosure' simplifies and expands the definition of a related party. The revised definition of a related party means that some entities will have more related parties and will be required to make additional disclosures. The impact is likely to be seen in groups that include both subsidiaries and associates and also entities with shareholders that are involved with other entities. Moreover, the definition of related party includes key management personnel of the reporting entity. The Group's subsidiary and consolidated financial statements were already being prepared on a basis consistent with these amendments so there is no impact on the consolidated financial information contained within these preliminary results.

2. Segmental analysis

Geographical information

The Group is managed as an integrated investment banking 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, namely investment banking.

The Group earns its revenue in the following geographical locations:

	2012	2011
	£'000	£'000
United Kingdom	45,101	48,709
United States	4,975	5,494
	50,076	54,203

There are no customers which account for more than 10% of revenues in the year ended 30 September 2012 (2011: Nil).

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

	2012	2011
	£'000	£'000
United Kingdom	1,769	1,720
United States	272	321
	2,041	2,041

Other information

In addition, the analysis below sets out the revenue performance and net asset split between our core investment banking & broking business and the small number of equity holdings which constitute our investment portfolio.

	2012	2011
	£'000	£'000
Net institutional commission and trading income	24,809	29,343
Corporate transaction revenues	19,128	19,448
Corporate retainers	6,139	5,412
Revenue from investment banking & broking (see note 3)	50,076	54,203
Investment activity net gains	2,817	688
Contribution from investing activities	2,817	688
Total	52,893	54,891

Net assets

Investment banking & broking	38,315	36,155
Cash collateral at clearing houses	5,131	5,758
Investing activities	17,775	15,900
Cash and cash equivalents	35,854	41,778
Total net assets	97,075	99,591

3. Revenue

	2012	2011
	£'000	£'000
Net trading gains	3,430	3,653
Institutional commissions	21,379	25,690
Net institutional income	24,809	29,343
Corporate retainers	6,139	5,412
Deal fees	8,275	9,298
Placing commissions	10,853	10,150
	50,076	54,203

4. Administrative expenses

	2012	2011
	£'000	£'000
Wages and salaries	20,122	22,223
Social security costs	3,425	3,260
Compensation for loss of office	296	270
Other pension costs	1,149	953
Share based payments	5,591	6,978
Non compensation costs	18,342	19,389
Exceptional non-recurring charge	-	2,208
	48,925	55,281

Non-compensation cost reductions have been achieved across a variety of cost categories as a result of initiatives put in place during the latter end of 2011 and during 2012. We aim to further reduce the ongoing run rate during the course of 2013.

The exceptional non-recurring charge in 2011 comprised the net cost associated with the settlement of the litigation after taking into account associated external legal costs.

5. Earnings /(loss) per share

Basic earnings/(loss) per share is calculated on a profit after tax of £3,301,000 (2011: loss £671,000) and 104,184,235 (2011: 101,819,473) ordinary shares being the weighted average number of ordinary shares in issue during the year. 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 trusts on behalf of the Group.

	2012	2011
	Number	Number
	Thousands	Thousands
Weighted average number of ordinary shares in issue during the year – basic	104,184	101,819
Dilutive effect of share awards	7,444	7,486
Diluted number of ordinary shares	111,628	109,305

For 2011, there were no potential ordinary shares whose conversion would have resulted in an increase in the basic loss per share. The table above shows the diluted number of ordinary shares that would have been appropriate if the Group had reported a profit after tax in 2011.

6. Dividends

	2012	2011
	£'000	£'000
Final dividend for year ended 30 September 2011 (4.00p)	4,112	
Interim dividend for year ended 30 September 2012 (4.00p)	4,285	
Final dividend for year ended 30 September 2010 (4.00p)		4,164
Interim dividend for year ended 30 September 2011 (4.00p)		4,174
Distribution to equity holders of the parent	8,397	8,338

The board has proposed a final dividend of 4.00p per share for the year ended 30 September 2012. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by the shareholders. These preliminary results do not reflect this dividend payable.

7. Balance sheet items

(a) *Deferred tax*

As at 30 September 2012 deferred tax assets totalling £1,906,000 (2011: £2,192,000) have been recognised reflecting managements' confidence that there will be sufficient levels of future taxable gains against which the deferred tax asset can be utilised. The deferred tax asset principally comprises amounts in respect of share based payments. A deferred tax asset of £1,334,000 (2011: £1,378,000) relating to unrelieved trading losses incurred has not been recognised as there is insufficient supportable evidence that there will be taxable gains in the future against which the deferred tax asset could be utilised.

(b) *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 £5,131,000 (2011: £5,758,000).

(c) *Trading investments*

Included within trading investments is £17,775,000 (2011: £15,900,000) of investments held outside of the market making portfolio. As at 30 September 2012, Nil (2011: £1,000,000) of trading investments had been pledged to certain institutions under stock lending arrangements.

(d) *Stock borrowing and lending collateral*

The Group enters stock borrowing and lending arrangements with certain institutions which are entered into on a collateralised basis with securities or cash advanced or received as collateral. Under such arrangements a security is purchased or sold with a commitment to return it at a future date at an agreed price.

The securities purchased are not recognised on the balance sheet whereas the securities sold remain on the balance sheet with the transaction treated as a secured loan made for the purchase or sale price. Where cash has been used to effect the purchase or sale, an asset or liability is recorded on the balance sheet as stock borrowing or lending collateral at the amount of cash collateral advanced or received.

Where trading investments have been pledged as security these remain within trading investments and the value of the security pledged disclosed separately except in the case of short-term highly liquid assets with an original maturity of 3 months or less, which are reported within cash and cash equivalents with the value of security pledged disclosed separately.

(e) *Financial liabilities*

Financial liabilities comprise short market making positions and include shares listed on the LSE Main and AIM markets as well as overseas exchanges. In conjunction with the long market making positions included within Trading investments, these two combined represent the net position of holdings within the market making book which, year on year, has reduced by approximately £3m. The magnitude of financial liabilities will depend, in part, on the nature and make-up of long positions combined with the market makers' view of those long positions over the short and medium term, taking into consideration market volatility, liquidity, client demand and future corporate actions.

8. Reconciliation of operating loss to net cash flows from operating activities

	2012	2011
	£000	£000
Operating profit/(loss)	3,968	(390)
Depreciation charges on property, plant and equipment	373	391
Amortisation charges on intangible assets	49	75
Share scheme charges	5,591	6,978
(Increase)/decrease in current asset trading investments	(7,862)	5,840
(Increase)/decrease in trade and other receivables	(21,699)	13,934
Net movement in stock borrowing /lending collateral	(3,181)	(1,293)
Increase/(decrease) in trade and other payables	27,586	(26,959)
(Increase)/decrease in derivatives	(44)	1,043
Net cash flows from operating activities	4,781	(381)

9. Adjusted profit measures

The following table reconciles the statutory measures of profit before tax, profit/(loss) after tax and earnings/(loss) per share to the adjusted measures used by management in their assessment of the underlying performance of the business:

	2012	2011
	£'000	£'000
Statutory group profit before tax	4,149	180
Items not included within adjusted profit before tax:		
Other operating income	(2,817)	(688)
Share scheme charges	5,591	6,978
National insurance provisions related to share scheme awards	733	192
Exceptional non-recurring charge	-	2,208
Adjusted group profit before tax	7,656	8,870
Statutory Group taxation	(848)	(851)
Tax impact of adjustments	(104)	(622)
Adjusted group taxation	(952)	(1,473)
Adjusted group profit after tax	6,704	7,397
	2012	2011
Basic weighted average number of shares, number	104,184,235	101,819,473
Adjusted basic earnings per share, pence	6.4p	7.3p
Adjusted diluted earnings per share, pence	6.0p	6.8p