

Numis Corporation Plc
Half Year Results
for the six months ended 31 March 2015

London, 8 May 2015: Numis Corporation Plc (“Numis”) today announces results for the six months ended 31 March 2015. Numis is the holding company of Numis Securities Limited, the independent investment banking and stockbroking business.

Highlights

	1H 2015	2H 2014	1H 2014
Revenue	£45.7m	£41.4m	£51.5m
Adjusted profit before tax	£14.3m	£9.8m	£20.7m
Statutory profit before tax	£11.9m	£7.7m	£16.7m
Adjusted earnings per share	10.0p	8.0p	16.0p
Statutory earnings per share	8.3p	6.1p	12.6p
Dividend	5.5p	5.5p	5.0p

- Continued focus on helping UK listed and unlisted businesses access capital to fund their growth and development. After a slow start, the half produced another strong performance with Numis raising £1.1bn of funds during the period (1H 2014: £1.1bn, full year 2014: £2.1bn) for our corporate clients
- Our determination to be adviser of choice for UK companies was reaffirmed with the completion of 23 equity raisings during the period (1H 2014: 23, full year 2014: 44) incorporating 6 IPOs (1H 2014: 5, full year 2014: 16) including Autotrader, Revolution Bars, DFS, Aldermore and HSS Hire. A further 6 corporate transactions have been completed during April 2015
- The second half of 2015 has started strongly with the completion of a number of transactions including equity and bond issuances for Provident Financial, Clinigen, Unite and Cambian, amongst others. Our deal pipeline remains strong and our market share in issuance and M&A activity continues to grow, evidenced by our recent advisory and underwriting role for Kier on its proposed acquisition of Mouchel.

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

“We have seen a progressive increase in activity levels throughout the first half of this year and currently have a strong pipeline. We are actively supporting UK companies seeking capital for organic growth and acquisitions. Numis’ focus on building long-term relationships with companies and investors is bearing fruit and we are well positioned for the future.”

Contacts:

Oliver Hemsley, Chief Executive 020 7260 1256

Simon Denyer, Group Finance Director 020 7260 1225

Brunswick:

Gill Ackers 020 7404 5959

Simone Selzer 020 7404 5959

PricewaterhouseCoopers LLP (Nominated Adviser):

Simon Boadle 020 7583 5000

Jon Raggett 020 7583 5000

Notes for Editors

Numis is a leading independent investment 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.

Review of Performance

Overall Performance

We are pleased to report a creditable performance for the six months ended 31 March 2015. During the six month period ended 31 March 2015, the business generated revenues of £45.7m (2014: £51.5m) and adjusted profit before tax of £14.3m (2014: £20.7m). In addition, there were £0.1m of gains (2014: £0.2m losses) recognised on investments held outside our market making business and £2.4m of charges (2014: £3.8m) relating to employee share scheme arrangements. This resulted in a statutory profit before tax for the period of £11.9m (2014: £16.7m). A reconciliation of the adjusted profit to the statutory result is set out in note 2. Our balance sheet remains strong with cash balances totalling £63.9m (March 2014: £67.9m) while net assets have reduced slightly to £112.4m (March 2014: £115.3m).

UK equity indices were somewhat volatile during the period with falls during our first quarter being offset by a return of confidence during our second quarter. However, this return of confidence failed to drive markets significantly above their 1st October opening with the one exception being in the mid cap space. The Numis Smaller Companies Index generated returns of 7.0% over the period demonstrating the relatively strong performance in that sector of the market. Market volatility led to the postponement of a number of IPOs during November and December but, despite this temporary lull, institutional investors became more receptive to IPOs and equity raisings during the second quarter.

For the market as a whole, the value of secondary trading on the London Stock Exchange has maintained its momentum from the latter part of our 2014 financial year, with secondary trading (by value) in main market stocks up 15% on the same period last year and also up 9% on the six month period ended 30 September 2014. Over the same period however, equity funds raised on AIM and the Main Market combined totalled £13.2bn during our first half compared to £16.5bn during our first half of 2014 reflecting a more cautious IPO market partially offset by a stronger and more active market for secondary issuance.

Revenue Mix, £m	1H 2015	2H 2014	1H 2014
Net trading gains	1.0	1.4	6.3
Net institutional commission	14.4	14.7	17.2
Net institutional income	15.4	16.1	23.5
Deal fees	9.3	3.6	5.4
Placing commission	16.6	17.6	18.8
Corporate transaction income	25.9	21.2	24.2
Corporate retainers	4.4	4.0	3.8
Revenue	45.7	41.3	51.5

Our revenue performance from corporate and issuance transactions for the period totalled £25.9m (2014: £24.2m) and is ahead of both the first and the second half of 2014. This reflects similar levels of transaction volumes and the fact that we remain ranked #2 bookrunner by number of issues (2014 calendar year and 2015 YTD, Thomson Reuters). Combined institutional commission & trading revenues for the period totalled £15.4m (2014: £23.5m), with H1 2014 being an all-time record half year. The increased market volatility experienced during our first quarter contributed to the relatively subdued performance of our market making activity whereas institutional commissions earned from execution and research services held up well against a background of increasingly challenging regulatory proposals supporting the complete unbundling of these commissions.

Administrative expenses, £m	1H 2015	2H 2014	1H 2014
Staff costs	23.1	23.6	25.5
Non staff costs	10.7	10.5	9.4
Administrative expenses	33.8	34.1	34.9

Administrative expenses for the period totalled £33.8m (2014: £34.9m) and are below both the first and the second half of 2014 despite a growth in headcount to 209 as at 31 March 2015 (30 September 2014: 202, 31 March 2014: 184). Certain elements within non- staff costs increase with activity levels and higher staffing levels.

Corporate Finance

We believe in building long-term relationships with our clients, endeavouring to provide them with service of exceptional quality tailored to their needs. Our track record reflects the quality of our client relationships and the depth of expertise that enable us to deliver high quality solutions. Our expertise in debt securities as well as equity finance enables us to launch retail bond issues on behalf of corporate clients thereby helping them to access non-bank finance.

Notable deals completed during the period included IPOs for Autotrader, Revolution Bars, DFS, Aldermore and HSS Hire. We also completed a number of sizable secondary raises for our corporate clients including IP Group, Sherborne Investors, Mothercare and Bank of Georgia. In total we raised £1.1bn of equity finance during the period (H1 2014: £1.1bn) which equates to 8.5% (2014 full year: 5.9%) of total equity fund raising on the London Stock Exchange. As well as equity issuance, we also completed a number of advisory roles during the period, the most notable being Micro Focus' \$2.35bn reverse acquisition of Attachmate Group.

Corporate Broking & Investor Relations

We continue to attract high quality corporate clients with 15 new clients added during the period bringing the total number for whom we act to 176 companies (September 2014: 171). This has helped to achieve a 15% increase in retainer fees versus the prior period.

The breadth and quality of our corporate client list is significant and incorporates listed companies across the mid and small cap space as well as those listed on AIM. Indeed, we remain ranked second stockbroker overall by total number of stock market clients in the most recent Corporate Advisers Rankings Guide.

The offering to our corporate clients includes access to worldwide institutional investors, but also to a network of over 2,500 active private client fund managers (PCFM) providing alternative sources of liquidity and investor interaction. With access to over 200 PCFM houses throughout the UK our dedicated PCFM team continues to serve a client base which now totals 41 clients (September 2014: 43).

In addition our Investor Relations team provides the link between companies, existing shareholders and potential investors. This is achieved through the organisation of road shows, site visits and investor conferences in the UK, Europe and the USA.

These achievements are a testament to the calibre of our people and the strength of our dedicated corporate broking team who were instrumental in Numis being voted #1 UK Small & Mid Cap Brokerage Firm by both companies and institutions for the second year in succession in the 2014 Thomson Reuters Extel survey. In addition, the same survey saw Numis being voted #1 Corporate Broker.

Research and Sales

High quality research and sales is at the heart of our business. It creates relationships based on trust with our institutional clients and is at the core of our powerful international distribution capability. Our sector analysts cover approximately 350 companies across 16 sectors while our Investment Funds research team covers around 400 investment companies and funds, focusing on funds with specialist or differentiated mandates, included quoted equity, private equity, hedge funds, property and other alternative assets. We continue to invest in our Research capability and experience exceptionally strong staff retention.

Our highly regarded sales team provides distribution to our 450+ active institutional clients across the UK, Europe, the Americas and Australasia. Data from external providers such as Starmine and TIM Ideas continues to demonstrate the very impressive value-add that we provide to our institutional clients, helping them to outperform. 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 UK mid cap and larger companies. We believe our North American capability remains unmatched by our competitors.

External recognition of the quality of our service was reinforced in the 2014 UK Small & Mid Cap Thomson Reuters Extel survey. Within Research, out of 18 sectors covered by the survey, Numis analysts ranked number 1 in six sectors, and top 3 in a further five sectors. Within Sales, Numis was voted the no.1 UK Small & Mid Cap sales team.

Execution

We provide active execution services in over 600 stocks, of which almost 500 are listed on the main market of the London Stock Exchange. Importantly, on average, we had the leading market share in 127 (full year 2014: 123) stocks across these markets, and were a top three service provider in a further 109 stocks (full year 2014: 107). With access to 17 trading venues and liquidity providers we are able to deliver an exceptionally strong execution capability to our institutional clients who value the flexibility that our execution platform provides. We remain one of the leading brokers in UK small and mid cap stocks with execution services that are highly ranked in external surveys.

Dividend

The Board has approved the payment of an interim dividend of 5.50p per share (2014: interim 5.00p per share, 2014 total: 10.50p per share). This dividend will be payable on 26 June 2015 to shareholders on the register of members at the close of business on 22 May 2015. Shareholders have the option to elect to use their cash dividend to buy additional shares in Numis through a Dividend Re-Investment Plan (DRIP).

Current Trading and Outlook

Our second half has started strongly with the completion of a number of corporate transactions including equity and bond issuance as well as advisory roles on M&A transactions. Our deal pipeline is strong and our market share continues to grow.

At the same time, we are increasingly involved in helping early stage and growth companies access capital where we see significant innovation and opportunities to disrupt existing business models. The UK is very well positioned to benefit from revolutionary technologies emanating from universities and elsewhere. Numis is building a leading position in attracting capital to help these companies develop and achieve their potential.

Oliver Hemsley
Chief Executive Officer
8 May 2015

Consolidated Income Statement

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2015

		6 months ended 31 March 2015	6 months ended 31 March 2014	Year ended 30 September 2014
	Notes	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue	4	45,667	51,525	92,862
Other operating income/(loss)		32	(174)	49
Total income		45,699	51,351	92,911
Administrative expenses	5	(33,834)	(34,942)	(69,018)
Operating profit		11,865	16,409	23,893
Finance income	6	235	311	527
Finance costs	6	(231)	(3)	(50)
Profit before tax		11,869	16,717	24,370
Taxation		(2,718)	(3,115)	(4,311)
Profit for the period		9,151	13,602	20,059
Attributable to:				
Owners of the parent		9,151	13,602	20,059
Earnings per share	7			
Basic		8.3p	12.6p	18.7p
Diluted		7.8p	11.5p	17.1p

Consolidated Statement of Comprehensive Income
 UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2015

	6 months ended 31 March 2015 Unaudited £'000	6 months ended 31 March 2014 Unaudited £'000	Year ended 30 September 2014 Audited £'000
Profit for the period	9,151	13,602	20,059
Exchange differences on translation of foreign operations	282	(68)	52
Other comprehensive income for the period, net of tax	282	(68)	52
Total comprehensive income for the period, net of tax, attributable to the owners of the parent	9,433	13,534	20,111

Consolidated Balance Sheet

UNAUDITED AS AT 31 MARCH 2015

	Notes	31 March 2015 Unaudited £'000	31 March 2014 Unaudited £'000	30 September 2014 Audited £'000
Non-current assets				
Property, plant and equipment		2,961	1,535	1,473
Intangible assets		195	113	124
Deferred tax	9a	2,550	3,076	2,740
		5,706	4,724	4,337
Current assets				
Trade and other receivables	9b	244,918	304,793	300,177
Trading investments	9c	42,862	41,090	47,254
Stock borrowing collateral	9d	5,360	239	3,348
Derivative financial instruments		207	771	613
Cash and cash equivalents		63,924	67,881	74,518
		357,271	414,774	425,910
Current liabilities				
Trade and other payables	9b	(237,975)	(286,638)	(307,375)
Financial liabilities	9e	(9,825)	(14,713)	(11,028)
Current income tax		(2,786)	(2,891)	(1,767)
		(250,586)	(304,242)	(320,170)
Net current assets		106,685	110,532	105,740
Net assets		112,391	115,256	110,077
Equity				
Share capital		5,922	5,905	5,922
Share premium		38,854	37,939	38,854
Other reserves		8,713	8,535	8,063
Retained earnings		58,902	62,877	57,238
Total equity		112,391	115,256	110,077

Consolidated Statement of Changes in Equity

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2015

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2013	5,865	35,830	10,119	55,013	106,827
Profit for the period				13,602	13,602
Other comprehensive income			(68)	-	(68)
Total comprehensive income for the period			(68)	13,602	13,534
New shares issued	40	2,109	-	-	2,149
Dividends paid				(5,443)	(5,443)
Movement in respect of employee share plans			(1,516)	2,347	831
Deferred tax related to share based payments				568	568
Purchase of shares into Treasury				(3,210)	(3,210)
Transactions with shareholders	40	2,109	(1,516)	(5,738)	(5,105)
Balance at 31 March 2014	5,905	37,939	8,535	62,877	115,256
Balance at 1 October 2013	5,865	35,830	10,119	55,013	106,827
Profit for the year				20,059	20,059
Other comprehensive income			52	-	52
Total comprehensive income for the year			52	20,059	20,111
New shares issued	57	3,024	-	-	3,081
Dividends paid				(11,042)	(11,042)
Movement in respect of employee share plans			(2,108)	3,866	1,758
Deferred tax related to share based payments				149	149
Purchase of shares into Treasury				(10,807)	(10,807)
Transactions with shareholders	57	3,024	(2,108)	(17,834)	(16,861)
Balance at 30 September 2014	5,922	38,854	8,063	57,238	110,077
Balance at 1 October 2014	5,922	38,854	8,063	57,238	110,077
Profit for the period				9,151	9,151
Other comprehensive income			282	-	282
Total comprehensive income for the period			282	9,151	9,433
New shares issued	-	-	-	-	-
Dividends paid				(6,072)	(6,072)
Movement in respect of employee share plans			368	(419)	(51)
Deferred tax related to share based payments				(311)	(311)
Net movement of shares into Treasury				(685)	(685)
Transactions with shareholders	-	-	368	(7,487)	(7,119)
Balance at 31 March 2015	5,922	38,854	8,713	58,902	112,391

Consolidated Statement of Cash Flows

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2015

		6 months ended 31 March 2015	6 months ended 31 March 2014	Year ended 30 September 2014
	Notes	Unaudited £'000	Unaudited £'000	Audited £'000
Cash from operating activities	10	1,692	5,744	26,978
Interest paid		(5)	(3)	(31)
Taxation paid		(1,820)	(3,380)	(5,783)
Net cash from operating activities		(133)	2,361	21,164
Investing activities				
Purchase of property, plant and equipment		(1,798)	(81)	(205)
Purchase of intangible assets		(117)	(32)	(77)
Interest received		220	248	605
Net cash from investing activities		(1,695)	135	323
Financing activities				
Purchase of own shares – Employee Benefit Trust		(479)	-	(168)
Purchase of own shares - Treasury		(1,884)	(2,482)	(9,829)
Dividends paid		(6,072)	(3,294)	(7,961)
Net cash used in financing activities		(8,435)	(5,776)	(17,958)
Net movement in cash and cash equivalents		(10,263)	(3,280)	3,529
Opening cash and cash equivalents		74,518	71,205	71,205
Net movement in cash and cash equivalents		(10,263)	(3,280)	3,529
Exchange movements		(331)	(44)	(216)
Closing cash and cash equivalents		63,924	67,881	74,518

Notes to the Financial Statements

1. Basis of preparation

Numis Corporation Plc is a UK AIM listed 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 2014, 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 significant 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 2014. 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.

The accounting policies applied in these interim financial statements are the same as those published in the Group's statutory accounts for the year ended 30 September 2014.

2. Adjusted profit measures

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

	6 months ended 31 March 2015 Unaudited £'000	6 months ended 31 March 2014 Unaudited £'000	Year ended 30 September 2014 Audited £'000
Statutory group profit before tax	11,869	16,717	24,370
Items not included within adjusted profit before tax:			
Other operating (income) / expense	(23)	155	(49)
Share scheme charge	2,216	2,486	4,575
National insurance provisions related to share scheme awards	221	1,334	1,555
Adjusted group profit before tax	14,283	20,692	30,451
Statutory group taxation	(2,718)	(3,115)	(4,311)
Tax impact of adjustments	(495)	(375)	(379)
Adjusted group taxation	(3,213)	(3,490)	(4,690)
Adjusted group profit after tax	11,070	17,202	25,761
Basic weighted average number of shares, number	110,232,705	107,600,602	107,302,591
Adjusted basic earnings per share, pence	10.0p	16.0p	24.0p

3. Segmental reporting

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 4) 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:

	6 months ended 31 March 2015 Unaudited £'000	6 months ended 31 March 2014 Unaudited £'000	Year ended 30 September 2014 Audited £'000
United Kingdom	42,468	47,482	84,295
United States	3,199	4,043	8,567
	45,667	51,525	92,862

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:

	6 months ended 31 March 2015 Unaudited £'000	6 months ended 31 March 2014 Unaudited £'000	Year ended 30 September 2014 Audited £'000
United Kingdom	2,970	1,472	1,423
United States	186	176	174
	3,156	1,648	1,597

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.

	6 months ended 31 March 2015 Unaudited £'000	6 months ended 31 March 2014 Unaudited £'000	Year ended 30 September 2014 Audited £'000
Net institutional income	15,382	23,538	39,597
Total corporate transaction revenues	25,929	24,193	45,469
Corporate retainers	4,356	3,794	7,796
Revenue from investment banking & broking (see note 4)	45,667	51,525	92,862
Investment activity net gains/(losses)	32	(174)	49
Contribution from investing activities	32	(174)	49
Total	45,699	51,351	92,911
Net assets			
Investment banking & broking	37,979	37,069	25,139
Investing activities	10,488	10,306	10,420
Cash and cash equivalents	63,924	67,881	74,518
Total net assets	112,391	115,256	110,077

4. Revenue

	6 months ended 31 March 2015 Unaudited £'000	6 months ended 31 March 2014 Unaudited £'000	Year ended 30 September 2014 Audited £'000
Net trading gains	957	6,316	7,715
Institutional commissions	14,425	17,222	31,882
Net institutional income	15,382	23,538	39,597
Corporate retainers	4,356	3,794	7,796
Deal fees	9,302	5,345	8,972
Placing commissions	16,627	18,848	36,497
	45,667	51,525	92,862

5. Administrative expenses

	6 months ended 31 March 2015 Unaudited £'000	6 months ended 31 March 2014 Unaudited £'000	Year ended 30 September 2014 Audited £'000
Staff costs	23,075	25,523	49,130
Non-staff costs	10,759	9,419	19,888
	33,834	34,942	69,018

The major constituents of non-staff costs comprise our technology platform, premises costs and expenses incurred through brokerage, clearing and exchange fees. Certain elements within non-staff costs increase with activity levels and higher staffing levels. This is reflected in the 2.7% increase compared to H2 2014.

Staff costs include share scheme related charges and incentive payment accruals.

6. Finance income and Finance costs

Finance income for the period:

	6 months ended 31 March 2015 Unaudited £'000	6 months ended 31 March 2014 Unaudited £'000	Year ended 30 September 2014 Audited £'000
Net foreign exchange gains	-	30	-
Interest income	235	281	527
	235	311	527

Finance costs for the period:

	6 months ended 31 March 2015 Unaudited £'000	6 months ended 31 March 2014 Unaudited £'000	Year ended 30 September 2014 Audited £'000
Net foreign exchange losses	229	-	19
Interest expense	2	3	31
	231	3	50

7. Earnings per share

Basic earnings per share is calculated on profits after tax of £9,151,000 (2014: £13,602,000) and 110,232,705 (2014: 107,600,602) 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 2015 Unaudited Number Thousands	6 months ended 31 March 2014 Unaudited Number Thousands	Year ended 30 September 2014 Audited Number Thousands
Weighted average number of ordinary shares in issue during the period – basic	110,233	107,601	107,302
Dilutive effect of share awards	7,830	11,049	9,912
Diluted number of ordinary shares	118,063	118,650	117,214

During the period the Company issued and allotted nil (2014: nil) new ordinary shares.

8. Dividends

	6 months ended 31 March 2015 Unaudited £'000	6 months ended 31 March 2014 Unaudited £'000	Year ended 30 September 2014 Audited £'000
Final dividend year ended 30 September 2014 (5.50p)	6,072		
Interim dividend year ended 30 September 2014 (5.00p)			5,599
Final dividend year ended 30 September 2013 (5.00p)		5,443	5,443
Distribution to owners of the parent	6,072	5,443	11,042

The board approved the payment of an interim dividend of 5.50p per share (2014: 5.00p per share) on 7 May 2015 for payment on 26 June 2015. The dividend is payable to all shareholders on the register on 22 May 2015. These financial statements do not reflect this dividend payable.

9. Balance sheet items

(a) Deferred tax

As at 31 March 2015 deferred tax assets totalling £2,550,000 (30 September 2014: £2,740,000) have been recognised reflecting managements' confidence that there will be sufficient levels of future taxable gains against which these deferred tax asset can be utilised. The deferred tax asset principally comprises amounts in respect of unvested share based payments.

(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 these balances does vary with the level of business being transacted around the reporting date and in the case of 31 March 2014 there were a number of primary transactions which completed during the last week of that six month period. This contributed to the higher balances seen as at 31 March 2014. Included within Trade and other receivables are cash collateral balances held with securities clearing houses of £6,250,000 (30 September 2014: £4,740,000).

(c) Trading investments

Included within trading investments is £10,488,000 (30 September 2014: £10,420,000) of investments held outside of the market making portfolio. There have been no material additions or disposals during the period.

(d) Stock borrowing / 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 affect 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 security pledged disclosed separately except in the case of short-term highly liquid assets with an original maturity of three 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 positions in quoted securities arising through the normal course of business in facilitating client order flow and form part of the market making portfolio.

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

	6 months ended 31 March 2015	6 months ended 31 March 2014	Year ended 30 September 2014
	Unaudited £'000	Unaudited £'000	Audited £'000
Profit before tax	11,869	16,717	24,370
Net finance income	(4)	(308)	(477)
Depreciation charge on property, plant and equipment	310	190	384
Amortisation charge on intangible assets	46	43	77
Share scheme charges	2,216	2,486	4,575
Decrease/(increase) in current asset trading investments	4,392	(4,887)	(11,051)
Decrease/(increase) in trade and other receivables	54,342	(108,289)	(104,976)
Net movement in stock borrowing	(2,012)	53	(3,056)
Decrease/(increase) in trade and other payables	(69,873)	99,731	116,966
Decrease/(increase) in derivatives	406	8	166
Cash from operating activities	1,692	5,744	26,978

The cash from operating activities generated in the six months ended 31 March 2015 largely reflects routine operational inflows offset by outflows in respect of certain seasonal expense items which fall within the first half of our financial year.