

Numis Corporation Plc
Half Year Results
for the six months ended 31 March 2016

London, 6 May 2016: Numis Corporation Plc (“Numis”) today announces unaudited results for the six months ended 31 March 2016. Numis is the holding company of Numis Securities Limited, the independent corporate advisory and stockbroking business.

Highlights

	H1 2016	H1 2015
Revenue	£56.8m	£45.7m
Adjusted profit before tax (see note 2)	£19.3m	£14.3m
Statutory profit before tax	£16.8m	£11.9m
Adjusted earnings per share (see note 2)	14.0p	10.0p
Statutory earnings per share	12.2p	8.3p
Dividend	5.5p	5.5p

- Revenue increased to its highest level in the Group’s history for a half-year period.
- Our focus remains on enabling UK listed and unlisted businesses to access capital in order to fund their growth and achieving our goal of becoming advisor of choice for UK companies.
- We raised £1.2bn of funds for our corporate clients through 27 equity raisings incorporating 10 IPOs. This represents almost 9% of the total equity fund raising on the London Stock Exchange.
- We advised on 14 completed M&A transactions.
- We consistently receive widespread independent recognition of our capabilities and during the period Numis was ranked #1 by deal volume for financial advisors in the latest Experian Deal Review and League Tables and voted “Best Adviser – Corporate Sponsor” in the UK Stock Market Awards 2016.
- Our second half has started well and our deal pipeline is strong.

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

“The performance of the financial markets was mixed during the period but we recorded record revenues for a half-year. We have been active in both fund raising and advisory and have continued to build our high quality client base. By strengthening our franchise across UK companies of all sizes and investing in high quality people, Numis is growing its reputation as an advisor of choice for businesses seeking capital to grow.”

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Notes for Editors

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

Review of Performance

Overall Performance

We are pleased to report that the business performed well during the six months ended 31 March 2016 generating record revenues of £56.8m (2015: £45.7m) and adjusted profit before tax of £19.3m (2015: £14.3m). In addition, there were £0.1m of gains (2015: £0.1m) recognised on investments held outside our market making business and £2.7m of charges (2015: £2.4m) relating to employee share scheme arrangements. This resulted in a statutory profit before tax for the period of £16.8m (2014: £11.9m). 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 £72.0m (March 2015: £63.9m) while net assets have increased to £116.5m (March 2015: £112.4m).

UK equity indices were somewhat volatile during the period with rises of up to 4.5% during our first quarter being countered by falls of up to 3% during our second quarter. Consequently, markets finished the period broadly above their 1st October opening with the exception of AIM, which experienced a 2% decline. The Numis Smaller Companies Index generated returns of 2.2% over the period demonstrating the stronger performance in that sector of the market.

For the market as a whole, the value of secondary trading on the London Stock Exchange has remained relatively stable, with secondary trading (by value) in main market stocks just 1% below the same period last year but 2% up on the six month period ended 30 September 2015. Similarly, over the same period equity funds raised on AIM and the Main Market combined totalled £13.7bn during our first half compared to £13.2bn during our first half of 2015 reflecting a continuing investor appetite for IPOs and secondary fund raisings.

Revenue Mix, £m	H1 2016	H1 2015
Net trading gains	1.8	1.0
Net institutional commission	16.1	14.4
Net institutional income	17.9	15.4
Deal fees	8.5	9.3
Placing commission	25.9	16.6
Corporate transaction income	34.4	25.9
Corporate retainers	4.5	4.4
Revenue	56.8	45.7

Our revenue performance from corporate finance and capital raisings for the period totalled £34.4m (2015: £25.9m) and is the highest half-year reported amount in the Group's history. This reflects buoyant levels of transaction volumes and funds raised for our clients and the fact that we were ranked #1 by deal volume for financial advisors in the latest Experian Deal Review and League Tables. We continue to benefit from M&A activity amongst our client base.

Combined institutional commission & trading revenues for the period totalled £17.9m (2015: £15.4m). The increased market volatility experienced during January 2016 contributed to the relatively subdued performance of our market making activity whereas institutional commissions earned from execution and research services held up well despite the continuing, albeit delayed, proposals supporting the unbundling of such commissions.

Administrative expenses for the period totalled £40.4m (2014: £33.8m) and reflect a growth in average headcount to 213 (2015: 206) as well as some non-recurring costs arising from a continued emphasis on building the quality of our core services. Despite this, the compensation ratio remains in-line with the prior period at 50% (H1 2015: 51%). Certain elements within non-staff costs increase with activity levels and higher staffing levels and are impacted by increased depreciation charges resulting from our office refurbishment which took place in 2015. The current non-staff cost run-rate is 1% above that seen in H2 2015 and we are actively targeting initiatives to reduce expenditure in this area. The overall cost ratio of 71% shows a marginal improvement on both H1 2015, 74%, and full year 2015, 72%.

Corporate Broking and Advisory

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 strength of our client relationships and the depth of expertise that enable us to deliver high quality solutions.

Notable deals completed during the period included IPOs for Hostelworld, Countryside, Gym Group, Ibstock, Funding Circle, Ascential and Diurnal. We also completed a number of sizable secondary raises for our corporate clients including Micro Focus, INPP and Alliance Pharma. In total we raised £1.2bn of equity finance during the period (H1 2015: £1.1bn) which equates to 8.6% (2015 full year: 6.9%) of total equity fund raising on the London Stock Exchange. This was achieved through the completion of 27 fund raising transactions (H1 2015: 23) including 10 IPOs (H1 2015: 6).

Building our corporate advisory capabilities remains a major area of focus and we completed 14 advisory roles (H1 2015: 15) during the period including Trinity Mirror's acquisition of Local World, the disposal of UTV Television to ITV and the recommended cash offer for Bwin Party from GVC Holdings.

We continue to attract high quality corporate clients with 11 new clients added during the period bringing the total number for whom we act to 185 companies (September 2015: 183). Client losses have largely been driven by M&A activity amongst our client base. 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 traded on AIM. Indeed, we remain ranked second stockbroker overall by total number of stock market clients in the most recent Corporate Advisers Rankings Guide.

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.

The calibre and dedication of our people was instrumental in Numis being voted #1 UK Small & Mid Cap Brokerage Firm by both companies and institutions for the third year in succession in the 2015 Thomson Reuters Extel survey.

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 14 sectors while our Investment Funds research team covers around 400 investment companies and funds, focusing on funds with specialist or differentiated mandates, including quoted equity, private equity, hedge funds, property and other alternative assets. We continue to invest in our research capability and experience strong staff retention.

Our highly regarded sales team provides distribution to more than 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 we add 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 USA for UK mid cap and larger companies. We believe our transatlantic capability remains unmatched by our competitors.

The offering includes not only access to worldwide institutional investors, but also to a network of over 3,000 active private client fund managers (PCFM) providing alternative sources of liquidity and investor interaction. With access to over 150 PCFM houses throughout the UK, our dedicated PCFM team continues to serve a client base which now totals 44 clients (September 2015: 41).

Execution

We provide active execution services in over 650 stocks, of which over 500 are listed on the Main Market of the London Stock Exchange. Importantly, on average, we had the leading market share in 137 (full year 2015: 133) stocks across these markets, and were a top three service provider in a further 97 stocks (full year 2015: 107). With access to 19 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 approved the payment of an accelerated interim dividend of 5.50p per share (2015: 5.50p per share) on 3 March 2016 for payment on 5 April 2016. The dividend was payable to all shareholders on the register on 11 March 2016. Shareholders were afforded the option to elect to use their cash dividend to buy additional shares in Numis through a Dividend Re-Investment Plan (DRIP).

Board Changes

David Poutney stood down from the Board on 2 February 2016 after nearly 15 years of service. On 24 March 2016, the Company announced that Gerald Corbett, Non-executive Chairman of Numis who has served on the Board since May 2009, will not be seeking re-election as Chairman at the Company's Annual General Meeting scheduled for February 2017. The Company has made a separate announcement today regarding Board composition.

Current Trading and Outlook

Our second half has started well with the completion of a number of corporate transactions including acting as sole book runner on the recent placing of circa £700m of Saga shares by Acromas and the completion of a further six equity capital raisings on behalf of our corporate clients. Our deal pipeline is strong and our market share of equity issuance is growing.

As we move towards a referendum in the UK, markets inevitably will be volatile. However, Numis has always sought to take advantage of uncertainty by providing sound and consistent advice to its clients. We have a strong balance sheet and are well placed to benefit from companies and their shareholders questioning the dominance of the larger investment banks which have inherent conflicts of interest. Numis has a very bright future as a provider of high quality independent advice and access to capital.

Oliver Hemsley
Chief Executive Officer
6 May 2016

Consolidated Income Statement

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2016

		6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	Notes	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue	4	56,769	45,667	97,985
Other operating income/(expense)	5	156	32	(1,978)
Total income		56,925	45,699	96,007
Administrative expenses	6	(40,353)	(33,834)	(70,115)
Operating profit		16,572	11,865	25,892
Finance income	7	224	235	459
Finance costs	7	(31)	(231)	(269)
Profit before tax		16,765	11,869	26,082
Taxation		(3,093)	(2,718)	(4,533)
Profit for the period		13,672	9,151	21,549
Attributable to:				
Owners of the parent		13,672	9,151	21,549
Earnings per share	8			
Basic		12.2p	8.3p	19.5p
Diluted		11.6p	7.8p	18.3p

Consolidated Statement of Comprehensive Income
 UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2016

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Profit for the period	13,672	9,151	21,549
Exchange differences on translation of foreign operations	174	282	227
Other comprehensive income for the period, net of tax	174	282	227
Total comprehensive income for the period, net of tax, attributable to the owners of the parent	13,846	9,433	21,776

Consolidated Balance Sheet

UNAUDITED AS AT 31 MARCH 2016

	Notes	31 March 2016 Unaudited £'000	31 March 2015 Unaudited £'000	30 September 2015 Audited £'000
Non-current assets				
Property, plant and equipment	10a	4,118	2,961	4,486
Intangible assets		178	195	247
Deferred tax	10b	1,923	2,550	1,995
		6,219	5,706	6,728
Current assets				
Trade and other receivables	10c	179,680	244,918	160,397
Trading investments	10d	46,075	42,862	57,621
Stock borrowing collateral	10e	4,041	5,360	822
Derivative financial instruments		709	207	683
Cash and cash equivalents	10g	71,990	63,924	59,591
		302,495	357,271	279,114
Current liabilities				
Trade and other payables	10c	(178,449)	(237,975)	(161,646)
Financial liabilities	10f	(10,567)	(9,825)	(6,913)
Current income tax		(3,171)	(2,786)	(1,760)
		(192,187)	(250,586)	(170,319)
Net current assets		110,308	106,685	108,795
Non current liabilities				
Deferred tax	10b	(4)	-	(4)
Net assets		116,523	112,391	115,519
Equity				
Share capital		5,922	5,922	5,922
Share premium		38,854	38,854	38,854
Other reserves		6,611	8,713	5,631
Retained earnings		65,136	58,902	65,112
Total equity		116,523	112,391	115,519

Consolidated Statement of Changes in Equity

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2016

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
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
Balance at 1 October 2014	5,922	38,854	8,063	57,238	110,077
Profit for the year				21,549	21,549
Other comprehensive income			227	-	227
Total comprehensive income for the year			227	21,549	21,776
Dividends paid				(12,139)	(12,139)
Movement in respect of employee share plans			(2,659)	(2,411)	(5,070)
Deferred tax related to share based payments				(733)	(733)
Net movement of shares into Treasury				1,608	1,608
Transactions with shareholders			(2,659)	(13,675)	(16,334)
Balance at 30 September 2015	5,922	38,854	5,631	65,112	115,519
Balance at 1 October 2015	5,922	38,854	5,631	65,112	115,519
Profit for the period				13,672	13,672
Other comprehensive income			174	-	174
Total comprehensive income for the period			174	13,672	13,846
Dividends paid				(12,861)	(12,861)
Movement in respect of employee share plans			806	1,230	2,036
Deferred tax related to share based payments				(158)	(158)
Net movement of shares into Treasury				(1,859)	(1,859)
Transactions with shareholders	-	-	806	(13,648)	(12,842)
Balance at 31 March 2016	5,922	38,854	6,611	65,136	116,523

Consolidated Statement of Cash Flows

UNAUDITED FOR THE 6 MONTHS ENDED 31 MARCH 2016

		6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	Notes	Unaudited £'000	Unaudited £'000	Audited £'000
Cash from operating activities	11	23,139	1,692	10,995
Interest paid		(2)	(5)	(4)
Taxation paid		(1,768)	(1,820)	(4,524)
Net cash from/(used in) operating activities		21,369	(133)	6,467
Investing activities				
Purchase of property, plant and equipment		(174)	(1,798)	(3,885)
Purchase of intangible assets		-	(117)	(234)
Interest received		219	220	487
Net cash from/(used in) investing activities		45	(1,695)	(3,632)
Financing activities				
Purchase of own shares – Employee Benefit Trust		(410)	(479)	(1,898)
Purchase of own shares - Treasury		(1,859)	(1,884)	(3,473)
Dividends paid		(6,713)	(6,072)	(12,139)
Net cash used in financing activities		(8,982)	(8,435)	(17,510)
Net movement in cash and cash equivalents		12,432	(10,263)	(14,675)
Opening cash and cash equivalents		59,591	74,518	74,518
Net movement in cash and cash equivalents		12,432	(10,263)	(14,675)
Exchange movements		(33)	(331)	(252)
Closing cash and cash equivalents		71,990	63,924	59,591

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 2015, 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 2015. 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 amendments to IFRS became effective and were adopted by the Company and the Group. None of these amendments have a material impact on the Group's income statement, statement of comprehensive income, balance sheet, statement of changes in equity or statement of cash flows.

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 2016 Unaudited £'000	6 months ended 31 March 2015 Unaudited £'000	Year ended 30 September 2015 Audited £'000
Statutory group profit before tax	16,765	11,869	26,082
Items not included within adjusted profit before tax:			
Other operating (income) / expense	(133)	(23)	1,978
Share scheme charge	2,513	2,216	4,104
National insurance provisions related to share scheme awards	150	221	562
Adjusted group profit before tax	19,295	14,283	32,726
Statutory group taxation	(3,093)	(2,718)	(4,533)
Tax impact of adjustments	(506)	(495)	(565)
Adjusted group taxation	(3,599)	(3,213)	(5,098)
Adjusted group profit after tax	15,696	11,070	27,628
Basic weighted average number of shares, number	111,887,475	110,232,705	110,757,969
Adjusted basic earnings per share, pence	14.0p	10.0p	24.9p

3. Segmental reporting

Geographical information

The Group is managed as an integrated corporate advisory and stockbroking 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.

The Group earns its revenue in the following geographical locations:

	6 months ended 31 March 2016 Unaudited £'000	6 months ended 31 March 2015 Unaudited £'000	Year ended 30 September 2015 Audited £'000
United Kingdom	51,670	42,468	89,297
United States of America	5,099	3,199	8,688
	56,769	45,667	97,985

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 2016 Unaudited £'000	6 months ended 31 March 2015 Unaudited £'000	Year ended 30 September 2015 Audited £'000
United Kingdom	4,160	2,970	4,573
United States of America	136	186	160
	4,296	3,156	4,733

Other information

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

	6 months ended 31 March 2016 Unaudited £'000	6 months ended 31 March 2015 Unaudited £'000	Year ended 30 September 2015 Audited £'000
Net institutional income	17,832	15,382	33,390
Total corporate transaction revenues	34,446	25,929	55,654
Corporate retainers	4,491	4,356	8,941
Revenue from corporate advisory & broking (see note 4)	56,769	45,667	97,985
Investment activity net gains/(losses)	156	32	(1,978)
Contribution/(deduction) from investing activities	156	32	(1,978)
Total	56,925	45,699	96,007

Net assets

Corporate advisory & broking	19,128	37,979	30,535
Investing activities	25,405	10,488	25,393
Cash and cash equivalents	71,990	63,924	59,591
Total net assets	116,523	112,391	115,519

4. Revenue

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Net trading gains	1,780	957	4,056
Institutional commissions	16,052	14,425	29,334
Net institutional income	17,832	15,382	33,390
Corporate retainers	4,491	4,356	8,941
Corporate fees	8,514	9,302	17,921
Placing commissions	25,932	16,627	37,733
	56,769	45,667	97,985

5. Other operating income/(expense)

Other operating income/(expense) represents gains/(losses) made on investments which are held outside of the market making portfolio. The loss recorded in 2015 reflected price movements on quoted holdings, fair value adjustments on unquoted companies and related dividend income.

6. Administrative expenses

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Staff costs	28,281	23,075	47,398
Non-staff costs	12,072	10,759	22,717
	40,353	33,834	70,115

The average number of employees during the period has increased to 213 (H1 2015: 206). In addition, there have been a number of non-recurring costs in respect of staff changes during the period. Despite this, the compensation ratio remains broadly in-line with the prior period at 50% (H1 2015: 51%).

The major components 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 and are impacted by increased depreciation charges resulting from our office refurbishment which took place in 2015. The current non-staff cost run-rate is 1% above that seen in H2 2015 and we are actively targeting initiatives to reduce expenditure in this area. The overall cost ratio of 71% shows a marginal improvement on both H1 2015, 74%, and full year 2015, 72%.

7. Finance income and Finance costs

Finance income for the period:

	6 months ended 31 March 2016 Unaudited £'000	6 months ended 31 March 2015 Unaudited £'000	Year ended 30 September 2015 Audited £'000
Net foreign exchange gains	-	-	-
Net interest income	224	235	459
	224	235	459

Finance costs for the period:

	6 months ended 31 March 2016 Unaudited £'000	6 months ended 31 March 2015 Unaudited £'000	Year ended 30 September 2015 Audited £'000
Net foreign exchange losses	24	229	265
Interest expense	7	2	4
	31	231	269

8. Earnings per share

Basic earnings per share is calculated on profits after tax of £13,672,000 (2015: £9,151,000) and 111,887,475 (2015: 110,232,705) 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 2016 Unaudited Number Thousands	6 months ended 31 March 2015 Unaudited Number Thousands	Year ended 30 September 2015 Audited Number Thousands
Weighted average number of ordinary shares in issue during the period – basic	111,887	110,233	110,758
Dilutive effect of share awards	6,356	7,830	6,867
Diluted number of ordinary shares	118,243	118,063	117,625

9. Dividends

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	Unaudited £'000	Unaudited £'000	Audited £'000
Final dividend year ended 30 September 2014 (5.50p)		6,072	6,072
Interim dividend year ended 30 September 2015 (5.50p)			6,067
Final dividend year ended 30 September 2015 (6.00p)	6,713		
Interim dividend year ended 30 September 2016 (5.50p)	6,148		
Distribution to owners of the parent	12,861	6,072	12,139

The board approved the payment of an accelerated interim dividend of 5.50p per share (2015: 5.50p per share) on 3 March 2016 for payment on 5 April 2016. The dividend was payable to all shareholders on the register on 11 March 2016. These financial statements reflect this dividend payable because the Board released a statement to the market to this effect on 3 March 2016 and therefore the obligation arose prior to 30 March 2016.

10. Balance sheet items

- (a) Property, plant and equipment
The Group's offices in London underwent a program of refurbishment during 2015.
- (b) Deferred tax
As at 31 March 2016 deferred tax assets totalling £1,923,000 (30 September 2015: £1,995,000) 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.
- (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 £5,530,000 (30 September 2015: £5,430,000).
- (d) Trading investments
Included within trading investments is £25,405,000 (30 September 2015: £25,393,000) of investments held outside of the market making portfolio. There have been no material additions or disposals during the period.
- (e) 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.

(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 reflect increased levels of operating profit and positive working capital movements whilst maintaining dividend distributions (£6.7m cash outflow) and the repurchase of shares into Treasury and the Employee Benefit Trust (£2.3m cash outflow).

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

	6 months ended 31 March 2016	6 months ended 31 March 2015	Year ended 30 September 2015
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Profit before tax	16,765	11,869	26,082
Net finance income	(193)	(4)	(190)
Depreciation charge on property, plant and equipment	554	310	882
Amortisation charge on intangible assets	69	46	111
Share scheme charges	2,513	2,216	4,104
Decrease/(increase) in current asset trading investments	11,546	4,392	(10,367)
(Increase)/decrease in trade and other receivables	(19,183)	54,342	137,285
Net movement in stock borrowing	(3,219)	(2,012)	2,526
Increase/(decrease) in trade and other payables	14,313	(69,873)	(149,368)
(Increase)/decrease in derivatives	(26)	406	(70)
Cash from operating activities	23,139	1,692	10,995

The cash from operating activities generated in the six months ended 31 March 2016 reflects routine operational inflows offset by outflows in respect of seasonal expense items which fall within the first half of our financial year.