Numis
Corporation Plc

2012

ANNUAL REPORT
& ACCOUNTS

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.

FINANCIAL HIGHLIGHTS

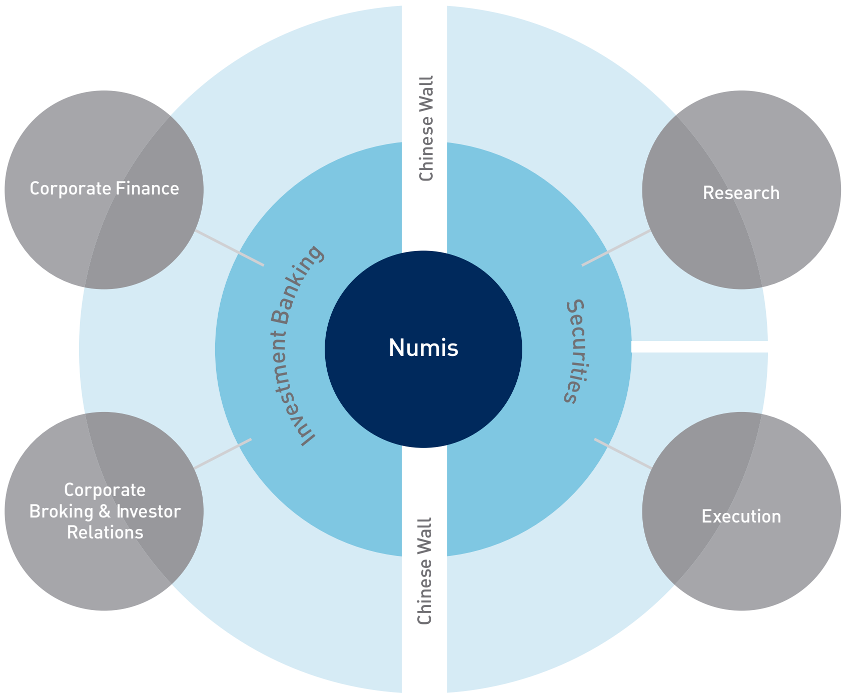
Revenue 2011: £54.2m	£50.1m
Adjusted profit before tax* 2011: £8.9m	£7.7m
Statutory profit before tax 2011: £0.2m	£4.1m
Adjusted basic earnings per share 2011: 7.3p	6.4p
Statutory basic earnings per share 2011: loss per share 0.7p	3.2p
Net assets 2011: £99.6m	£97.1m
Cash and collateral balances 2011: £47.5m	£41.0m
Total dividend per share maintained 2011: 8.00p	8.00p

* See reconciliation on page 20

OUR BUSINESS

Our integrated approach and emphasis on harnessing the combined expertise of the firm to the benefit of our clients is key to past and future success.

Structured to deliver exceptional service to our clients



Research

Through the recruitment of highly ranked specialist teams and the development and training of talented individuals, we are able to provide in-depth, quality sector coverage. Our research is recognised by fund managers and corporates alike as among the best. Our research attracts institutional clients, builds relationships with them and thereby enables us to offer superior distribution to our corporate clients.

Execution

Our Sales and Trading team offer strong distribution capabilities in London, Europe and the United States of America. Working together they combine their strengths to deliver a substantial resource to our institutional clients who require best execution to capture the value of our research and trading ideas. Our execution team delivers market leading execution in over 400 stocks and has access to a significant variety of trading venues and liquidity providers.

Corporate Broking & Investor Relations

Our dedicated Corporate Broking team bridges the transactional and advisory services of our Corporate Finance department and the placing power of our Institutional Sales and Trading teams. Our brokers provide ongoing advice to our corporate clients on market conditions and perceptions, and with the aid of our dedicated Investor Relations team deal with all aspects of investor relations including the organisation of and feedback on institutional road show presentations to existing and potential shareholders.

Corporate Finance

The success of our Corporate Finance team springs from its ability to understand our clients' businesses, to know what they are looking for and where to locate it. Our Corporate Finance team operates an industry-focused approach in sectors covered by our highly rated research teams. We provide a full range of services including advice in relation to M&A, public bids, IPOs, secondary fundraisings, convertible and debt securities and private equity.

OPERATIONAL HIGHLIGHTS

Corporate client base increased to (September 2011: 140) across 16 sectors of the market	144
Number of FTSE Small Cap/ Fledgling brokerships (September 2011: 59) focused across a broad range of corporates	59
Number of FTSE 250 brokerships (September 2011: 25) maintaining our service to mid caps	28
Funds raised during the year (2011: £634m) through 16 transactions including 3 IPOs and focus on Retail Bonds	£717m
Underlying administrative expenses reduced by (£42.6m versus 2011: £45.9m)	7%
FTSE 250 stocks we research totals (September 2011: 130) (excluding investment companies)	149

Numis Smaller Companies Index continues to be the defining benchmark for the universe of UK smaller companies

Thomson Reuters Extel 2012 survey results

NUMBER 1 UK Small & Mid Cap Brokerage Firm by company votes
(2011: Number 1)

NUMBER 2 UK Small & Mid Cap Brokerage Firm by fund manager votes
(2011: Number 3)

Starmine FTSE250 Best Recommendations

NUMBER 1 for last six years based on brokers with the most FTSE 250 coverage each year

UK Stock Market Awards

VOTED "Best Advisor – Corporate Sponsor"

"I would like to commend our strong culture of client service and our focus on high quality, insightful research which is critical to the future success of the business."

Sir David Arculus. Chairman

CHAIRMAN'S STATEMENT

During difficult market conditions, we have maintained our focus on raising funds for high quality companies in both the equity and retail bond markets which has cemented our position as a leading player in the UK advisory and corporate broking arena.

The great philosopher Nietzsche argued, 'that which does not kill us makes us stronger'.

This seems appropriate to the period we have recently experienced in the UK financial services sector , with major UK Banks still on life support, competitors exiting the broking market, considerable restructuring of our industry, and yet the prospect of some form of weak economic recovery looking a little closer.

Despite financial markets in general experiencing a succession of five tough years, Numis has emerged from this latest year with a further increase in the quality and number of corporate clients. We also have more diversity in our revenue streams, helped by our increased focus on the retail bond market, which complements the more regular mix of equity finance, secondary trading activity and corporate advisory work, all backed by our market leading research. With the addition of what has now become the 'Numis Smaller Companies Index' we are also in a better position to broaden our position in the UK smaller and mid cap company sectors. Much has been written about the importance to the economy of strong smaller companies, and we intend to make our contribution in that space.

We have also succeeded in managing our cost base downwards, both in terms of numbers of people and non-staff costs. The Remuneration Committee has played its part in trying to achieve sustainable levels of overall remuneration whilst acknowledging the importance of and contribution made by individuals within the firm. Your Board is acutely aware of the external focus surrounding this topic more generally and deliberated long and hard in determining the most appropriate policy to help ensure the future success of the business. We are also encouraged that revenues for the first two months of the new financial year have made a stronger start.

I would like to commend our strong culture of client service and our focus on high quality, insightful research which is critical to the future success of the business. It is noteworthy that we have won a slew of awards around the business in broking, research, sales and trading as covered in our Chief Executives Statement, and under Operational Highlights.

Another area of importance in securing future success is the management team across the business. Building next generation leadership across the firm will continue to be an area of focus for your Board and we are fortunate to have talented younger executives establishing their worth across the business.

For the year ahead our objectives are squarely related to: increasing income, building and broadening the business, containing costs, and increasing the talent pool across the business. We want to do this at the same time as becoming ever more client focussed, innovative and quick on our feet. Shareholders may be interested to know that c. 43% of shares in Numis are effectively held by staff and directors, and perhaps encouraged that because of this, our teams have every incentive to improve the performance of the business within an overall framework of a robust capital position and strong risk management. So, we are very much alive and strengthening our position in what is a demanding market place.

Finally, I want to thank all our staff for the way they have responded to these challenging times. Right across the business, people are knuckling down, working as an effective team, and making Numis a future leader in its industry.

Sir David Arculus
Chairman
14 December 2012

"We remain profitable and extremely well capitalised against a background of difficult market conditions, continued economic uncertainty and fierce competition."

Oliver Hemsley. Chief Executive

CHIEF EXECUTIVE'S STATEMENT

At a time when bank lending is increasingly constrained, we are delivering much needed debt and equity finance to companies to help them grow.

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 2.

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 (2011: £634m) 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.

CHIEF EXECUTIVE'S STATEMENT

Continued

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
14 December 2012

STRATEGY

Our overarching objective is to retain our position as one of the leading independent merchant banking and stockbroking businesses in the UK.

Focus

Focusing on the UK market, where Numis has a clear competitive advantage in its core integrated business

Putting clients' interests first

Providing high quality research combined with powerful international distribution

Providing expert advisory and broking services in both favourable and difficult markets

Partnership

Offering a collegial culture with an emphasis on harnessing the combined expertise of the firm

Attracting highly capable and motivated professionals looking for an opportunity to serve clients without latent conflicts

Offering the opportunity to make a tangible difference and participate in the direction and performance of the business

Selective

Adding research, distribution and client service capability to profitable sectors so that the business continues to strengthen its offering and is able to serve more clients

Building non-UK distribution and alternative execution capability to improve service to clients

Adding origination capacity to win more high quality corporate clients, bringing more exceptional investment opportunities to institutional clients and leveraging our secondary distribution platform

Discipline

Making disciplined operational improvements and maintaining a prudent risk management culture

Actively evaluating and managing financial and non-financial risks

Continuing to manage our finances, liquidity and capital conservatively

UNCONFLICTED

Research is one of the most valuable tools in the decision making process.

Being unconflicted is the cornerstone of our research capability – clean and clear, unbiased facts generating telling insights in increasingly complex and complicated markets. Fundamental understanding you can trust.

RESEARCH

High quality research is at the heart of Numis' business. It creates trust-based relationships with our institutional clients that are further strengthened by our powerful international distribution capability.

Through the recruitment of highly ranked specialist teams and the development and training of talented individuals, we are able to provide in-depth sector coverage. This is essential to delivering valuable insights to our institutional clients and attracting high quality corporates. Our sector coverage typically encompasses a broad range of large, mid cap and smaller companies and our analysts are much in demand for commentary and provide value-added services to all sectors by orchestrating high profile conferences and international roadshows.

Numis analysts cover approximately 300 companies (excluding investment companies) including half of all FTSE100 stocks as well as 127 companies that fall outside the FTSE350. Our 30 recognised leading analysts are organised into 16 key sectors.

In our written company research we recognise the need to provide rapid and accurate commentary on company news. However we believe that greater value added comes from more in-depth research pieces, whether focused on a particular company, or on a broader sector. We also believe that written research is only the starting point in providing a service to our clients. Our analysts are in direct contact on a day-to-day basis with institutional investors, and we organise frequent roadshows to allow analysts to meet clients face-to-face.

Our research is recognised by fund managers and corporates alike as among the best. We are particularly pleased that, for the sixth year running, Numis achieved exceptional recognition this year in the Thomson Reuters Extel Mid & Smallcap survey. We were ranked top in six sectors that we cover (up from two sectors in last year's survey) and ranked in the top three in nine of the sectors that we cover (up from seven sectors in last year's survey). Of the research sectors surveyed, Numis was ranked 1st in Financials, Construction, Insurance, Leisure, Media and Technology.

Our Alternative Investment Funds research was ranked 2nd, and comprises coverage of around 400 investment companies and funds. In this sector our research-driven approach focuses on investment companies with specialist or differentiated mandates, including quoted equity, private equity, hedge funds, property and other alternative assets. The research product (classified as marketing communications) includes a daily data sheet covering all UK-traded funds as well as regular fund-specific and broader-based research offering insight into individual companies and specific asset classes.

Further external recognition was achieved in the Starmine FTSE250 Best Recommendations awards. Numis has been ranked number one in each of the last 5 years for brokers covering more than 100 Midcap companies. This demonstrates the consistent and significant value-add, across a very broad range of companies, that our research product provides to investors in UK companies.

"Authoritative and insightful research is fundamental to generating awareness and interest"

EXECUTION

High quality execution services leveraged off highly rated research and powerful distribution across London, Europe and USA. Numis is committed to providing liquidity in its corporate stocks and our focus remains on client facilitation.

Numis provides active execution services in 572 stocks (2011: 560) of which 404 are listed on the main market (2011: 399). Importantly, Numis had the leading market share in 103 (2011: 93) stocks across these markets and was a top three service provider in a further 83 stocks (2011: 100). In terms of market share by index, Numis has averaged 2.8% of the FTSE 250 flow by value (LSE business) throughout 2012 with a monthly high of 3.8%. Similarly we have averaged 6.7% of the FTSE Small Cap flow by value throughout 2012 with a monthly high of 8.2%.

Working alongside Numis' traders are teams of experienced salesmen and sales-traders who provide a powerful distribution capability in London, Europe, the USA and Canada by maintaining relationships with over 800 institutional clients.

The investment in our sales and trading platform has enabled Numis to respond to client and regulator demand for demonstrable best execution across multiple venues and liquidity pools with the use of smart order routing and has enabled the application of algorithmic trading to accelerate executions. Our ability to execute across a wide range of 'lit' and 'dark' trading venues continues to make a major contribution to the development of our reputation, the resilience of execution capability and the sustained improvements in market share.

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.

Our platform also delivers high quality electronic links to our institutional clients, streamlined straight-through processing from the front office through the middle office and settlements operations to the integrated back office financial systems. This has enabled us to achieve sustained reductions in overall unit costs.

We continue to make use of Fidessa's Managed Enterprise service which gives us dedicated development and service staff inside Fidessa, who can respond rapidly to our client service and other service development priorities. When combined with Numis' small in-house IT team, who have a strong culture of innovation for and service delivery to Numis' clients this collaborative relationship continues to bring service innovation and customisation to our platform to the ultimate benefit of our clients.

"Largest and best known UK mid-cap sales team in London"

COMMITTED

Numis always aims to deliver the highest levels of technical ability married to superior client service.

Client and regulator demand have driven the development of our platform ensuring robust systems that are readily customisable to meet our clients' requirements.

CREDIBILITY

Our credibility comes through a combination of talented people working in an environment that openly encourages an entrepreneurial but collegial culture.

We seek the building of knowledge and experience to best inform the advice we give our clients.

CORPORATE BROKING & INVESTOR RELATIONS

We have the ability to bring the right people together at the right time, to provide quality links between investors and companies on every level, with rewarding outcomes for all concerned.

Our dedicated Corporate Broking team bridges the transactional and advisory services of our Corporate Finance department and the placing power of our Institutional Sales and Sales Trading teams. Our brokers provide ongoing advice to our corporate clients on market conditions and perceptions, and deal with all aspects of investor relations including institutional road show presentations to existing and potential shareholders.

The team has a wealth of experience in serving a wide range of clients in broking, fund raising and corporate finance issues. Our aim is to ensure that every company we look after is given the best possible advice and access to the London equity markets.

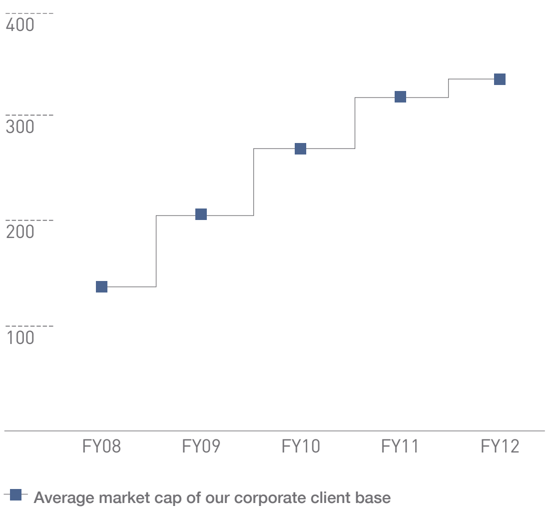
This has helped us attract high quality corporate clients with a further 18 new clients added during the year bringing the total number for whom we act to 144 companies having an average market capitalisation of £332m. Our efforts focus across a broad range of corporate clients which include 52 AIM companies, 51 FTSE Small Caps, 28 FTSE250 clients and one FTSE100 company.

External recognition of our dedicated corporate broking team was achieved again in the 2012 Thomson Reuters Extel survey in which Numis was voted #1 UK Small & Mid Cap Brokerage Firm by company votes for the second year in a row as well as #2 Leading UK Brokerage firm by fund manager votes. Numis has been voted in the top 3 Leading Brokerage Firms in the Thomson Reuters Extel survey (for UK companies of up to £1bn market capitalisation) in each of the last 5 years.

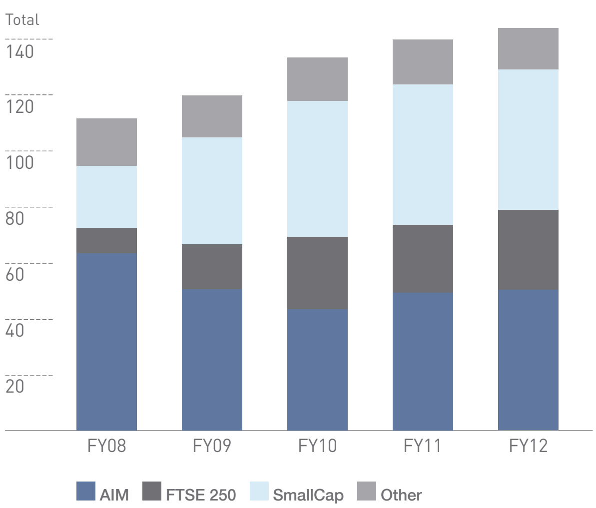
The offering to our corporate clients also includes access to worldwide institutional investors, but also to a network of over 1,500 private client fund managers (PCFM) with investment assets of c. £473bn providing alternative sources of liquidity and investor interaction. With access to over 70 regional PCFM houses throughout the UK our dedicated PCFM team continues to expand its reach which has enabled it to undertake 127 group meetings over the last two years and 353 one-to-one meetings over the same period. We now have 32 clients signed up to the PCFM service and organize a bi-annual FTSE 100 conference held in conjunction with the London Stock Exchange.

Finally, Numis' dedicated Investor Relations team provides the link between companies, existing shareholders and potential investors. Our Investor Relations service allows the investment community to gain a greater understanding of a Company's business, it's governance, financial performance and prospects and in turn, the company to gain feedback from the investor audience. This is achieved through the organisation of roadshows, site visits and investor conferences both here in the UK, Europe and in the USA. Roadshow activity has been particularly strong with 4,125 UK meetings and 80 European meetings held during the last 12 months. Over the same period, our team has arranged 52 roadshows and 37 reverse roadshows in the USA.

Average market cap £m



Number of Corporate Clients



CORPORATE FINANCE

The success of our Corporate Finance team springs from its ability to understand our clients' businesses, to know what they are looking for and how to deliver it.

Our Corporate Finance team operates an industry-focused approach in sectors covered by our highly rated research teams. We provide a full range of services including advice in relation to M&A, public bids, IPOs, secondary fundraisings and debt securities to both corporate clients and private equity firms.

We believe in building solid, 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 enabling us to deliver original and telling solutions.

The key to our success in Equity Capital Markets lies in our placing power. Time and again the skills of our research analysts combine with our expertise in execution to deliver impressive results.

Numis has a strong track record of IPOs on London's main market and AIM. We continue to assist our existing clients in achieving their objectives with a significant proportion of our corporate deals in the year coming from secondary issues and M&A activity for existing clients. Despite the somewhat subdued market environment, Numis completed 3 IPOs during 2012 and because of our strong track record in this area companies wanting to list in London look to us for advice and guidance.

Total funds raised for corporate clients this year rose to £717m (2011: £634m) through 16 transactions (2011: 23). Equity fund raising activity across the whole of the UK market remains subdued with equity funds raised on AIM and the Main Market combined totalling £10.8bn during the twelve month period to September 2012 compared with £24.4bn during the equivalent period to September 2011.

We continued to build on our corporate finance advisory skills during the year, advising our clients on completed public and private M&A transactions with an aggregate value in excess of £1.0bn.

Finally, our focus on debt securities as well as equity enables us to launch Retail Bond issues on behalf of corporate clients. During the year we completed a Retail Bond for Beazley and since the end of September 2012, we have launched two further Retail Bonds. We will continue to expand our focus on this growing market as it attracts high quality companies who wish to access non-bank finance.

"Long term relationships and a thorough understanding of our clients' businesses and sectors"

EXPERTISE

The depth of our expertise is evident in our track record.

Look closely and you will see that this record generates from a culture built on long-term relationships with our clients coupled with innovative thought and an ability to deliver.

CASE STUDIES

Our contribution to our clients' successes and the track record of our corporate client service teams continues to attract high quality corporate clients. Numis' involvement in our client success during 2012 includes:

Clinigen Group plc

£55m Placing and £135m Admission to AIM in September 2012

Numis acted as Nominated Adviser, Bookrunner and Broker

NMC Healthcare PLC

£117m Placing and £390m Admission to Official List

Numis acted as Joint Lead Manager

Beazley plc

£75m 5.375% 7 year retail bond

Numis acted as Joint Lead Manager

Clinigen is a fast-growing, global specialty pharmaceuticals and pharmaceutical services business dedicated to serving patients, the medical community and the healthcare industry. The Company generated sales of £82.1 million and EBITDA of £17.3 million in the year ended 30 June 2012.

The Company was formed in 2010 and comprises two divisions – Services and Products. The Products division owns and supplies Foscavir® (a hospital-only drug which is used in the treatment of CMV and which was acquired in 2010) and intends to acquire, and grow sales of, additional niche, hospital-only drugs. The Services division manages the supply of drugs into a total of 53 countries.

The placing consisted of secondary sales of c.£45m, including a 10% over-allotment option which raised c.£5m, together with gross primary proceeds of £10m. The Company intends to use the primary proceeds in the acquisition of new products, to invest in new IT systems and for general working capital purposes.

As at close on 7 November 2012, the Company's market capitalisation was £160m.

NMC Health is a leading integrated healthcare provider for the UAE market and is one of the largest private sector healthcare providers in the UAE. In 2010, healthcare expenditures in the UAE healthcare market were estimated at approximately US$6.6bn and forecast to grow to US$10.9bn by 2013, representing a CAGR of 16.6%. NMC's prospects in the UAE market are strengthened by the relatively high barriers to entry in the private hospital sector, a growing privately-insured population and strong population growth.

The Company raised a total of £117m of primary proceeds which it intends to use to acquire new hospitals and fund the development of hospitals. NMC Health is the first Abu Dhabi company to list on the premium listing segment of the London Stock Exchange.

As at 7 November 2012, the Company's market capitalisation was £341m.

Beazley plc is a global specialist insurance and reinsurance group, with underwriting platforms in Lloyd's and in the United States. It also operates out of an international network of offices in France, Germany, Singapore, Hong Kong, Norway and Australia. The Group employs approximately 805 staff across its operations. Underwriting some 40 specialist classes of business, the Beazley Group seeks to achieve profitability across the group through diversified capital allocation. The Group currently operates across six insurance and reinsurance divisions. Gross premiums written in 2011 totalled US$1,712.5 million and as at 7 November 2012, the Company's market capitalisation was £869m.

Numis acted as joint lead manager on the Sterling denominated 5.375% notes, which were issued under a £250m Euro Medium Term Note Programme. The issue was oversubscribed and investors were attracted by the fact Beazley is a high quality, cash generative insurance company with a track record of profitable underwriting across the insurance cycle, supported by a strong balance sheet. Beazley is the first non-life insurance company to access the retail bond market and used the proceeds to strengthen its capital structure and diversify its funding base.

INTERNATIONAL PUBLIC PARTNERSHIPS

International Public Partnerships PLC

£200m Placing, Open Offer and Offer for Subscription

Sponsor, Broker, Financial Adviser and Joint Bookrunner

INPP is a FTSE250 global infrastructure fund which focuses on public or social infrastructure assets, both operational and construction phase, in the UK, Europe, Australia and North America.

The placing was completed to enable investment into a pipeline with an estimate aggregate investment value of approximately £170 million. In addition to the pipeline investments the Investment Adviser and the Group were bidding on, developing, or were in discussion in relation to a number of other projects with an aggregate estimated value in excess of £1.5 billion.

As at 7 November 2012, the Company's market capitalisation was £887 million.

abcam

Abcam plc

$170m acquisition of Epitomics International, Inc.

Numis acted as Nominated Adviser, Financial Adviser and Broker

Abcam is a producer and distributor of high quality protein research tools. The firm is headquartered in Cambridge, UK with offices in the US, Japan, Hong Kong and South East Asia. Abcam's core customer base consists of research scientists who need high performance products with detailed technical specifications. Such customers are served through Abcam's global manufacturing capability as well as 400 partners worldwide.

On 5 March 2012 Abcam announced the acquisition of Epitomics International for gross consideration of $170m (net consideration of $155m), which was paid 50 per cent. in cash and 50 per cent. in new Abcam shares. Headquartered in California and with operations in China, Epitomics International is a leading antibody business, focussing on the development, production and distribution of rabbit monoclonal antibodies ("RabMAbs®") for biomedical research and diagnostic applications. Epitomics represents a compelling strategic fit for Abcam and supports the Company's vision of becoming the world's leading life science tools company.

As at close on 7 November 2012, Abcam's market capitalisation was £744m.

BETTER CAPITAL

Better Capital PCC Limited

Conversion of the Company into a Protected Cell Company

£170m capital raising

Numis acted as Sponsor, Financial Adviser, Broker and Global Co-ordinator

Better Capital was launched as a feeder fund with the investment objective of investing in businesses in the UK and Ireland which are in operational and/or financial distress. The Company raised £142m upon its flotation on AIM in December 2009 and in June 2010 raised a further £68m and migrated to the premium segment of the Official List.

In January 2012 the Company converted into a Protected Cell Company which enabled existing shareholders and new investors to hold shares in an innovative structure with distinct investment vintages. As part of the conversion, the Company's existing investments were attributed to a 2009 cell and new capital was raised via a firm placing and placing and open offer for a 2012 cell. Gross proceeds of £170m were raised for the 2012 cell which is legally segregated from the 2009 cell and non-fungible.

As at 9 November 2012, the market capitalisation of the 2009 cell was £306m and for the 2012 cell £189m.

FINANCIAL REVIEW

Financial discipline coupled with prudent risk management are key features of our strategic approach and have enable our core business to operate profitably throughout the prolonged downturn in financial markets activity.

Adjusted Profit Performance

The adjusted profit before tax measure specifically excludes gains and losses arising from the Group's investment portfolio, the accounting charges associated with awards made under the Group's employee share scheme arrangements and exceptional non-recurring items. We believe that this provides a clearer reflection of the performance of the underlying operating business and have therefore highlighted these financial measures within the annual report. It also allows for a greater degree of comparability with our peer group who exclude similar items in the measurement of underlying performance as well as providing the analyst community with a benchmark for the Group's underlying performance.

The table below 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 our assessment of the underlying performance of the business. It demonstrates a year-on-year reduction in adjusted profit before tax of £1.2m which was principally driven by reduced institutional commission on secondary trading which suffered from a fall off in market-wide volumes.

Revenue

Revenues of £50.1m (2011: £54.2m) were impacted by a difficult second half in which secondary trading volumes across the whole market were significantly reduced. Combined institutional commission and trading revenues fell by 15% to £24.8m (2011: £29.3m) despite market share being maintained across the various segments of the market in which we are active. Pressure from electronic trading continues however, there remains strong demand for high quality research and execution capabilities which we continue to provide our institutional clients. Primary revenue, that is corporate finance advisory fees and commission from fund raising activities, fell marginally to £19.1m (2011: £19.4m) and in part reflects the trend in equity fund raising on the London Stock Exchange which was down by 56% year on year.

It is pleasing to note that we continue to see an increase in income from retainer fees payable by our corporate clients which rose 13% to £6.1m (2011: £5.4m) and represent over 12% of revenues. Indeed, following corporate client additions subsequent to the year end our annualised retainer fee income has increased further and now stands at over £7m.

Our recurring income, comprising that derived from institutional commission and trading, corporate retainers and net interest and similar income totalled £31.1m (2011: £35.3m) and covers 79% (2011: 87%) of our continuing expense base before discretionary performance-related pay and share scheme related charges.

Costs

Total administrative expenses have been impacted by share scheme related charges of £6.3m (2011: £7.2m) and, in 2011 an exceptional non-recurring charge of £2.2m in relation to the settlement of litigation.

	2012 £'000	2011 £'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**
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

The share scheme related amounts arise from the combined impact of all historic unvested awards and are not necessarily reflective of the cash cost associated with providing the shares to the participants of the schemes. Furthermore, although such charges persist throughout the vesting period of the underlying awards, their impact is not evenly distributed across that vesting period. The underlying expense base excluding share scheme related charges and the exceptional non-recurring charge has been reduced by 7% to £42.6m (2011: £45.9m).

Compensation costs excluding share scheme related charges account for 57% (2011: 58%) of the expense base but have reduced in absolute terms to £24.3m (2011: £26.5m) partly reflecting a reduction in average staff numbers to 180 (2011: 188).

Non-compensation related costs account for 43% (2011: 42%) of the expense base and have been reduced by £1.0m (5%) year on year. These reductions have been achieved across a variety of cost categories as we continue to seek out and implement cost saving initiatives whilst maintaining a robust trading platform in order to provide our institutional clients with seamless access to many pools of liquidity in order to ensure best execution in accordance with each clients order execution preference.

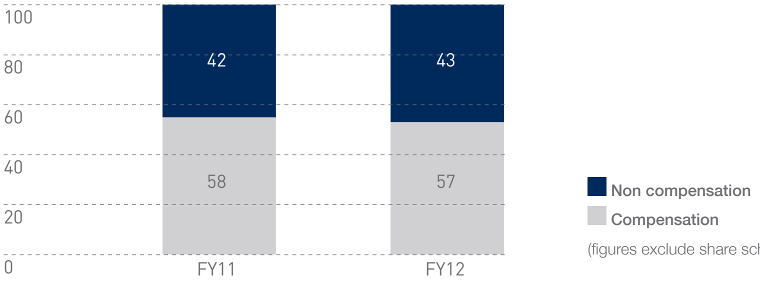
Financial Position
Our prudent approach to risk management and retention of liquid resources has helped to ensure that we continue to maintain a strong capital position. As at 30 September 2012 our Pillar I regulatory financial resource requirement was £16.7m (2011: £15.3m) including £7.4m (2011: £7.3m) of operational capital requirement. Total regulatory capital as at 30 September 2012 amounted to £72.6m (2011: £75.8m) giving a solvency ratio of 436% (2011: 496%).

The balance sheet has remained broadly unchanged, albeit with a slight reduction driven by dividend distributions. Net assets as at 30 September 2012 totalled £97.1m (2011: £99.6m) of which 37% was held as cash and cash equivalents (2011: 42%).

Delivery of Value
Our focus on high quality clients, high calibre staff and a robust capital position has enabled us to deliver stable underlying profits during extremely challenging times whilst maintaining distributions to shareholders. This year has seen no abatement in external market difficulties but we remain focused on our core business which remains profitable. Combined with our strong capital position, this has enabled us to deliver further value to our shareholders by way of a maintained total dividend of 8.00p (2011: 8.00p).

	2012	2011	2010	2009	2008
Revenue, £m	50.1	54.2	51.9	47.5	50.7
Adjusted profit before tax, £m	7.7	8.9	7.9	4.2	8.4
Adjusted basic earnings per share, pence	6.4	7.3	6.6	3.2	5.7
Statutory profit / (loss) after tax, £m	3.3	(0.7)	(0.1)	(8.6)	14.8
Operating cash inflow / (outflow), £m	4.8	(0.4)	2.7	20.7	(12.3)
Dividend per share, pence	8.00	8.00	8.00	8.00	7.50
Dividend distribution, £m	8.4	8.3	10.1	7.9	7.7

Costs: % compensation versus non compensation



(figures exclude share scheme charges and exceptional non-recurring charges)

BOARD & COMMITTEES

A number of appropriately constituted committees ensure the principals of good governance and challenge are in place.

Corporate Governance Policy

AIM companies are not required to comply with the UK Corporate Governance Code 2010 (Principles of good governance and standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders) adopted by the London Stock Exchange. However, the directors have chosen to make the following disclosures to meet the provisions of the Code deemed most relevant to AIM listed companies such as Numis.

The Board

The Board is authorised to manage the business of the Company on behalf of the shareholders. This is achieved by its own decision making and by delegating responsibilities to the Board Committees and authority to manage the business to the Chief Executive Officer.

The Board of Numis Corporation Plc is chaired by Sir David Arculus and meets a set number of times a year and at other times as necessary, to discuss a formal schedule of matters specifically reserved for its decision. These matters routinely include:

- The Groups strategy and associated risks;
- Acquisitions, disposals and other material transactions;
- Financial performance of the business and approval of annual budgets, the half year results, annual report and accounts and dividends;
- Appointments to and removal from the Board and Committees of the Board;
- Risk management strategy and risk appetite;
- Remuneration strategy;
- Actual or potential conflicts of interest relating to any Director; and
- Changes relating to the Group's capital structure or the Company's status as an AIM listed.

Board Effectiveness

The Chairman conducts an annual assessment of the effectiveness of the Board and its Committees through an internal questionnaire completed by each Director followed up by one-to-one discussions with each Director. The questionnaire covers a number of areas including Board composition, meeting structure, strategic oversight, risk management, succession planning, information content and format and, finally, performance of the Board Committees. The outcomes and principal findings are reported to the Board for consideration.

The performance of the Chief Executive Officer is appraised annually by the Chairman. The performance of the remaining Executive Directors is appraised annually by the Chief Executive Officer.

Chairman and Chief Executive Officer

The Chairman is Sir David Arculus and he is responsible for leading the Board, ensuring its effectiveness, steering its agenda, promoting a healthy culture of challenge and debate together with monitoring and evaluating the performance of the Chief Executive Officer.

The Chief Executive Officer is Oliver Hemsley who is responsible for the executive management of the Group and its business on a day-to-day basis.

		Board		Committee Membership			
	Position	Maximum possible attendance	Meetings attended	Nominations Committee	Audit and Risk Committee	Remuneration Committee	Considered Independent
Sir David Arculus	Chairman	9	9	✓ Chairman			✓
Oliver Hemsley	Chief Executive Officer	9	9				
Lorna Tilbian	Executive Director	9	9				
Simon Denyer	Group Finance Director	9	9				
Tom Bartlam	Non-executive Director	9	8	✓	✓	✓ Chairman	✓
Gerald Corbett	Non-executive Director	9	6	✓	✓	✓	✓
Geofrey Vero	Non-executive Director	9	9	✓	✓ Chairman	✓	✓

This includes making recommendations to the Board in respect of strategy.

Composition of Board and Committees of the Board
Directors' Committee memberships, attendance at Board meetings and independence for the year ended 30 September 2012 is set out in the table opposite:

Balance and Independence
During the year ended 30 September 2012 the Board has comprised a balance of executive and non-executive directors, including independent non-executive directors. This balance is designed to ensure that no one individual or small group of individuals can dominate the Board's decision making.

The UK Corporate Governance Code requires that at least half the Board, excluding the Chairman, should comprise non-Executive Directors determined by the Board to be independent. As at 30 September 2012 there were 7 directors: the Chairman, 3 executive directors, 2 independent non-executive directors and 1 non-executive Director (Geoffrey Vero) who does not meet the test of independence under the UK Corporate Governance Code by virtue of the fact that he has served on the Board for more than 9 years.

The Board considers that Geoffrey Vero brings valuable and relevant experience to the Board and that he acts in the best interests of the Company and the Group, free of any conflicts or undue influence. The Board is therefore satisfied that he remains independent.

Committees of the Board
Audit and Risk Committee
The Audit and Risk Committee comprises Geoffrey Vero (Chairman), Gerald Corbett and Tom Bartlam who are all non-executive Directors and meets at least four times each year. The members of the Committee have a broad range of relevant financial and risk experience, two of whom are chartered accountants. Internal and external audit team representation is invited to attend every meeting of the Committee. Other members of the Board, and the Head of Compliance and Risk may also attend by invitation as may the chairman of the Board.

The Audit and Risk Committee is responsible for the overall risk framework, internal control environment and financial reporting of the Company and the Group. It receives reports from the Group's management relating to the Group's risk exposures and mitigating controls as well as detailed findings arising from internal and external audit reviews.

The Committee reports to the Board on the Group's full and half year results, having examined the accounting policies on which they are based and ensured compliance with relevant accounting standards. In addition, it reviews the scope of internal and external audit, their effectiveness, independence and objectivity taking into account relevant regulatory and professional requirements.

The Committee has direct and unrestricted access to the internal and external audit function.

The Committee is also responsible for:

- Monitoring the content and integrity of financial reporting;
- Reviewing the appropriateness of accounting judgments;
- Reviewing the Group's risk policies and control frame work;
- Reviewing the Group's regulatory reporting procedures and relationship with regulators;
- Review and recommendation to the Board of the Group's risk appetite;
- Review and approval of financial and other risk limits and adherence thereto; and
- Reviewing and challenging the Group's Internal Capital Adequacy Assessment Process and Individual Liquidity Adequacy Assessment.

The composition of the Committee and attendance for the year ended 30 September 2012 is set out in the following table:

	Maximum possible attendance	Meetings attended
Geoffrey Vero (Chairman)	4	4
Tom Bartlam	4	3
Gerald Corbett	4	4

BOARD & COMMITTEES

Continued

Remuneration Committee
The Remuneration Committee comprises Tom Bartlam (Chairman), Gerald Corbett and Geoffrey Vero who are all non-executive Directors and meets at least twice each year. Other members of the Board and the Head of Human Resources may attend by invitation. Its primary responsibility is to review salary levels, discretionary variable remuneration and the terms and conditions of service of the Executive Directors. The Remuneration Committee also reviews the compensation decisions made in respect of all other senior executives and those members of staff determined to be Code Staff under the FSA's Remuneration Code regulations.

Finally, the Committee is responsible for determining the overall Remuneration Policy applied to the Group and its subsidiaries, including the quantum of variable remuneration and the method of delivery taking into account relevant regulatory and corporate governance developments.

The Remuneration Committee is authorised to seek any information it requires in order to perform its duties and obtain external legal or other professional advice that it considers necessary from time to time.

The composition of the Committee and attendance for the year ended 30 September 2012 is set out in the following table:

	Maximum possible attendance	Meetings attended
Tom Bartlam (Chairman)	3	3
Gerald Corbett	3	2
Geoffrey Vero	3	3

Nominations Committee
The Nominations Committee comprises Sir David Arculus (Chairman), Tom Bartlam, Gerald Corbett and Geoffrey Vero who are all non-executive Directors. Other members of the Board and the Head of Human Resources may attend by invitation. The Committee considers appointments to the Board and meets as necessary. The Committee is responsible for identifying and nominating candidates, for making recommendations on Board composition and for considering succession planning requirements.

The composition of the Committee and attendance for the year ended 30 September 2012 is set out in the following table:

	Maximum possible attendance	Meetings attended
Sir David Arculus (Chairman)	1	1
Tom Bartlam	1	1
Gerald Corbett	1	1
Geoffrey Vero	1	1

Executive Operational Committees

Management Committee
The Management Committee, chaired by Oliver Hemsley, deals with the implementation of business strategy and day-to-day operational matters. It meets weekly to discuss the core activities of the Group, current performance, progress on management initiatives and corporate compliance matters.

Risk Oversight Committee
The Risk Oversight Committee, chaired by the Group's Head of Compliance and Risk, meets quarterly to consider and assess all significant risk exposures faced by the Group. The Committees remit encompasses both financial and non-financial risks and the methodology applied in order to identify, measure and report their impact. One of the key responsibilities of the Committee is to manage the overall method and format of risk reporting into the Audit and Risk Committee and the Board.

Financial Risk Committee
The Financial Risk Committee, chaired by the Group's Head of Compliance and Risk, meets bi-weekly (or more frequently as it determines necessary) to discuss and manage the market, credit, liquidity and related operational risks of the Group, including amongst other financial risks the market risk of the Group's trading book and investment portfolio. The Financial Risk Committee makes recommendations to the Audit and Risk Committee on Risk Policy which sets various limits at individual stock and overall trading book level as well as being responsible for the review and approval of counterparty limits.

New Business Committee
The New Business Committee, chaired by Oliver Hemsley, is responsible for exercising senior management oversight across all issues in relation to Numis entering into new corporate client relationships, underlying transactions on behalf of corporate clients and reviewing or terminating relationships with corporate clients. It has responsibility for assessing the impact on Numis of all such matters and in doing so gives due consideration to the reputational, regulatory, execution and commercial risks attached.

Risk Committee
In addition to the New Business Committee, further approval is required by the Risk Committee prior to the launch of a fund raising, issue of a public document which contains Numis' name or in the case of a transaction giving rise to significant unusual concerns of significant financial or reputational risk to the firm.

Other
Internal Control
The Board is ultimately responsible for maintaining the Group's risk framework and system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, as such it can provide only reasonable but not absolute assurance against material misstatement or loss.

The Group's system of internal control has been actively managed throughout the year. The Group has a number of committees with formal terms of reference and a Compliance department responsible for the Group's adherence to the rules of the Financial Services Authority and other relevant regulators.

In addition, the Group has a fully independent, outsourced Internal Audit function reporting to the Audit and Risk Committee in order to provide further assurances over the adequacy and effectiveness of the systems of internal control throughout the business and ensure that the Group's approach to continuous improvement is maintained.

Advisory Board
An Advisory Board was established during 2011 the purposes of which is to provide support to the Executive members of the Board and assist the Group enhance and develop its business and reach in the market place. The Advisory Board is an advisory only body and does not make decisions in its own right.

BOARD OF DIRECTORS

A wide range of experience and expertise at both executive and non-executive level creates the drive for future success.

Executive Directors

Oliver Hemsley
Chief Executive Officer
Oliver Hemsley is founder and Chief Executive Officer of Numis, a listed investment banking and stockbroking business based in London and New York. Oliver is responsible for Numis' strategic development as well as the day to day management of the main trading entity, Numis Securities Limited. Oliver is also a Non-executive director of The Quoted Companies Alliance.

Lorna Tilbian
Executive Director
Lorna Tilbian is an Executive Director and Head of the Media Sector, having been a top ranked Media Analyst by Institutional Investor and Thomson Reuters Extel from 1987 to 2012. Lorna has multiple duties at Numis which include responsibility for the HR report as well as PR and IR. She joined Numis in 2001 after stints at Sheppards (1984-88), SG Warburg (Director, 1988-95) and WestLB Panmure (Executive Director, 1995-2001). Lorna appears in Campaign's A List 2013, Global Power List 2010, CityAM Analyst of the Year finalist 2010, Evening Standard 1000 Influentials 2010, Daily Telegraph Media Industry's Top 100 (18th), The Business Britain's Top 50 Equity Analysts (2nd) and Media Week's Power 50 List. Lorna has served as a C&binet Ambassador (an Ambassador for Creative Britain) for the DCMS and as a Non-executive Director of Jupiter Primadona Growth Trust since 2001.

Simon Denyer
Group Finance Director and Company Secretary
Simon Denyer is an Executive Director and is Group Finance Director of Numis. Simon is a chartered accountant having spent five years with Pricewaterhouse before moving to the banking arm of Schroder's Plc where he spent five years performing a number of finance and risk roles. Simon then moved to Citigroup where he spent a further six years in the investment banking arm before joining Numis in 2006. Simon formally joined the Board in the role of Group Finance Director on 1 December 2010 having been the Finance Director of the trading entity Numis Securities Limited for over 3 years.

Non-Executive Directors

Sir David Arculus
Non-Executive Chairman
Sir David Arculus is the Non-executive Chairman of Numis. David brings a wealth of experience to Numis having spent 24 years at EMAP, the last eight as Group Managing Director leaving EMAP in 1997. Outside the media sector he was Non- executive Director of Severn Trent plc from 1996, serving as Chairman from 1998 to 2004. David held a range of further Non-executive positions including, Barclays plc from 1997 to 2006 and in 2006 as Chairman of O2 was responsible with the management team for the sale of O2 to Telefonica of Spain. David was Chairman of the British Government's Better Regulation Task Force from 2002 to 2006 where he reported to the Prime Minister and was instrumental in reducing burdens on business. David is a director of Pearson plc and Aldermore Bank plc and also serves as Chairman of a number of private equity and sovereign wealth backed companies.

Tom Bartlam
Non-Executive Director
Tom Bartlam is a Non-executive Director of Numis and chairs the Remuneration Committee. Prior to his retirement in 2005 Tom was Managing Director of Intermediate Capital Group Plc, which he co-founded in 1989. Tom Bartlam is also Non-executive Chairman of Henderson Fledgling Trust plc, Pantheon International Participations Plc and Polar Capital Holdings Plc.

Gerald Corbett
Non-Executive Director
Gerald Corbett is a Non-executive Director of Numis. Gerald's external appointments include Chairman of Betfair Plc, Britvic Plc, Moneysupermarket.com Plc, Towry Holdings Limited (a private wealth management business) and Chairman of the Royal National Institute of the Deaf. Over a long business career, Gerald had been a director of 12 public companies, 5 of which he has chaired. Gerald's most recent role was as Chairman of SSL International Plc between 2005 to 2010. Gerald's executive career included Group Finance Director roles with `Redland Plc and Grand Metropolitan Plc and he was CEO of Railtrack between 1997 and 2000.

Geoffrey Vero
Non-Executive Director
Geoffrey Vero is a Non-executive Director of Numis and chairs the Audit and Risk Committee. Geoffrey was an Investment Director of ABN Amro Private Equity (previously Causeway Capital Limited), Lazard Development Capital and previously held senior positions at Diners Club and Savills. Geoffrey Vero is Chairman of Albion Development VCT Plc and EPE Special Opportunities Plc.

RISK MANAGEMENT

The Board is ultimately responsible for determining Numis' risk appetite and for ensuring that Numis' risk framework and management processes are appropriate and operating effectively.

The management of risk is embedded in our culture and it is the responsibility of each employee to ensure that this culture is built into our working practices. Specifically, day-to-day management of risk is delegated by the Board to senior executives across the firm, through appropriate committees, systems and controls. Whilst encouraging an entrepreneurial and commercial culture that is focused on generating value for our clients, the Board actively seeks to ensure all relevant risk exposures are managed and mitigated. Note 29 to the financial statements describes how the Board receives input from other key committees and the framework employed by the Group to manage the risks faced in the normal course of business. In financial terms, the Board's policy is to hold regulatory capital that, at a minimum, meets its interpretation of the most severe but plausible stress test measures thereby maintaining an additional capital buffer available for use should adverse circumstances materialise that are outside the firm's normal and direct control.

Major Risks and Controls:

People risk

Retaining, attracting and developing key staff, including, in particular, significant current and future income generators, is essential to the long-term success of the business. The Board has therefore placed particular focus on its remuneration policy and strategies, including considering the appropriate allocation and mix of cash and share based schemes, and has maintained structured performance-based staff evaluations. The nature of the share based schemes and their deferral characteristics are described in Note 25 to the financial statements. Additionally, the on-boarding, retention and growth of our people remain at the top of the Board's agenda.

Reputational risk

Whilst entrepreneurial staff are always encouraged to develop new clients relationships and streams of income, all new business is subject to a rigorous appraisal process supervised by the New Business Committee. For all activities, this discriminates strongly in favour of high quality clients. Numis places great emphasis on employing and adding highly experienced senior staff who are very closely engaged with clients. To aid the application of best practice, regulatory compliance and consistency, Numis management continues to make use of standardised operating procedures. Finally, the Board sets the tone by demanding a strong ethical and professional culture as the only acceptable standard for the firm.

Strategic risk

The Board recognises that continued improvement in the way in which our strategy is executed is key to our long-term success. In particular, the management team is subject to healthy and robust challenge from the Board on the firm's strategic direction, execution of strategy and the implementation of agreed initiatives. This includes significant focus on the risks that threaten the achievement of the firm's strategy as well as those that present the greatest opportunity. The existing strong corporate governance structure ensures that the Board has sufficient, well articulated, consistent and timely information to enable the necessary decisions and choices to be made and the right level of assurance obtained.

Regulatory & legal risk

The Board's policy is to encourage an intense focus by senior management on the long-term, sustainable success of the business. This specifically includes robust corporate governance, avoiding the likelihood of litigation and compliance with the relevant regulatory and legal requirements for the jurisdictions in which Numis operates. A strong culture of regulatory and legal compliance permeates the firm and there is a demonstrated track record of transparency and strong relations with the key regulatory bodies. The Board monitors and supports this through open channels of communication and demonstrable action.

Financial risk

Financial risks are discussed in more detail in Note 29 to the financial statements and include the core market, credit, concentration and liquidity risks. Basel II, CRD and VaR measures are utilised and compared with Board approved limits. These measures are calculated daily by the Finance team and are reported to senior management and, ultimately, to the Board.

Other operational risk

We aim to be able to sustain operations and client service, with minimum of disruption, with a combination of business continuity planning, duplicated infrastructure, strong supplier relations and remote facilities. Continuously evolving control standards and robust corporate governance are applied by suitably trained and supervised individuals, and senior management are actively involved in identifying and analysing all operational risks to find the most effective and efficient means to mitigate and manage them.

REMUNERATION

The Board delegates to the Remuneration Committee the determination of the executive directors' remuneration.

The Remuneration Committee is responsible for setting the remuneration policy for executive directors and other senior executives in the business. Additionally the Remuneration Committee is responsible for determining the overall Remuneration Policy applied to the Group and its subsidiaries, including the quantum of variable remuneration and the method of delivery. In carrying out its delegated responsibilities the Committee receives advice on remuneration, tax, accounting and regulatory issues from external advisors and internally from both the Human Resources and Finance departments.

Remuneration Policy

The Remuneration Committee believes strongly that total remuneration should take into account the competition for talent in an industry where successful people are rewarded and mobile. The Group compensates employees through both fixed and variable compensation.

Fixed compensation comprises principally base salaries and the Committee reviews these as part of their overall annual review taking into account the performance of the individual, comparisons with peer group companies within the industry, the experience of the individual and the level of responsibility. Other elements related to base salary include an employer contribution to a defined contribution pension saving scheme of 7% of base salary and an entitlement to insured death in service benefits of four times base salary.

The policy for variable compensation is to recognise corporate performance and individual achievement of objectives through a discretionary bonus. The discretionary bonus pool is established by the Committee each financial year with reference to the Group's adjusted profit before tax and other capital considerations as appropriate.

Discretionary bonus awards can be delivered in two main forms:

- An annual cash bonus; and
- A deferred bonus which is typically delivered via one of the Company's share schemes.

The executive directors and other senior executives assess individual performance through clearly defined objectives and a structured process of review and feedback. In particular, the aggregate fixed and variable remuneration by individual is determined with regard to the performance of the individual, performance of the area or function of the business in which the individual works or for which the individual is responsible, the profitability of the Group and levels of reward for comparable roles in the external market.

Executive directors and members of the senior management team do not participate in decisions concerning their own remuneration.

For the year ended 30 September 2012 the executive directors have waived any individual award of discretionary variable compensation and consequently will receive neither a cash bonus payment or an award of equity. The constituent parts of directors' emoluments during the year are detailed below:

	Base Salary **2012** £'000	Benefits **2012** £'000	Total **2012** £'000	Total 2011 £'000
Executive Directors				
Oliver Hemsley	250	35	285	292
Lorna Tilbian	225	11	236	221
Simon Denyer	150	1	151	145
Non–Executive Directors				
Sir David Arculus	100	–	100	100
Gerald Corbett	50	–	50	50
Geoffrey Vero	50	–	50	50
Tom Bartlam	50	–	50	50
	875	**47**	**922**	**908**

Remuneration for the year

The total amounts for executive directors' remuneration and other benefits during the year were as follows:

	2012 £'000	2011 £'000
Emoluments	922	908
Money purchase contributions	18	24
	940	**932**

Two executive directors (2011: 2) were members of a money purchase scheme during the year, a form of defined contribution scheme. Contributions paid by the Group in respect of those directors are shown above.

Directors' Share Options

There are no outstanding, unexercised options to acquire ordinary shares in the Company granted to or held by the directors as at 30 September 2012 (2011: Nil).

Directors' Interests under Share Incentive Schemes

The Company has share incentive schemes through which discretionary share based awards may be made. The schemes fall into two categories; Long Term Incentive Plans (LTIP) and Restricted Stock Units (RSU) the nature of which are described fully in Note 25 to the financial statements.

The number of LTIP matching shares and RSU award shares to which directors are prospectively entitled under awards granted, but not yet vested, are as follows:

		2012 Number	2011 Number
Lorna Tilbian	LTIP	157,006	157,006
Simon Denyer	LTIP	–	3,475
Simon Denyer	RSU	–	6,666

Non-Executive Directors' Remuneration

Remuneration of non-executive directors is set by the Board on the recommendation of the executive directors taking into account comparisons with peer group companies within the industry, the experience of the individual and the level of responsibility.

Remuneration comprises an annual fee only. Non-executive directors are not eligible to participate in any form of variable compensation, be that discretionary cash bonuses or discretionary awards under the Group's share incentive schemes and are not eligible for pension benefits.

Non-executive directors do not participate in decisions concerning their individual fees.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT

The directors serving during the year ended 30 September 2012 and up to the date of signing the financial statements present their report on the affairs the Company (Numis Corporation Plc) and its subsidiaries (collectively the Group), together with the Company financial statements and consolidated financial statements of the Group and the associated independent auditors' report thereon, for the year ended 30 September 2012.

Parent Company

The Company acts as a holding company and details of its subsidiary undertakings are shown in Note 16 of the consolidated financial statements. The Company's standalone financial statements have been prepared in accordance with IFRS as adopted by the EU and form the basis of any future distribution.

Principal Activity

The principal activity of the Group, which comprises the Company and its subsidiary undertakings, is to provide integrated investment banking services. This activity encompasses research, institutional sales, market making, corporate broking and corporate finance. The Group has two principal operating subsidiaries. Numis Securities Limited, which is authorised and regulated by the Financial Services Authority and is a member firm of the London Stock Exchange and Numis Securities Inc, incorporated in the USA, registered with the SEC and a member of the National Association of Securities Dealers, Inc.

Review of the Business, Future Developments and Key Performance Indicators

A review of the Group's business, an indication of likely future developments and the Group's key performance indicators (KPIs) are contained in the Chief Executive's statement and Business Review. The Group's KPIs include, but are not limited to, adjusted profit before tax, corporate client base, aggregate funds raised for clients and non-compensation cost management.

Results and Dividends

The results of the Group for the year are set out in the consolidated income statement on page 34.

The profit for the year ended 30 September 2012 of the Company amounted to £6.6m (2011: £6.7m). The Directors propose to pay a final dividend of 4.00p per share (2011: 4.00p) which, together with the interim dividend of 4.00p per share already declared and paid, makes a total for the year ended 30 September 2012 of 8.00p per share (2011: 8.00p). Subject to approval at the annual general meeting the final dividend will be paid on 15 February 2013 to shareholders on the register on 14 December 2012.

Principal Risks and Uncertainties

The major risks to which the Group is exposed along with the controls in place to minimise these risks are described within the Business Review on pages 11 to 21. The financial risks faced by the Group are further described in Note 29 to the consolidated financial statements.

Trade Payables Payment Policy

The Group agrees terms and conditions for its goods or services with suppliers. Payment is then made based on these terms and conditions, subject to the agreed terms and conditions being met by the supplier. As the Company acts as a holding company it has no trade payables.

Post Balance Sheet Events

Details of post balance sheet events are set out in Note 30 to the consolidated financial statements.

Directors and their Interests

The directors serving during the year ended 30 September 2012 and their interests in the ordinary shares of 5p each ("ordinary shares") of the Company, excluding share incentive scheme awards granted but not yet vested (details shown on page 29), were as follows:

	30 September 2012 ordinary shares Number	30 September 2011 ordinary shares Number
OA Hemsley	12,299,865	13,799,865
L Tilbian	4,985,528	4,779,047
S Denyer	21,025	13,818
Sir David Arculus *	73,338	66,753
Gerald Corbett *	nil	nil
TH Bartlam *	25,000	25,000
GO Vero *	20,000	20,000

* Non-executive director

There have been no changes in the interests of the serving directors in ordinary shares or options over ordinary shares during the period 30 September 2012 to 14 December 2012.

Charitable Donations

During the year the Group made charitable donations of £10,000 (2011: £6,500).

DIRECTORS' REPORT

Continued

Substantial Shareholders

Except for the directors' interests previously noted, the directors are aware of the following who are interested in 3% or more of the Company as at 30 September 2012 as follows:

	Registered holding No. of ordinary shares	% of issued share capital
EES Nominees International Limited	15,549,354	13.55%
BlackRock Investment Management (UK) Limited	11,006,672	9.59%
Mr EPH Farquhar	7,376,426	6.43%
Aviva Plc	7,114,011	6.20%
Mr DJ Poutney	7,004,000	6.10%
Majedie Asset Management Limited	7,000,000	6.10%
Kabouter Management LLC	5,848,226	5.10%
Citigroup Global Markets UK Equity Limited	3,467,051	3.02%

Relations with Shareholders

The Chief Executive Officer communicates the Groups strategy and results to shareholders and analysts through meetings following the announcement of the Group's preliminary results and the announcement of the Group's half year results.

Shareholders may also attend the Annual General Meeting at which all members of the Board are available to answer questions.

The Group's website contains electronic versions of the latest and prior years' annual report and accounts, half year reports along with share price and other relevant information.

Independent Auditors

A resolution to reappoint PricewaterhouseCoopers LLP will be placed before the Annual General Meeting of the Company on 5 February 2013.

Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 26. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Employment Policy

The Group's employment policies are based on a commitment to equal opportunities from the selection and recruitment process through to training, development, appraisal and promotion.

The Group provides employees with information on matters of concern to them so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its competitive and entrepreneurial edge. The Group encourages the involvement of employees in its performance through the use of employee share schemes.

Share Capital

Details of the changes in authorised and issued share capital during the year of the Company are set out in Note 24 the consolidated financial statements.

Purchase of Shares by the Group's Employee Benefit Trusts

The Company has established employee benefit trusts (the Trusts) in respect of the Group share schemes which are funded by the Group and have the power to acquire shares from the Company or in the open market to meet the Group's future obligations under these schemes. During the year ended 30 September 2012 the Trusts purchased an aggregate of 4,519,491 (2011: 5,760,734) shares having a nominal value of £225,975 (2011: £288,037). The shares were purchased to satisfy outstanding awards under the Group's shares scheme arrangements.

The number of shares purchased representing 3.9% of the Company's issued share capital as at 30 September 2012 (2011: 5.1%) was for an aggregate consideration of £3,221,000 (2011: £5,697,000).

By order of the Board

S Denyer
Company Secretary
14 December 2012

Numis Corporation Plc
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NUMIS CORPORATION PLC

We have audited the group and parent company financial statements (the "financial statements") of Numis Corporation Plc for the year ended 30 September 2012 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, holding company balance sheet, holding company statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report & Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2012 and of the group's profit and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Duncan McNab

Duncan McNab
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
14 December 2012

Consolidated Income Statement

for the year ended 30 September 2012

Continuing operations	Notes	2012 £'000	2011 £'000
Revenue	5	50,076	54,203
Other operating income	6	2,817	688
Total income		**52,893**	**54,891**
Administrative expenses		(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	7	–	(2,208)
Operating profit/(loss)		**3,968**	**(390)**
Finance income	10	363	639
Finance costs	11	(182)	(69)
Profit before tax		**4,149**	**180**
Taxation	12	(848)	(851)
Profit/(loss) after tax		**3,301**	**(671)**
Attributable to:			
Equity holders of Numis Corporation Plc		3,301	(671)
Earnings/(loss) per share			
Basic	26	3.2p	(0.7p)
Diluted	26	3.0p	(0.7p)

The notes on pages 41 to 73 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2012

	2012 £'000	2011 £'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 Numis Corporation Plc	**3,286**	**(647)**

The notes on pages 41 to 73 form an integral part of these financial statements.

Consolidated Balance Sheet

as at 30 September 2012

	Notes	2012 £'000	2011 £'000
Non current assets			
Property, plant and equipment	14	1,959	1,936
Intangible assets	15	82	105
Deferred tax	18	1,906	2,192
		3,947	**4,233**
Current assets			
Trade and other receivables	19	241,472	221,374
Trading investments	20	38,596	30,734
Stock borrowing collateral		4,511	2,330
Derivative financial instruments	17	72	28
Cash and cash equivalents	21	35,854	41,778
		320,505	**296,244**
Current liabilities			
Trade and other payables	22	(215,879)	(197,036)
Financial liabilities		(11,013)	(1,984)
Stock lending collateral		–	(1,000)
Provisions	23	–	(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	24	5,736	5,622
Share premium account		32,461	30,767
Other reserves	24	11,653	12,809
Retained profits		47,225	50,393
Total equity		**97,075**	**99,591**

The notes on pages 41 to 73 form an integral part of these financial statements.

Approved by the Board on 14 December 2012 and signed on its behalf by:

OA Hemsley
Chief Executive
Numis Corporation Plc
Registration No.2375296

Consolidated Statement of Changes in Equity

for the year ended 30 September 2012

	Share Capital £'000	Share Premium Account £'000	Other Reserves £'000	Retained Profits £'000	Total £'000
Balance 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
Balance at 30 September 2012	**5,736**	**32,461**	**11,653**	**47,225**	**97,075**
Balance 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
Balance at 30 September 2011	**5,622**	**30,767**	**12,809**	**50,393**	**99,591**

The notes on pages 41 to 73 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 September 2012

	Notes	2012 £'000	2011 £'000
Cash from operating activities	27	4,781	(381)
Interest paid		(23)	(22)
Taxation paid		(640)	(256)
Net cash from/(used in) 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 (used in)/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**

The notes on pages 41 to 73 form an integral part of these financial statements.

Holding Company Balance Sheet

as at 30 September 2012

	Notes	2012 £'000	2011 £'000
Non current assets			
Investment in subsidiary undertakings	16	27,167	21,962
		27,167	**21,962**
Current assets			
Trade and other receivables	19	22,721	24,217
Trading investments	20	16,570	14,979
		39,291	**39,196**
Current liabilities			
Trade and other payables	22	(2,016)	(1,999)
Current income tax		(4)	–
		(2,020)	**(1,999)**
Net current assets		**37,271**	**37,197**
Net assets		**64,438**	**59,159**
Equity			
Share capital	24	5,736	5,622
Share premium account		32,461	30,767
Other reserves		11,413	12,554
Retained profits		14,828	10,216
Total equity		**64,438**	**59,159**

The notes on pages 41 to 73 form an integral part of these financial statements.

Approved by the Board on 14 December 2012 and signed on its behalf by:

OA Hemsley
Chief Executive

Holding Company Statement of Changes in Equity

for the year ended 30 September 2012

	Share Capital £'000	Share Premium Account £'000	Other Reserves £'000	Retained Profits £'000	Total £'000
Balance at 1 October 2011	5,622	30,767	12,554	10,216	59,159
New shares issued	114	1,694	–	–	1,808
Dividends paid				(8,397)	(8,397)
Movement in respect of employee share plans			(1,141)	6,404	5,263
Total comprehensive income for the year				6,605	6,605
Balance at 30 September 2012	**5,736**	**32,461**	**11,413**	**14,828**	**64,438**
Balance at 1 October 2010	5,593	30,106	9,746	7,910	53,355
New shares issued	29	661	–	–	690
Dividends paid				(8,338)	(8,338)
Movement in respect of employee share plans			2,808	3,953	6,761
Total comprehensive income for the year				6,691	6,691
Balance at 30 September 2011	**5,622**	**30,767**	**12,554**	**10,216**	**59,159**

The notes on pages 41 to 73 form an integral part of these financial statements.

The Company had no cash or cash equivalent balances as at 30 September 2010, 30 September 2011 or 30 September 2012. Similarly there were no movements in cash or cash equivalents during the year ended 30 September 2011 or the year ended 30 September 2012. Therefore no cash flow statement is presented for the Company.

Notes to the Financial Statements

1. Accounting policies

Numis Corporation Plc is a UK listed company incorporated and domiciled in the United Kingdom. The address of its registered office is 10 Paternoster Square, London, EC4M 7LT.

The principal accounting policies applied in the preparation of the annual report and financial statements of the Group and the Company are described below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

The Group and the Company financial statements have been 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 the Companies Act 2006 applicable to companies reporting under IFRS. These financial statements have been prepared under the historical cost convention as modified by revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

In publishing the Company financial statements together with those of the Group, the Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes.

The financial statements of the Group and the Company have been prepared on a going concern basis as the Directors have satisfied themselves that, at the time of approving the financial statements and having taken into consideration the strength of the Group and Company balance sheet and the Group's cash balances, the Group and Company have adequate resources to continue in operational existence for at least the next 12 months.

New standards and amendments to existing standards that have been adopted by the Group in the year ended 30 September 2012:

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 Group or Company's financial statements.

The following new standards, amendments and interpretations are mandatory for the first time for the Group's accounting period ended 30 September 2012 but are not currently relevant to the Group:

IFRS 7 (amendment), 'Financial Instruments Disclosure' introduces new disclosure requirements for transfers of financial assets to help users of financial statements understand risk exposures (such as securitisations). This is not currently relevant to the Group as it has made no such transfers.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

IFRS 9 'Financial Instruments', introduces new requirements for classifying and measuring financial assets and is therefore likely to have some affect on the Group and Company's accounting for financial assets. However, the standard is not applicable until the Group's 2016 accounting year end and has not yet been endorsed by the EU. Consequently the Group has yet to fully assess the impact of IFRS 9 but initial indications are that the impact will not prove to be material.

Amendment to IAS 1 'Financial statement presentation', introduces a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently through a reclassification adjustment. This amendment has been endorsed by the EU and will be applicable to the Group's 2013 accounting year end. At present, and historically, the Group has not entered into material transactions that would be impacted by this amendment and therefore the Group does not expect the impact to be material.

IFRS 13 'Fair Value Measurement', aims to improve consistency and provide a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard is not applicable until the Group's 2014 accounting year end and has not yet been endorsed by the EU. Consequently the Group has yet to fully assess its impact but initial indications are that the impact will not prove to be material.

(b) Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all its subsidiary undertakings. Subsidiaries are all entities

Notes to the Financial Statements

1. Accounting policies (continued)

(including special purpose vehicles) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more the one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All intra Group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of consolidation.

The purchase method of accounting is used to account for the acquisition of businesses and subsidiaries.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group. Revenue comprises institutional commissions, net trading gains or losses, corporate broking retainers, deal fees and placing commissions. Institutional commissions due are recognised on trade dates or accrued over the period to which they relate. Net trading gains or losses are the realised and unrealised profits and losses from market making long and short positions on a trade date basis and comprise all gains and losses from changes in the fair value of financial assets and liabilities held for trading, together with any related dividend on positions held. Net trading gains or losses also includes derivative contracts relating to equity options and warrants received in lieu of corporate finance fees. Corporate retainers are accrued over the period for which the service is provided. Deal fees and placing commissions are only recognised once there is a contractual entitlement for Numis to receive them.

(d) Segment reporting

The Group is managed as an integrated investment banking business and although there are different revenue types the nature of 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 chief operating decision-maker, who is responsible for allocating resources and assessing performance has been identified as the Chief Executive Officer.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Depreciation is provided for on a straight line basis at the following rates:

Office and computer equipment	3 years
Motor vehicles	4 years
Furniture and fittings	5 years

Leasehold improvements are depreciated on a straight line basis over the term of the lease or estimated useful economic life whichever is the shorter.

(f) Intangible assets

Acquired computer software licences are capitalised where it is probable that future economic benefits that are attributable to the asset will flow to the Company or Group and the cost of the assets can be reliably measured. Software is stated at cost, including those costs incurred to bring to use the specific software, less amortisation and provisions for impairment, if any. Costs are amortised on a straight line basis over the estimated useful life of the software.

Costs associated with maintaining or developing the software are recognised as an expense when incurred.

(g) Impairment of assets

The carrying value of property, plant and equipment and intangibles is reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

(h) Financial assets and liabilities

The Group classifies its financial assets and liabilities as trading investments, financial liabilities, derivative financial instruments, trade and other receivables, stock borrowing and lending collateral, cash and cash equivalents, trade and other payables and provisions. The classification depends on the purpose for which the assets and liabilities were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are recognised on trade date and are derecognised when they are extinguished.

1. Accounting policies (continued)

Trading investments and financial liabilities represent market making positions and other investments held for resale in the near term and are classified as held for trading. Purchases and sales of investments are recognised on trade date. Gains and losses arising from changes in fair value are taken to the income statement. Financial liabilities comprise short market making positions and include shares listed on the LSE Main and AIM markets as well as overseas exchanges.

For trading investments and financial liabilities which are quoted in active markets, fair values are determined by reference to the current quoted bid/offer price, with financial assets marked at the bid price and financial liabilities marked at the offer price. Where independent prices are not available, fair values are determined using valuation techniques with reference to observable market data. These may include comparison to similar instruments where observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Financial assets included within trade and other receivables are classified as loans and receivables. Loans and receivables are non-derivative financial instruments which have a fixed or easily determinable value.

The Group makes an assessment at each balance sheet date as to whether there is any objective evidence of impairment, being any circumstance where an adverse impact on estimated future cash flows of the financial asset or group of assets can be reliably estimated.

(i) Derivative financial instruments
The Group utilises forward exchange contracts to manage the exchange risk on actual transactions related to amounts receivable, denominated in a currency other than the functional currency of the business. The Group has not sought to apply the hedging requirements of IAS 39.

The Group's forward exchange contracts do not subject the Group to risk from exchange rate movements because the gains and losses on such contracts offset losses and gains, respectively, on the underlying foreign currency transactions to which they relate. The forward contracts and related amounts receivable are recorded at fair value at each period end.

All gains and losses resulting from the settlement of the contracts are recorded within finance income/costs in the income statement.

The Group does not enter into forward exchange contracts for the purpose of hedging future anticipated transactions.

Equity options and warrants are initially accounted for and measured at fair value on the date the Company or Group becomes a party to the contractual provisions of the derivative contract and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement within revenue, as part of net trading gains or losses. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions and valuation techniques including discounted cash flow models and option pricing models as appropriate. All derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative.

(j) Deferred tax
Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

(k) 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 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 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

Notes to the Financial Statements

1. Accounting policies (continued)

within cash and cash equivalents with the value of security pledged disclosed separately.

(l) Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. Such evidence includes ageing of the debt, persistent lack of communication and internal awareness of third party trading difficulties.

The amount of any provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the income statement within administrative expenses.

Included within trade and other receivables are client, broker and other counterparty balances representing unsettled sold securities transactions which are recognised on a trade date basis.

(m) Trade and other payables
Trade and other payables are recognised initially at fair value, which is the agreed market price at the time goods or services are provided and are subsequently recorded at amortised cost using the effective interest method. The Group accrues for all goods and services consumed but as yet unbilled at amounts representing management's best estimate of fair value. Client, broker and other counterparty balances represent unsettled purchased securities transactions and are recognised on a trade date basis.

(n) Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Provisions
Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation and it can be reliably estimated. Provisions believed to relate to periods greater than 12 months are discounted to the net present value using an effective discount rate that reliably calculates the present value of the future obligation.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised in the financial statements; however they are disclosed unless their likely occurrence is remote.

(p) Clients' deposits
All money held on behalf of clients has been excluded from the balances of cash and cash equivalents and amounts due to clients, brokers and other counterparties. Client money is not held directly, but is placed on deposit in segregated bank accounts with a financial institution. The amounts held on behalf of clients at the balance sheet date are included in Note 21.

(q) Pension costs
The Group has a Group Personal Pension Plan and death in service benefits that are available to full-time employees of the Group over the age of 18 who have served the Group for at least 3 months. The plan is a defined contribution scheme and costs of the scheme are charged to the income statement in the year in which they arise.

(r) Operating leases
Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term even if the payments are not made on such a basis. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(s) Foreign currency translation
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements of the Group are presented in Sterling which is the Company's functional currency and the Group's presentation currency.

In individual entities, transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at rates prevailing on the balance sheet date. Exchange differences are taken to the income statement, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to reserves. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated

1. Accounting policies (continued)

at the rates prevailing at the date when the fair value was determined.

On consolidation, the results of overseas businesses are translated into the presentational currency of the Group at the average exchange rates for the period where these approximate to the rate at the date of transaction. If the average exchange rates for the period do not approximate to the rate at the date of transaction, income and expenses are translated at the rate on the dates of the transactions. Assets and liabilities of overseas businesses are translated into the presentation currency of the Group at the exchange rate prevailing at the balance sheet date. Exchange differences arising are classified as other reserves. Cumulative translation differences arising after the transition to IFRS are taken to the income statement on disposal of the net investment.

(t) Taxation

Taxation on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior years. Taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also included within equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantially enacted by the balance sheet date.

(u) Employee share ownership plans

The Group has a number of Employee Share Ownership Plans (ESOP), as set out in Note 25, which provide a mechanism for the Board to reward employees of the Group share-based payments on a discretionary basis. Employee Benefit Trusts established by the Company acquire ordinary shares in the Company to be held on trust for the benefit of, and ultimately distributed to, employees either on the exercise of share options or other remuneration arrangements.

In the case of equity settled awards, the cost of share awards made under employee share ownership plans, as measured by the fair value of awards at the date of granting, are taken to the income statement over the vesting period (if any), and disclosed under staff costs with a corresponding increase in equity. Fair value is based on the market value of the shares on the grant date. Where awards provide no entitlement to dividends over the vesting period the market value of the shares on grant date is discounted by the dividend yield over the expected life of the award.

In the case of cash settled awards, the cost of share awards made under employee share ownership plans, as measured by the fair value of awards at the date of granting, are taken to the income statement over the vesting period with a corresponding increase in provisions representing the cash obligation. Fair value is based on the market value of the shares on the grant date. At each subsequent accounting date the fair value of the obligation is re-assessed with reference to the underlying share price and the provision adjusted accordingly.

On consolidation, the cost of shares acquired by the Employee Benefit Trusts is deducted as an adjustment to equity. Gains and losses arising on Employee Benefit Trust related transactions are taken directly to equity. No expense is recognised in respect of option awards granted before 7 November 2002 or which have vested before 1 October 2005.

(v) Dividends

Dividend distribution is recognised in equity in the financial statements in the period in which dividends are paid. Final dividends are recognised at the date they are approved by shareholders at the Annual General Meeting.

(w) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS 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. 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. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are set out below:

Valuation of financial assets where there is no quoted price

Such assets principally comprise minority holdings in unquoted securities and are valued with reference to financial information available at the time of original investment updated to reflect all relevant changes to that information as at the reporting date. This determination may require significant judgement in determining changes in fair value since the last valuation date. In making this judgement the Group evaluates among other factors recent offerings or transaction prices, changes in the business outlook affecting a particular investment since purchase, performance of the underlying business against original projections, valuations of similar quoted companies and relevant industry valuation techniques, for example, discounted cashflow or market approach.

Notes to the Financial Statements

1. Accounting policies

Valuation of quoted financial assets where there is no active market
Quoted investments held by the Group may not always be actively traded in financial markets. In such cases the Group applies appropriate valuation techniques to determine fair value.

Income taxes
The Group is subject to income taxes. Judgement is required in determining the extent to which it is probable that taxable profits will be available in the future against which deferred tax assets can be utilised. Based on forecasts the Group expects to recover its deferred tax assets within the next five years. If the Group forecasts were 10% higher or lower the Group would still expect to recover its deferred tax assets within the next five years.

Provisions
Estimate for provisions arising as a consequence of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation are based on management's best knowledge of the amount, event or actions. Currently neither the Group nor the Company has a requirement to hold provisions.

(x) Exceptional Items
Exceptional items are those significant items which are separately disclosed by virtue of their amount and incidence to enable a full understanding of the Company's and/or Group's financial performance.

In addition to the above accounting policies the following relate specifically to the Company:

(y) Investment in subsidiaries
Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment. Where the Company makes equity settled awards for the benefit of its subsidiaries, the value of such awards is treated as an additional cost of investment in these subsidiaries.

2. 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 £'000	2011 £'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 charge	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

3. Profit of the parent company

As provided by Section 408 Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the financial year amounted to £6,605,000 (2011: £6,691,000).

4. Segmental information

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 5) the nature of 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 £'000	2011 £'000
United Kingdom	45,101	48,709
United States	4,975	5,494
Rest of World	–	–
	50,076	54,203

Notes to the Financial Statements

4. Segmental information (continued)

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 £'000	2011 £'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 £'000	2011 £'000
Net institutional income	24,809	29,343
Total corporate transaction revenues	19,128	19,448
Corporate retainers	6,139	5,412
Revenue from Investment Banking & Broking (see note 5)	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	43,446	41,913
Investing activities	17,775	15,900
Cash and cash equivalents	35,854	41,778
Total net assets	97,075	99,591

5. Revenue

	2012 £'000	2011 £'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

6. Other operating income

	2012 £'000	2011 £'000
Investment income	2,817	688

Investment income represents net gains made on trading investments which are held outside of the market making portfolio. Net trading gains are the realised and unrealised profits and losses from such investments on a trade date basis comprising all gains and losses arising from changes in fair value together with any related dividends on investments held. These are referred to as the Group's investment portfolio.

7. Exceptional non-recurring charge

In 2011, the exceptional non-recurring charge of £2,208,000 comprised the net cost associated with the settlement of litigation, after taking into account associated external legal costs.

8. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2012 £'000	2011 £'000
Depreciation of property, plant and equipment	373	391
Amortisation of intangible assets	49	75
Operating lease costs	1,751	1,717
Staff costs (see note 9)	30,583	33,684
Auditors' remuneration		
Audit services		
Audit fee for Company's accounts and Annual Report	48	53
Other services		
Year end audit services to the Subsidiaries of the Company	276	299
Tax services	49	37
Regulatory and other services	62	39

9. Staff costs

Particulars of employees (including executive directors) are as shown below.

Employee costs during the year amounted to:

	2012 £'000	2011 £'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 (see note 28d)	1,149	953
Share based payments	5,591	6,978
	30,583	33,684

The share based payment award costs shown above include an amount of £5,205,000 (2011: £6,761,000) in respect of share-based payment transactions which are accounted for as equity-settled awards. The share based payment charge arises from the combined impact of all historic unvested awards.

Notes to the Financial Statements

9. Staff costs (continued)

Number of staff employed:

	2012 Number	2011 Number
Average for the year		
Professional	139	141
Administration	41	47
	180	188
At the year end	173	189

Details of directors' emoluments are presented in the Remuneration Report on page 28.

10. Finance income

	2012 £'000	2011 £'000
Interest income	363	639

Interest income comprises interest on surplus cash balances placed on call deposit and interest receivable on certain staff loans.

11. Finance costs

	2012 £'000	2011 £'000
Interest expense	16	22
Net foreign exchange losses	166	47
	182	69

Interest expense comprises amounts paid on overdrawn balances with clearing institutions.

12. Taxation

The tax charge is based on the profit for the year and comprises:

	2012 £'000	2011 £'000
Current tax		
Corporation tax at 25% (2011: 27%)	557	695
Corporation tax over provided in previous year	–	(44)
Total current tax	557	651
Deferred tax		
Origination and reversal of timing differences (see note 18)	158	48
Changes in tax rate	133	152
Total tax charge	848	851

Factors affecting the tax charge for the year:

	2012 £'000	2011 £'000
Profit before tax	4,149	180
Profit before tax multiplied by the standard rate of UK corporation tax	1,037	49
Effects of:		
Expenses not deductible for tax purposes	149	214
Non taxable income	(619)	(49)
Losses available for utilisation but not recognised	144	95
Permanent differences in respect of share based payments	(362)	410
Corporation tax over provided in previous year	–	(44)
Changes in tax rate and other temporary differences	499	176
Total tax charge	848	851

The standard rate of Corporation Tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 25% and will be taxed at 24% in the future.

13. Dividends

	2012 £'000	2011 £'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

Dividends declared on shares held by the EBT that have not been purchased by or vested in employees are waived under the terms of the employee share ownership plan arrangements.

On 4 December 2012 the Board 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. Based on the number of shares in issue at the year end the total amount payable would be £4,243,048.

Notes to the Financial Statements

14. Property, plant and equipment

Group

The movement during the year and the prior year was as follows:

	Furniture and fittings £'000	Leasehold improvements £'000	Office and computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 2011	829	2,276	2,168	29	5,302
Additions	25	172	210	–	407
Disposals	(112)	–	(240)	–	(352)
Exchange adjustment	(4)	(11)	(8)	–	(23)
At 30 September 2012	738	2,437	2,130	29	5,334
Accumulated depreciation					
At 1 October 2011	714	699	1,930	23	3,366
Charge for the year	48	171	148	6	373
Disposals	(112)	–	(240)	–	(352)
Exchange adjustment	(1)	(3)	(8)	–	(12)
At 30 September 2012	649	867	1,830	29	3,375
Net book value					
At 1 October 2011	115	1,577	238	6	1,936
At 30 September 2012	89	1,570	300	–	1,959

	Furniture and fittings £'000	Leasehold improvements £'000	Office and computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 2010	960	2,275	2,771	164	6,170
Additions	1	–	200	–	201
Disposals	(133)	–	(805)	(135)	(1,073)
Exchange adjustment	1	1	2	–	4
At 30 September 2011	829	2,276	2,168	29	5,302
Accumulated depreciation					
At 1 October 2010	776	535	2,583	151	4,045
Charge for the year	71	164	149	7	391
Disposals	(133)	–	(805)	(135)	(1,073)
Exchange adjustment	–	–	3	–	3
At 30 September 2011	714	699	1,930	23	3,366
Net book value					
At 1 October 2010	184	1,740	188	13	2,125
At 30 September 2011	115	1,577	238	6	1,936

15. Intangible assets

Group

The movement during the year and the prior year was as follows:

	2012 Purchased Software £'000	2011 Purchased Software £'000
Cost		
At 1 October	873	1,175
Additions	26	112
Disposals	(72)	(414)
At 30 September	827	873
Accumulated amortisation		
At 1 October	768	1,107
Charge for the year	49	75
Disposals	(72)	(414)
At 30 September	745	768
Net book value		
At 1 October	105	68
At 30 September	82	105

16. Investment in subsidiary undertakings

Holding company

a) Holding company investment in subsidiaries

	2012 £'000	2011 £'000
As at 1 October	21,962	15,202
Additions	5,205	6,760
As at 30 September	27,167	21,962

Additions reflect the accounting treatment required by IFRS 2 in relation to awards made under the Group's share plans which are accounted for as equity-settled share transactions and relate to employees in subsidiaries.

b) Subsidiaries

The holding company beneficially owns the issued share capital of the following companies:

Subsidiary	Country of incorporation	Principal activity	Group shareholding
Numis Securities Limited	United Kingdom	Financial services	100%
Numis Securities Inc*	United States of America	Financial services	100%
Numis Nominees (Client) Limited	United Kingdom	Dormant	100%
Numis Nominees (NSI) Limited*	United Kingdom	Dormant	100%
Numis Nominees Limited*	United Kingdom	Dormant	100%

* Held through a subsidiary of the Group

Notes to the Financial Statements

17. Derivative financial instruments

Group	£'000
At 1 October 2011	28
Additions	–
Exercise	–
Revaluation to fair value in the year recognised in the income statement	44
At 30 September 2012	72

	2012 £'000	2011 £'000
Included in current assets – listed	65	12
Included in current assets – unlisted	7	16
Included in non-current assets – unlisted	–	–
	72	28

The Group holds equity options and warrants over certain securities. Although the options and warrants themselves are not listed the underlying securities may be listed or otherwise. In the information presented above the listed and unlisted distinction relates to the underlying security. As at 30 September 2012 the fair value of outstanding foreign exchange contracts was £7,000 (2011: £16,000).

18. Deferred tax

Group

The movement in the deferred tax balance is as follows:

	2012 £000	2011 £000
At 1 October	2,192	2,799
Amounts charged to the income statement	(290)	(202)
Amounts recognised on share based payments – equity	4	(405)
At 30 September	1,906	2,192

	Capital allowances £'000	Share scheme arrangements £'000	Other £'000	Total £'000
1 October 2011	330	1,829	33	2,192
(Charged)/credited to income statement	(51)	(253)	14	(290)
Recognised in equity		4		4
30 September 2012	279	1,580	47	1,906

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. Of this balance £812,000 (2011: £1,108,000) is expected to be recovered within 12 months.

In addition to the changes in rates of corporation tax disclosed in note 12, a number of further changes to the UK corporation tax system were announced in the March 2012 UK Budget Statement. Legislation to reduce the main rate of corporation tax to 23% from 1 April 2013 has been substantively enacted. A further reduction to the main rate is proposed to reduce the rate by 2% to 21% by 1 April 2014. This further change has not been substantively enacted at the balance sheet date and therefore is not included in these financial statements. The proposed reduction in the main rate is expected to be enacted next year. The effect of this further change from 23% to 21%, if applied to the deferred tax balance at the balance sheet date is not material.

18. Deferred tax (continued)

Holding company

A deferred tax asset of £1,134,000 (2011: £1,378,000) relating to unrelieved trading losses incurred by the Company 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.

19. Trade and other receivables

The following amounts are included within trade and other receivables:

	2012 £'000	2011 £'000
Group		
Due from clients, brokers and other counterparties (excluding corporate finance receivables)	217,056	188,052
VAT receivable	–	124
Loans to employees	15,173	17,618
Other receivables, including corporate finance receivables	6,386	12,674
Prepayments and accrued income	2,857	2,906
	241,472	221,374

Trade and other receivables are stated net of impairment adjustments totalling £216,000 (2011: £186,000). The movement in impairment provision during the year comprised £3,000 (2011: £11,000) for utilisation of provisions and £33,000 (2011: £27,000) charge to the income statement through administrative expenses. Loans to employees principally arise from arrangements under the Group's share schemes.

	2012 £'000	2011 £'000
Holding company		
Amounts due from subsidiaries	20,353	22,096
Other receivables	2,368	2,121
	22,721	24,217

20. Trading investments

	2012 £'000	2011 £'000
Group		
Listed on the LSE main market	9,233	6,605
Listed on AIM	26,862	21,645
Listed overseas	1,518	1,723
Unlisted UK investments	983	761
	38,596	30,734

As at 30 September 2012 £Nil (2011: £1,000,000) of trading investments has been pledged to certain institutions under stock lending arrangements.

	2012 £'000	2011 £'000
Holding company		
Listed on AIM	16,570	14,768
Unlisted UK investments	–	211
	16,570	14,979

Notes to the Financial Statements

21. Cash and cash equivalents

	2012 £000	2011 £000
Group		
Cash and cash equivalents included in current assets	35,854	41,778

Cash and cash equivalents comprise cash in hand and deposits held at call with banks and other institutions.

The balances exclude interest-bearing deposits of clients' monies placed by the Group with banks on an agency basis. All such deposits are designated by the banks as clients' funds and are not available to the banks to satisfy any liability the Group may have with them at that time. The balance at 30 September 2012 held on deposit for private clients was £95,391 (2011: £92,505). Similarly cash held in segregated bank accounts in respect of other client monies amounted to £7,363,000 (2011: £1,146,000).

22. Trade and other payables

	2012 £'000	2011 £'000
Group		
Amounts due to clients, brokers and other counterparties	204,252	181,914
VAT payable	194	–
Social security and PAYE	1,133	1,446
Sundry payables	2,176	3,555
Accruals	8,124	10,121
	215,879	197,036
Holding company		
Amounts due to subsidiaries	2,016	1,999

23. Provisions

The movements in provisions during the year and during the prior year were as follows:

	Share scheme arrangements £'000
Group	
At 1 October 2011	298
Recognised in the income statement	69
Recognised in equity in respect of vested share awards	(367)
At 30 September 2012	–

	Share scheme arrangements £'000
At 1 October 2010	612
Recognised in the income statement	(67)
Recognised in equity in respect of vested share awards	(247)
At 30 September 2011	298

23. Provisions (continued)

	2012 £'000	2011 £'000
Included in current liabilities	–	298
Included in non-current liabilities	–	–
	–	298

Provisions related to the cash settled element of the Groups' share scheme arrangements, and is determined with reference to all the unvested awards that are expected to vest (taking into account management's estimates regarding fulfilment of vesting conditions) and the year end share price. Amounts recognised in equity relate to awards which vested in the year. As at 30 September 2012 there are no unvested cash settled awards.

24. Share capital and Other reserves

Share capital
Group and holding company

	2012 £'000	2011 £'000
Authorised		
140,000,000 (2011: 140,000,000) 5p ordinary shares	7,000	7,000
Allotted, issued and fully paid		
114,728,057 (2011: 112,443,302) 5p ordinary shares	5,736	5,622

During the year 2,284,755 ordinary shares were issued for a total consideration £1,808,000 of which £1,694,000 has been included as share premium. Shares issued during the year were in respect of scrip dividend elections. Share issuances made during the year in respect of the ESOP totalled nil (2011: nil).

Other reserves

Group

	Foreign exchange translation £'000	Equity settled share plans £'000	Total other reserves £'000
Balance at 1 October 2011	255	12,554	12,809
Exchange difference on translation of foreign operations	(15)	–	(15)
Employee share plans: value of employee service		5,205	5,205
Employee share plans: transfer to retained profit on vesting of awards		(6,346)	(6,346)
Balance at 30 September 2012	240	11,413	11,653
Balance at 1 October 2010	231	9,746	9,977
Exchange difference on translation of foreign operations	24	–	24
Employee share plans: value of employee service		6,761	6,761
Employee share plans: transfer to retained profit on vesting of awards		(3,953)	(3,953)
Balance at 30 September 2011	255	12,554	12,809

Notes to the Financial Statements

24. Share capital and Other reserves (continued)

Other reserves

Holding company

	Equity settled share plans £'000
Balance at 1 October 2011	12,554
Employee share plans: value of employee service	5,205
Employee share plans: transfer to retained profit on vesting of awards	(6,346)
Balance at 30 September 2012	11,413
Balance at 1 October 2010	9,746
Employee share plans: value of employee service	6,761
Employee share plans: transfer to retained profit on vesting of awards	(3,953)
Balance at 30 September 2011	12,554

25. Employee share schemes

The Company has established employee benefit trusts in respect of the Group share schemes which are funded by the Group and have the power to acquire shares from the Company or in the open market to meet the Group's future obligations under these schemes. As at 30 September 2012 the trusts owned 8,651,848 ordinary 5p shares in the Company (2011: 10,667,733) with a market value of £8.6m as at 30 September 2012 (2011: £9.5m).

	2012 Number of shares	2011 Number of shares
At 1 October	10,667,733	9,517,681
Acquired during the year	4,519,491	5,760,734
Shares vested in employees	(6,265,113)	(3,878,205)
Shares used to satisfy issuances during the year	(145,263)	(732,477)
Shares used to satisfy option exercises	(125,000)	–
At 30 September	8,651,848	10,667,733

The figures in the above table are presented on a trade date basis.

At 30 September 2012 the number of shares held by the trust in respect of awards made to, but not yet vested in, employees totalled 7,166,074 (2011: 9,205,417).

A description of the Groups' share schemes and their operation is set out below:

Long Term Incentive Plan (LTIP) 2003 Scheme

The Board approved this plan on 28 April 2003 and it was approved by shareholders on 5 June 2003.

Eligibility
Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Nature of plan
The scheme provides a framework by which employees are awarded a free share in exchange for their purchasing a stake in the Company.

The free, or "matching", shares replicate the number of shares purchased by the participant. Both the purchased and matching shares are held in trust by the Trustee, EES Trustees International Limited, for five years, after which time the participant has full entitlement if they continue to be employed by the Group at that date.

On vesting, the matching shares are sold by the Trustee and the proceeds passed to the participant. The purchased shares are transferred into the personal ownership of the participant. Awards granted under this scheme are cash settled.

25. Employee share schemes (continued)

US Restrictive Stock Plan (USRSP) 2003 Scheme

The Board approved this plan on 28 April 2003 and it was approved by shareholders on 5 June 2003.

Eligibility
Any Director or employee of Numis Securities Incorporated (NSI), the wholly owned subsidiary of Numis Securities Limited (NSL), itself a wholly owned subsidiary of Numis Corporation Plc, may be invited to participate in the plan.

Nature of plan
The mechanics of the scheme are the same as the LTIP 2003 scheme. Differences arise in treatment of awards under differing tax jurisdictions.

Long Term Incentive Plan (LTIP) 2008 Scheme

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

Eligibility
Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Nature of plan
The scheme is similar to the 2003 LTIP scheme. The concept of the Company awarding free shares to match the shares purchased by the participant at the award date remains the same. However, this scheme is administered by a different Trustee, EES Nominees International Limited, and maintained within a separate Trust company. The vesting conditions too are different; under this scheme, shares vest in three equal tranches at the end of the third, fourth and fifth anniversaries of the award date if the participant continues to be employed by the Group at these dates.

On vesting, the matching and purchased shares are transferred into the personal ownership of the participant. Awards granted under this scheme are equity settled.

US Restrictive Stock Plan (USRSP) 2008 Scheme

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

Eligibility
Any Director or employee of Numis Securities Incorporated (NSI), the wholly owned subsidiary of Numis Securities Limited (NSL), itself a wholly owned subsidiary of Numis Corporation Plc, may be invited to participate in the plan.

Nature of plan
The scheme operates in the same way of the LTIP 2008 scheme. Differences arise in treatment of awards under differing tax jurisdictions.

Restricted Stock Unit (RSU) 2008 Plan

The Board approved this plan on 4 December 2007 and it was approved by shareholders on 29 January 2008.

Eligibility
Any Director of the Company, or a Group company, and any employee of the Company, or a Group company, may be invited to participate in the plan.

Nature of plan
This scheme is open to both UK and US directors and employees and operates as a deferred bonus payment in the form of shares. Awards vest in the hands of the participant in three equal tranches at the end of the first, second and third anniversaries following the award date if they continue to be employed by the Group on those dates. Awards granted under this scheme are equity settled.

Notes to the Financial Statements

25. Employee share schemes (continued)

The movement in award shares for each share incentive award scheme is detailed in the tables below:

	LTIP 2003 Number of shares	USRSP 2003 Number of shares	LTIP 2008 Number of shares	USRSP 2008 Number of shares	RSU 2008 Number of shares	Total Number of shares
Award shares at 1 October 2011	374,460	23,336	7,441,739	1,365,882	6,430,165	15,635,582
New awards	–	978	145,263	117,130	1,187,063	1,450,434
Vesting of awards	(374,353)	(24,314)	(1,047,315)	(680,913)	(4,138,218)	(6,265,113)
Forfeiture of awards	(107)	–	(158,847)	(16,865)	(120,058)	(295,877)
Award shares at 30 September 2012	–	–	6,380,840	785,234	3,358,952	10,525,026

	LTIP 2003 Number of shares	USRSP 2003 Number of shares	LTIP 2008 Number of shares	USRSP 2008 Number of shares	RSU 2008 Number of shares	Total Number of shares
Award shares at 1 October 2010	595,803	193,377	7,089,409	1,310,991	6,692,132	15,881,712
New awards	–	13,960	732,477	95,254	3,203,007	4,044,698
Vesting of awards	(218,369)	(183,357)	(162,580)	(27,765)	(3,286,134)	(3,878,205)
Forfeiture of awards	(2,974)	(644)	(217,567)	(12,598)	(178,840)	(412,623)
Award shares at 30 September 2011	374,460	23,336	7,441,739	1,365,882	6,430,165	15,635,582

Under the share schemes shown above awards of 1,450,434 shares (2011: 4,044,698 shares) were granted during the year at a weighted average share price of 83.9p (2011: 102.6p). The weighted average market price on grant date for all awards made during the year was 93.8p (2011: 115.5p).

Option Schemes

A number of option schemes remain which were formulated between 1993 and 2001. Under these schemes an option cannot normally be exercised later than the tenth anniversary after the grant date. The earliest date of exercise is three years after the date of grant. As at 30 September 2012 there were 3,536,025 unexercised options outstanding (2011: 1,261,025) details of which are shown below.

Movements in the number of outstanding share options during the year and their weighted average exercise prices are as follows:

	2012		2011	
	Average exercise price (pence per share)	Outstanding options	Average exercise price (pence per share)	Outstanding options
At 1 October	31.61	1,261,025	31.61	1,261,025
Granted	15.83	2,400,000	–	–
Exercised	46.20	(125,000)	–	–
At 30 September	20.38	3,536,025	31.61	1,261,025

The date range over which the above options may be exercised is set out in the table below. The overall weighted average life of the remaining options is 7.44 years (2011: 3.35 years).

The weighted average share price, at exercise date, of options exercised during the year was 93.0p. The weighted average fair value of options granted during the year was 60p.

25. Employee share schemes (continued)

At 30 September 2012 the following options granted to directors and employees to acquire ordinary shares in the Company were outstanding:

Grant date	Number of options outstanding	Exercise price	Earliest exercise date	Latest exercise date
15 May 2001	1,136,025	30.0p	15 May 2005	15 May 2015
15 June 2012	1,800,000	0.0p	15 June 2015	15 June 2022
2 July 2012	200,000	0.0p	2 July 2015	2 July 2022
2 July 2012	400,000	95.0p	2 July 2015	2 July 2022

In accordance with IFRS 1 'First-time adoption of International Financial Reporting Standards', the Company and Group has chosen not to apply IFRS 2 'Share Based Payments' ("IFRS 2") to share options granted before 7 November 2002 that had not vested by 1 October 2005. Consequently there is no requirement to provide fair values for those outstanding options.

Options granted after 7 November 2002 were measured at fair values at the date of grant. The fair value determined is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model has been adjusted, based on management's best estimate and behavioural considerations. Expected volatility has been estimated with reference to the historic share price of the Company over a period commensurate with the expected life of the option.

26. 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 Trust on behalf of the Group.

	2012 Number Thousands	2011 Number Thousands
Weighted average number of ordinary shares in issued 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.

Notes to the Financial Statements

27. Consolidated statement of cash flows

Group

Reconciliation of operating profit/(loss) to net cash from operating activities:

	2012 £000	2011 £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 charge	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)

Holding company

The Company does not hold any cash balances, and cash based transactions are effected on its behalf by Numis Securities Limited, a wholly owned subsidiary. The operating profit of the Company includes fair value gains on investments of £1,674,000 (2011: losses of £41,000) and investing activity related dividend income of £915,000 (2011: £721,000) that passed through intercompany accounts. The issuance of shares during the year did not involve any cash flows.

28. Guarantees and other financial commitments

a) Capital commitments
Amounts contracted for but not provided in the accounts amounted to £nil for the Group (2011: £nil).

b) Contingent liabilities
In the ordinary course of business, the Group has given letters of indemnity in respect of lost certified stock transfers and share certificates. No claims have been received in relation to the year ended 30 September 2012 (2011: nil). The contingent liability arising thereon cannot be quantified, although the directors do not believe that any material liability will arise under these indemnities.

The Company currently has in place unlimited guarantees to the Company's bankers, Barclays Bank plc for the debts of Numis Securities Limited and Numis Securities Inc., an indirect wholly owned subsidiary of the Company. As at 30 September 2012 the company did not have any indebtedness to Barclays Bank plc (2011: nil).

The Company has given a guarantee to Pershing LLC for any indebtedness of Numis Securities Inc. Pershing LLC provides securities clearing and settlement services to Numis Securities Inc. for some of its broker activities. As at 30 September 2012 that company did not have any indebtedness to Pershing LLC (2011: nil).

c) Operating leases
At 30 September 2012 the Group had annual commitments under non-cancellable operating leases in respect of land and buildings of £1,751,000 (2011: £1,717,000). The total future aggregate minimum lease payments are as follows:

	Property **2012** £'000	Property 2011 £'000
Within one year	1,962	1,929
In two to five years	7,850	7,713
After five years	6,710	8,604
	16,522	18,246

28. Guarantees and other financial commitments (continued)

The annual property rental on the principal property leased by the Group was subject to review in September 2011 and remains unchanged. The next review date is September 2016 with the end of the lease period being September 2021.

d) Pension arrangements
The pension cost charge for the year was £1,149,000 (2011: £953,000).

A defined contribution Group Personal Pension Plan has been in operation since 6 April 1997 for all full-time employees of the Group over the age of 18 who have served the Group for at least 3 months. The Group Personal Pension Plan is funded through monthly contributions. The Group contributes 7% of members' salaries with members contributing at least 2.5% of their salary. Employees who join the Group Personal Pension Plan are eligible for death-in-service benefits.

29. Financial risk management

Group

Risk Management
The Group places great weight on the effective management of exposures to market, credit, liquidity and operational risk and our risk management policies and framework are designed to identify, monitor and manage such exposures to ensure that the operating activities of the Group are managed within the risk parameters set out by the Plc Board (the Board).

The Group's risk management framework is designed to incorporate all material risks to which the Group is or may be exposed. The Board is responsible for supervision of the risk management framework, approval of risk management policies and setting the overall risk appetite of the Group. All risk management functions ultimately report to the Board. The Board receives regular risk management reporting which provides an assessment of the exposures across the Group together with more detailed reports on market, credit and liquidity risk amongst others.

Risk exposures are monitored, controlled and overseen by separate but complementary committees which consist of senior management from revenue generating areas, compliance and finance. Management oversight and segregation of duties are fundamental to the risk management framework.

The Audit & Risk Committee is responsible for the evaluation and maintenance of the Group's control framework and ensuring that policies are in place and operating effectively to identify, assess, monitor and control risk throughout the Group. The Audit & Risk Committee receives risk updates which detail the Group's exposure to market, credit, liquidity, and operational risks. Controls and polices are reviewed and challenged to ensure their effectiveness and to reflect changes in requirements and best practice.

The Risk Oversight Committee is responsible for exercising senior level oversight of all risk-related issues (both financial and non-financial). It has specific responsibility for the in-depth assessment and reporting of all material risks faced by the Group including the selection and scoring of the risks, the implementation of appropriate key risk indicators and controls designed to provide risk mitigation.

The Financial Risk Committee is responsible for ensuring that the day-to-day operating activities are managed within the financial risk appetite and controls framework approved by the Board and the Audit & Risk Committee, The Financial Risk Committee has delegated responsibility for preparing the risk management policies for review and approval by the Board and the Audit & Risk Committee. It also reviews the detailed components of market, credit and liquidity risk exposures of the business to ensure that such risks are monitored and assessed appropriately. The Committee met 21 times during the year. As a minimum, the Financial Risk Committee reviews:

- market risk exposures associated with our equity and derivative positions
- trading book and individual stock Value-at-Risk (VaR) with comparison to limits resulting excesses
- performance of the trading book overall and at individual stock level
- credit risk exposures to trading counterparties and deposit-taking counterparties
- liquidity and concentration risk of the cash and cash equivalent assets

Notes to the Financial Statements

29. Financial risk management (continued)

- currency risk exposures of foreign currency denominated deposits
- capital resources of the Group compared to the Capital Requirements Directive Pillar I capital requirement and additional internal economic capital measures
- client asset requirements and resources

The Finance department has day-to-day responsibility for monitoring and reporting risk exposures within the Group and escalation of issues to senior management. In addition to daily reporting of market, credit and liquidity risk key indicators to senior management, automated intraday reporting is in place for credit exposures and associated credit limit breaches (hourly) and individual stock VaR limit breaches (continuously). Our trading system has real-time trading book, stock and VaR limit alerts to flag individual stock holdings and trading book positions which are approaching their predefined limit.

Independent assurance of the suitability and effectiveness of the Group's risk management framework and controls is provided to the Audit & Risk Committee by the utilisation of an outsourced, independent Internal Audit function.

Market Risk-Equity Risk
The Group is affected by conditions in the financial markets and the wider economy through its holdings of equity investments arising through the normal course of its market making, trading and investing activities. Equity risk arises from the exposures of these holdings to changes in prices and volatilities of equity prices. An adverse movement in the fair value of our holdings has consequences for the capital resources of the Group and therefore it is important for management to understand the potential impact of such movements.

The Group utilises a VaR model to measure market risk. The model uses a "Historical Simulation" approach which shocks market risk positions by the actual daily market moves observed during a rolling 256 business day window. The sum of the simulated returns for each of the 256 days is calculated and the VaR is defined as being the 3rd worst loss during this period. This approach is an accepted industry standard and gives the Group an understanding of the market risks being taken.

VaR limits are set at both individual stock level and portfolio level and are approved by the Board. Such limits are incorporated into the Group's front office trading system so that real time monitoring of VaR exposures is available to both front office staff and relevant risk management staff. On a daily basis the Finance department computes the Historical Simulation VaR risk measure based on the end of day portfolio of holdings. The results are reported to senior management at the end of each day against limits with all resulting excesses highlighted. Similarly the risk measures are also compared to the daily revenue performance and our capital resources. Alongside the use of VaR limits, there are absolute monetary trading book limits at gross and net position level.

The table below shows the highest, lowest, and average total long, short, gross, and net position in listed securities during the year, together with positions at year end.

				2012
	Long £'000	Short £'000	Gross £'000	Net £'000
Highest position	39,938	(15,610)	55,072	33,650
Lowest position	28,094	(3,743)	34,286	20,914
Average position	35,606	(9,920)	45,526	25,686
As at 30 September 2012	37,678	(11,013)	48,691	26,665

				2011
	Long £'000	Short £'000	Gross £'000	Net £'000
Highest position	45,691	(11,630)	56,176	36,878
Lowest position	29,985	(1,984)	31,969	28,002
Average position	40,379	(7,702)	48,081	32,677
As at 30 September 2011	29,985	(1,984)	31,969	28,001

29. Financial risk management (continued)

The table below shows the highest, lowest, average, and year end equity VaR.

	2012 £'000	2011 £'000
Highest VaR	456	550
Lowest VaR	202	282
Average VaR	295	360
As at 30 September	240	306

In addition the Group holds positions totalling £983,000 (2011: £761,000) in unlisted securities. These are reported to senior management together with positions in listed securities on a daily basis.

Trading investments

Equity risk on the trading investments held within the market making book is the day to day responsibility of the Head of Trading, whose decision making is independently monitored. Trading investments held outside the market making activities are monitored by the CEO, Finance Director and senior management.

Equity risk is managed through a combination of cash investment limits applied to the entire trading book coupled with VaR limits set at individual stock level and portfolio level. These limits are approved by the Board, the Audit & Risk Committee, and the Financial Risk Committee, and monitored and reported by the Finance department daily. Breaches of the stock and portfolio limits are initially flagged in real time on the trading platform and monitored by the traders and the Finance department. Breaches are either addressed by the traders or, if they are unable to take corrective action, will be discussed with the Finance department and reported to senior management as part of the routine end of day reporting mechanism. Breaches are also summarised weekly and presented to the Financial Risk Committee along with reasons for the breaches and corrective action required to bring them within limits.

An annual sensitivity analysis based on a 10% increase/decrease in underlying equity prices on the trading investments held at the year end indicates that the impact of such a movement would be to increase/decrease respectively profit in the income statement by £3,860,000 (2011: £3,073,000).

Financial liabilities

Financial liabilities comprise short positions in quoted stocks arising through the normal course of business in facilitating client order flow. Equity risk on financial liabilities is the day to day responsibility of the Head of Trading. Exposures of this nature are monitored in exactly the same way as trading investments above as these positions form part of the trading book.

A sensitivity analysis based on a 10% increase/decrease in underlying equity prices on the financial liabilities held at the year end indicates that the impact of such a movement would be to decrease/increase respectively profit in the income statement by £1,101,000 (2011: £198,000).

Derivatives financial instruments

Derivative financial instruments comprise equity options and warrants over listed and unlisted securities and are predominantly received by the Group as non-cash consideration for advisory and other services. This category may also include foreign exchange contracts used to hedge known transactional exposures arising from normal operational activities.

Equity risk arising on derivatives is the day to day responsibility of the Head of Trading. Exposures are measured using the Group's VaR methodology and reported to senior management daily along with a detailed inventory of options and warrant holdings which are either in-the-money or close to being in-the-money.

A 10% increase/decrease in underlying equity prices of the derivative financial instruments held at the year end indicates that the impact of such a movement on the profit in the income statement would be an increase of £38,000 (2011: £27,000) and decrease of £30,000 (2011: £12,000) respectively.

Notes to the Financial Statements

29. Financial risk management (continued)

Market Risk-Currency Risk

Currency risk arises from the exposure to changes in foreign exchange spot and forward prices and volatilities of foreign exchange rates. The Group is exposed to the risk that the Sterling value of the assets, liabilities or profit and loss could change as a result of foreign exchange rate movements.

There are three sources of currency risk to which the Group may be exposed. Firstly, foreign currency denominated financial assets and liabilities arising as a result of trading in foreign securities, secondly, foreign currency financial assets and liabilities as a result of foreign currency denominated corporate finance fees, supplier payments or Treasury activities and finally foreign currency denominated investments in subsidiaries of the Group. The Finance Department is responsible for monitoring the Group's currency exposures which are reported to senior management daily.

Currency risk is measured using a similar VaR methodology as that used for the Group's measurement of equity risk. The table below shows the highest, lowest and average foreign currency VaR.

	2012 £'000	2011 £'000
Highest VaR	99	119
Lowest VaR	35	45
Average VaR	52	72
As at 30 September	50	53

The Group's net assets/(liabilities) by currency as at 30 September 2012 were as follows:

	Sterling £'000	Euro £'000	Canadian $ £'000	US $ £'000	Other £'000	Total £'000
2012						
Sterling equivalent	85,708	(533)	703	10,950	247	97,075
2011						
Sterling equivalent	87,901	4,103	1,016	6,113	458	99,591

The Group hedges all significant transactional currency exposures arising from trading activities using spot or forward foreign exchange contracts. Derivative financial instruments held to manage such currency exposure as at 30 September 2012 had a fair value of £7,000 (2011: £16,000). The Group does not hedge future anticipated transactions. Currency exposure to foreign currency denominated corporate finance receivables and supplier payables is not considered material.

The table below shows the impact on the Group's results of a 10 cent movement in the US$ and Euro in terms of transactional and translational exposures.

10 cent increase (strengthening £):

	US $ £'000	Euro £'000	Total £'000
Profit before tax	(421)	39	(382)
Equity	(159)	39	(120)

10 cent decrease (weakening £):

	US $ £'000	Euro £'000	Total £'000
Profit before tax	477	(46)	431
Equity	250	(46)	204

29. Financial risk management (continued)

Market Risk-Interest Rate Risk
Interest rate risk arises as a result of changes to the yield curve and the volatilities of interest rates.

The Group's interest bearing assets are predominantly held in cash or cash equivalents. Excess cash funds may be invested in Gilts, held on short term floating rate terms or placed on overnight or short-term deposit. Investment of excess funds into cash equivalent instruments may occur from time-to-time depending on the management's view of yields on offer, liquidity requirements, and credit risk considerations. As the Group has limited exposure to interest rate risk and has no external debt (2011: £nil) it does not use derivative instruments to hedge interest rate risk.

The table below shows the interest rate profile of the Group's cash and cash equivalent investments and, while not interest bearing, also shows the Group's exposure to listed equity investments as these have an indirect sensitivity to significant changes and volatility of interest rates.

			2012			2011
Currency	Cash and cash equivalents £'000	Listed equity investments £'000	Total £'000	Cash and cash equivalents £'000	Listed equity investments £'000	Total £'000
Sterling	30,011	23,616	53,627	32,228	24,730	56,958
US Dollars	4,714	2,578	7,292	7,324	3,074	10,398
Euro	240	471	711	920	197	1,117
Canadian Dollars	647	–	647	576	–	576
Other	242	–	242	730	–	730
At 30 September	35,854	26,665	62,519	41,778	28,001	69,779
Fixed Rate	–			–		
Floating Rate	35,854			41,778		

In addition to the above, cash collateral balances of £5,131,000 (2011: £5,758,000) and net stock borrowing/(lending) balances of £4,511,000 (2011: £1,330,000) are subject to daily floating rate interest.

A sensitivity analysis based on a 100 basis point increase/decrease to prevailing market rates of interest as at 30 September 2012 indicates that the impact of such a movement on the profit in the income statement and equity would be a decrease of £nil (2011: £nil) and increase of £nil (2011: £nil) respectively. This reflects the fact that the Group has no material exposures to fair value movements arising from changes in the market rate of interest as at 30 September 2012 or 2011.

Fair value estimation
Disclosure of financial instruments that are measured on the balance sheet at fair value is based on the following fair value measurement hierarchy:

- Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and
- Level 3: Inputs for the asset or liability which are not based on observable market data.

Notes to the Financial Statements

29. Financial risk management (continued)

As at 30 September 2012:

Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Current assets				
Trading investments	37,613	–	983	38,596
Derivative financial instruments	72	–	–	72
	37,685	–	983	38,668
Total assets	37,685	–	983	38,668
Current liabilities				
Financial liabilities	(11,013)	–	–	(11,013)
Total liabilities	(11,013)	–	–	(11,013)

As at 30 September 2011:

Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Current assets				
Trading investments	29,973	–	761	30,734
Derivative financial instruments	28	–	–	28
	30,001	–	761	30,762
Total assets	30,001	–	761	30,762
Current liabilities				
Financial liabilities	(1,984)	–	–	(1,984)
Total liabilities	(1,984)	–	–	(1,984)

There were no transfers between Level 1, Level 2 and Level 3 during the year.

Movements in financial assets categorised as Level 3 during the year were:

	2012 £'000	2011 £'000
At 1 October	761	5,505
Total gains/(losses) included in other operating income in the income statement	26	(237)
Transfer out to Level 1	–	(129)
Additions	196	312
Disposals	–	(4,690)
At 30 September	983	761

The carrying value of assets and liabilities not held at fair value (cash and cash equivalents, trade and other receivables, trade and other payables, provisions and stock borrowing and lending collateral) are not significantly different from fair value.

Credit Risk-Counterparty Risk

Credit risk is the potential loss that the Group would incur if a counterparty fails to settle its contractual obligations or there is a failure of a deposit taking institution. Credit risk exposure therefore arises as a result of trading, investing, and financing activities. The primary source of credit risk faced by the Group is that arising from the settlement of equity trades carried out in the normal course of business.

29. Financial risk management (continued)

The credit risk on a particular equity trade receivable is measured by reference to the original amount owed to the Group less any partial payments less any collateral to which the Group is entitled. For example, in accordance with the delivery versus payment principle, the potential exposure at default sustained by the Group would not be the amount of the outstanding receivable balance, but rather the amount representing commission due to the Group and any residual exposure from market risk on the underlying equity after a sell-out (or buy-in) has been carried out.

An internal stress test is employed in order to measure the credit risk exposure faced by the Group. This is a historical 20-day VaR methodology based on both the severe stock market movements during 2008-09 and a conservative judgement of the likelihood of counterparty default. This assessment is applied to the end of day equity trade receivable and payable balances and the results are reported to senior management on a daily basis.

Credit risk exposures are also managed by the use of individual counterparty limits applied initially on the categorisation of the counterparty (for example, hedge fund, long only fund, broker, etc.) and assessed further according to the results of an external credit rating and/or relevant financial indicators and/or news flow. From time to time certain counterparties may be placed on an internal watch list in reaction to adverse news flow or market sentiment. The Finance department prepares a summary daily report for senior management which indentifies the top 40 individual counterparty exposures measured against their limits, the major stock positions which make up the exposure and a list of the largest failing trades. This reporting incorporates the Sterling equivalent gross inward, outward and net cash flow exposure. Finally, automated hourly intra-day reporting of all gross inward, outward and net cash flow exposures by individual counterparty against assigned limits is monitored by the Finance department to ensure appropriate escalation and mitigation action is taken.

Trade receivables relating to fees due on the Group's corporate finance and advisory activities are monitored on a weekly basis.

The current framework for the reporting and monitoring of credit risk has proved to be a robust control during recent periods of market volatility and credit related issues impacting the market in general. The Group has not sustained any credit risk default losses and has achieved a substantial reduction in its stress test measurement through active management and reduction of credit exposures when appropriate. Where possible, the Group seeks to enter into netting arrangements with counterparties that permit the offset of receivables and payables.

Cash and cash equivalents are with large UK based commercial clearing banks all of whom have had credit ratings at or above A Fitch investment grade throughout the year. Credit exposures may be further reduced by diversification of deposits across a number of institutions.

The Group's financial assets are analysed by their ageing in the table below and represent the maximum exposure to credit risk as at 30 September 2012 of balance sheet financial instruments before taking account of any collateral held or other credit enhancements. As at 30 September 2012 there were no collateral amounts held by the Group as security against amounts receivable (2011: £nil).

		Overdue not impaired						
As at 30 September 2012 (£'000)	Not Overdue	0 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 1 year	Impaired	Total
Derivative financial instruments	72	–	–	–	–	–	–	72
Trade and other receivables	213,565	26,290	21	15	–	23	216	240,130
Trading investments	38,596	–	–	–	–	–	–	38,596
Stock borrowing collateral	4,511	–	–	–	–	–	–	4,511
Cash and cash equivalents	35,854	–	–	–	–	–	–	35,854
	292,598	26,290	21	15	–	23	216	319,163

Notes to the Financial Statements

29. Financial risk management (continued)

As at 30 September 2011 (£'000)	Not Overdue	Overdue not impaired: 0 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 1 year	Impaired	Total
Derivative financial instruments	28	–	–	–	–	–	–	28
Trade and other receivables	203,076	16,592	65	13	–	22	186	219,954
Trading investments	30,734	–	–	–	–	–	–	30,734
Stock borrowing collateral	2,330	–	–	–	–	–	–	2,330
Cash and cash equivalents	41,778	–	–	–	–	–	–	41,778
	277,946	16,592	65	13	–	22	186	294,824

Credit Risk-Concentration Risk
Concentration risk is the risk arising from exposures to groups of connected parties, counterparties in the same sector, or counterparties undertaking the same activity. Concentration risk arises, in particular, with respect to the Group's exposures to unsettled securities trades. These exposures are monitored intra day on an hourly basis using the credit risk exposure reports and process outlined above. In addition, as orders are taken, system-generated warnings are given of any counterparties whose order is likely to grow above £5m in size.

As at 30 September 2012 the exposure to the following categories of counterparty was as follows: brokers £117m (2011: £106m), long only funds £45m (2011: £51m), hedge funds £7m (2011: £17m) and other £48m (2011: £14m).

Concentration of credit risk to a particular counterparty or issuer may also arise from deposits placed with commercial banks, investments in cash equivalents and as a result of normal trading activity through Central Counterparties, such as the London Clearing House. The credit quality of these counterparties is kept under review by management. Concentration of trading investments by market is disclosed in note 20. There are no significant concentration risks arising in any other class of financial asset as at 30 September 2012 (2011: £nil).

Liquidity Risk
Liquidity risk is the risk that funds are either not available to service day-to-day funding requirements or are only available at a high cost or need to be arranged at a time when market conditions are unfavourable and consequently the terms are onerous. Liquidity is of vital importance to the Group to enable it to continue operating in even the most adverse circumstances.

The Group assesses its liquidity position on a daily basis and computes the impact of various stress tests to determine how liquidity could be impacted under a range of different scenarios. The Group currently maintains substantial excess liquidity so that it can be confident of being able to settle transactions and continue operations even in the most difficult foreseeable circumstances.

The Group's financial liabilities are expected to mature in the following periods:

As at 30 September 2012 (£'000):

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	212,517	720	254	11	213,502
Financial liabilities	11,013	–	–	–	11,013
	223,530	720	254	11	224,515

29. Financial risk management (continued)

As at 30 September 2011 (£'000):

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	193,596	1,084	207	–	194,887
Financial liabilities	1,984	–	–	–	1,984
Stock lending collateral	1,000	–	–	–	1,000
Provisions	298	–	–	–	298
	196,878	1,084	207	–	198,169

Capital Risk

The Group manages its capital resources on the basis of regulatory capital requirements under Pillar 1 and its own assessment of capital required to support all material risks throughout the business (Pillar 2). The Group manages its regulatory capital through an Internal Capital Adequacy Assessment Process (known as the ICAAP) in accordance with guidelines and rules implemented by the Financial Services Authority (FSA). Under this process the Group is satisfied that there is either sufficient capital to absorb potential losses or that there are mitigating controls in place which make the likelihood of the risk occurring remote.

Both the minimum regulatory capital requirement and the Pillar 2 assessment are compared with total available regulatory capital on a daily basis and monitored by the Finance department. The excess capital resources, under both measurements, are reported to the Financial Risk Committee daily and to the Audit & Risk Committee and the Board at each time they meet.

As at 30 September 2012, the UK regulated entity had £73m (2011: £76m) of regulatory capital resources, which is significantly in excess of both its regulatory capital requirement (Pillar 1) and the internally measured capital requirement (Pillar 2).

For Pillar 1 capital, the Group has adopted the standardised approach to credit risk and market risk and the basic indicator approach for operational risk. Compliance with FSA capital related regulatory requirements was maintained throughout the year.

Operational Risk

Operational risk is the risk of loss arising from short-comings or failures in internal processes, people or systems, or from external events. Operational risk can also be impacted by factors such as the loss of key staff, the quality of execution of client business, the maintenance of performance management controls, and a major infrastructural failure and/or terrorist event.

The Group takes steps to identify and avoid or mitigate operational risk wherever possible. Continuously evolving control standards are applied by suitably trained and supervised individuals and senior management is actively involved in identifying and analysing operational risks to find the most effective and efficient means to mitigate and manage them. Enhancements to staff training programmes and Internal Audits occur throughout the year.

Holding Company

The risk management processes for the Company are aligned with those of the Group as a whole and fully integrated into the risk management framework, processes and reporting outlined in 'Risk Management' within the Governance section on page 27 and in the Group section of this note starting on page 63. The Company's specific risk exposures are explained below:

Equity risk

The Company is exposed to equity risk on its trading investments, derivative financial instruments and investments in subsidiaries. Trading investments comprise holdings in quoted and unquoted securities whereas derivative financial instruments have historically comprised warrants over unquoted securities.

In addition to risk measures reported on the Group's equity-based holdings as a whole, a sensitivity analysis based on a 10% increase/decrease in the underlying equity prices on the aggregate trading investments and derivative financial instruments held at the year end has been performed and indicates that the impact of such a movement would be to increase/decrease respectively profit in the income statement by £1,657,000 (2011: £1,498,000).

Notes to the Financial Statements

29. Financial risk management (continued)

Currency risk
The Company has no material exposure to transactional or translational foreign currency risk as it rarely undertakes transactions in currencies other than Sterling and consequently rarely has financial assets or liabilities denominated in currencies other than Sterling.

Interest rate risk
The Company has no material exposure to interest rate risk as it has limited interest bearing assets and liabilities.

Credit risk
The Company has exposure to credit risk from its normal activities where there is a risk that a counterparty will be unable to pay in full amounts when due. The Company's counterparties are primarily its subsidiaries or employees of the Group and therefore pose limited external credit risk exposure.

Liquidity risk
The Company has no cash and cash equivalent balances. The management of the Group's ability to meet its obligations as they fall due is set out in the Group section of this note. The Company manages its liquidity risk by utilising surplus liquidity within the Group through transactions which pass through intercompany accounts when it is required to meet current liabilities.

Fair value estimation
Disclosure of financial instruments that are measured on the balance sheet at fair value is based on the following fair value measurement hierarchy:

- Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and
- Level 3: Inputs for the asset or liability which are not based on observable market data.

As at 30 September 2012:	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Current assets				
Trading investments	16,570	–	–	16,570
Total assets	16,570	–	–	16,570

As at 30 September 2011:	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Current assets				
Trading investments	14,768	–	211	14,979
Total assets	14,768	–	211	14,979

Movements in financial assets categorised as Level 3 during the year were:

	2012 £'000	2011 £'000
At 1 October	211	5,267
Total losses included in other operating income in the income statement	(211)	(237)
Transfer out to Level 1	–	(129)
Additions	–	–
Disposals	–	(4,690)
At 30 September	–	211

There is no material difference between the book values and fair values of the Company's financial assets and liabilities.

30. Post balance sheet events

Final dividend

A final dividend of 4.00p per share (2011: 4.00p) was proposed by the directors at their meeting on 4 December 2012. These financial statements do not reflect this dividend payable.

31. Related party transactions

Group

a) Intra-group trading

Transactions or balances between Group entities have been eliminated on consolidation and, in accordance with IAS 24, are not disclosed in this note.

b) Key management compensation

The compensation paid to key management is set out below. Key management has been determined as the executive management teams of the Group operating subsidiaries, who are also directors of those subsidiaries:

	2012 £'000	2011 £'000
Short term employment benefits	2,127	2,417
Post-employment benefits	77	60
Share based payments	1,296	1,084
	3,500	3,561

The above amounts include those paid to directors of the holding company.

c) Share scheme loans

Under the terms of the Group's share scheme arrangements, participants may be offered a loan in order to fund their purchased shares. The loans outstanding to key management as at 30 September 2012 amounted to £2,030,000 (2011: £1,642,000). Such loans are made at market rates and the amounts outstanding are secured by shares held within the Employee Benefit Trusts and will be settled in cash. No guarantees have been given or received and no expense for bad or doubtful debts has been recognised in the year in respect of amounts owed (2011: Nil).

d) Dealings with Directors

During the year, Urless Farm, a company controlled by Mr and Mrs O Hemsley charged the Group £34,560 (2011: £23,500) in respect of services provided.

Holding Company

a) Transactions between related parties

Details of transactions between the Company and its subsidiaries, which are related parties of the Company, are set out as follows: amounts owed to the Company from subsidiaries are disclosed in note 19 and amounts owed by the Company to subsidiaries are disclosed in note 22.

b) Key management compensation

The compensation paid to key management is set out below.

	2012 £'000	2011 £'000
Short term employment benefits	922	907
Post-employment benefits	18	24
Share based payments	46	39
	986	970

Details of the remuneration of each director, including the highest paid director, can be found within the Remuneration report on page 28. The compensation in the above table has been paid and recognised by a subsidiary of the holding company.

Notice of Annual General Meeting

Please see the explanatory notes attached to this notice.

NOTICE is hereby given that the Annual General Meeting of Numis Corporation Plc (the "Company") will be held at The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT on Tuesday 5 February 2013, at 11.00 a.m. to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 6 and 9 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions:

1. To receive and adopt the Company's annual accounts for the financial year ended 30 September 2012, together with the directors' report and auditors' report for such year.

2. To declare a final dividend for the year ended 30 September 2012 of 4.0p per ordinary share payable on 12 April 2013 to shareholders on the register at the close of business on 14 December 2012.

3. To reappoint as a director Sir David Arculus, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for election.

4. To reappoint as a director Mr Gerald Corbett, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for election.

5. To reappoint PricewaterhouseCoopers LLP as auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at which accounts are laid and to authorise the directors to fix their remuneration.

Ordinary resolution – authority to allot relevant securities

6. That:

(i) The directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Relevant Securities"), up to a maximum aggregate nominal amount equal to £1,910,222.15 (equivalent to 38,204,443 shares), provided that:

a) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or (if earlier) unless previously revoked, varied or renewed by the Company in a general meeting;

b) the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require Relevant Securities to be allotted after the expiry of this authority and the directors may allot Relevant Securities pursuant to such offer or agreement as if this authority had not expired; and

c) all prior authorities to allot Relevant Securities be revoked but without prejudice to any allotment of Relevant Securities already made thereunder.

Special resolution – disapplication of statutory pre-emption rights

7. That, subject to and conditional upon the passing of resolution 6 set out in the notice of this meeting, the directors be generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by the said resolution 6, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

a) the allotment of equity securities in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) in favor of ordinary shareholders on the register on a date fixed by the directors in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on that date, but subject to such exclusions and/or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or any legal, regulatory or practical difficulties under the laws of any territory, or the requirements of any regulatory body or stock exchange, or as regards shares in uncertificated form; and,

b) the allotment (otherwise than pursuant to sub-paragraph a) above) of equity securities having an aggregate nominal amount not exceeding £286,820.10 (equivalent to 5,736,402 shares), and this power shall expire at the conclusion of the next Annual General Meeting of the Company or (if earlier), unless previously revoked, varied or renewed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Special resolution – authority to purchase Company's own shares

8. That the Company be generally authorised pursuant to section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company on such terms and in such manner as the directors shall determine, provided that:

a) the maximum number of ordinary shares hereby authorised to be purchased is limited to an aggregate of 11,472,805 shares (equivalent to £573,640.25);

b) the minimum price, exclusive of any expenses, which may be paid for each ordinary share is 5p;

c) the maximum price, exclusive of any expenses, which may be paid for each ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such share is contracted to be purchased;

d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or (if earlier), unless previously revoked, varied or renewed; and,

e) the Company may make a contract to purchase ordinary shares under this authority prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares pursuant to any such contract as if such authority had not expired.

Ordinary Resolution – To renew authority for the continuance of the Scrip Dividend Scheme

9. That the directors be and are hereby authorised pursuant to Article 77 of the Company's Articles of Association to resolve, at their discretion, that the holders of ordinary shares be entitled to elect to receive an allotment of ordinary shares as credited as fully paid in lieu of any interim or final dividend (or part thereof) declared in respect of each financial year from and including the year ended 30 September 2012 up to and including the financial year ending 30 September 2016 and any interim dividend (or part thereof) declared in respect of each financial year up to and including the financial year ended 30 September 2017, provided that such resolution of the directors is in accordance with, and subject to, the provisions of Article 77 of the Company's Articles of Association.

On behalf of the Board

Simon Denyer
Group Finance Director & Company Secretary
14 December 2012

Registered Office
10 Paternoster Square
London EC4M 7LT

Notice of Annual General Meeting

Notes:

Right to appoint a proxy
Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member

A proxy form which may be used to make such appointment and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact the Company's Registrar, Computershare Investor Services PLC, on 0870 707 1203.

Procedure for appointing a proxy
To be valid, the proxy form must be received by post or (during normal business hours only) by hand at the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, no later than 3 February 2013 at 11.00 a.m. (or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned meeting). It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority.

The return of a completed proxy form will not preclude a member from attending the Annual General Meeting and voting in person if he or she wishes to do so.

Record date
To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company as at 11.00 a.m. on 3 February 2013 or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the meeting.

Corporate representatives
Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Communications
Members who have general enquiries about the meeting should use the following means of communication. No other means of communication will be accepted. You may:

• call our members' helpline on 0870 707 1203 or

• write to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.

Explanatory Notes to the Notice of 2013 Annual General Meeting

In the following notes, references to the "current" issued share capital of the Company are to the 114,728,057 issued ordinary shares of 5p each in the capital of the Company in issue as at the close of business on 4 January 2013 (being the latest practicable date before the publication of this document).

Resolution 1 – Report and accounts
The directors are required to present the accounts for the year ended 30 September 2012 to the meeting.

Resolution 2 – Declaration of final dividend
A final dividend can only be paid if it is recommended by the directors and approved by the shareholders at a general meeting. The directors propose that a final dividend of 4.0p per ordinary share be paid on 12 April 2013 to ordinary shareholders who are on the Register of Members at the close of business on 14 December 2012. Shareholders are being offered the option to receive new ordinary shares as an alternative to cash in respect of this dividend, subject to resolution 9 being approved.

Resolutions 3 and 4 – Reappointment of directors
The Articles of Association of the Company require the nearest number to one third of the directors to retire at each Annual General Meeting. In addition, any director who has been appointed since the last Annual General Meeting must retire and may offer him or herself for re-election and such directors are not counted in calculating the number of directors to retire by rotation. There were no new director appointments made during the year and consequently, Mr Arculus and Mr Corbett are the only directors subject to rotation and re-election.

Resolution 5 – Reappointment of auditors
The Company is required to appoint auditors at each Annual General Meeting to hold office until the next such meeting at which accounts are presented. The resolution proposes the reappointment of the Company's existing auditors, PricewaterhouseCoopers LLP, and authorises the directors to agree their remuneration.

Resolution 6 – Authority to allot relevant securities
The Company requires the flexibility to allot shares from time to time and with effective from October 2009, the Companies Act 2006 (the "Act") abolished the requirement for a company to have an authorised share capital. The directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

The directors' existing authority to allot "relevant securities" (including ordinary shares and/or rights to subscribe for or convert into ordinary shares), which was granted (pursuant to section 551 of the Companies Act 2006) at the Annual General Meeting held on 2 February 2012, will expire at the end of this year's Annual General Meeting. Accordingly, paragraph (i) of resolution 6 would renew and increase this authority (until the next Annual General Meeting or unless such authority is revoked or renewed prior to such time) by authorising the directors (pursuant to section 551 of the Act) to allot relevant securities up to an aggregate nominal amount equal to approximately one third of the current issued share capital of the Company. Save in respect of the issue of new ordinary shares pursuant to the Company's share incentive schemes or as a result of scrip dividends, the directors currently have no plans to allot relevant securities, but the directors believe it to be in the interests of the Company for the Board to be granted this authority, to enable the Board to take advantage of appropriate opportunities which may arise in the future.

Resolution 7 – Disapplication of statutory pre-emption rights
This resolution seeks to disapply the pre-emption rights provisions of section 561 of the Act in respect of the allotment of equity securities for cash pursuant to rights issues and other pre-emptive issues, and in respect of other issues of equity securities for cash up to an aggregate nominal value of £286,820.10 (5,736,402 shares), being an amount equal to approximately 5 per cent. of the current issued share capital of the Company. If given, this power will expire at the same time as the authority referred to in resolution 6. The directors consider this power desirable due to the flexibility afforded by it. Save in respect of the issue of new ordinary shares pursuant to the Company's share incentive schemes, the directors have no present intention of issuing any equity securities for cash pursuant to this disapplication.

Explanatory Notes to the Notice of Annual General Meeting

Resolution 8 – Authority to purchase Company's own shares

The Articles of Association of the Company provide that the Company may from time to time purchase its own shares subject to statutory requirements. Such purchases must be authorised by the shareholders at a general meeting. This resolution seeks to grant the directors authority (until the next Annual General Meeting or (if earlier), unless such authority is revoked or renewed prior to such time) to make market purchases of the Company's own ordinary shares, up to a maximum of 11,472,805 shares, being an amount equal to approximately 10 per cent. of the current issued share capital of the Company. The maximum price payable would be an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share of the Company for the five business days immediately preceding the date of purchase and the minimum price would be the nominal value of 5p per share. Although the directors have no current intention to make such purchases, they consider that it is in the best interests of the Company and its shareholders to keep the ability to make market purchases of the Company's own shares in appropriate circumstances, without the cost and delay of a general meeting. The authority would only be exercised if the directors believe the purchase would enhance earnings per share and be in the best interests of shareholders generally. The Company may hold in treasury any of its own shares that it purchases in accordance with the authority conferred by this resolution. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with greater flexibility in the management of its capital base.

Resolution 9 – To renew authority for the continuance of the Scrip Dividend Scheme for holders of ordinary shares

Under the Articles of Association, the directors may, with the authority of the Company in general meetings, offer to holders of ordinary shares the opportunity to elect to receive dividends in the form of New Shares instead of cash. The directors obtained such authority at the Annual General Meeting of the Company held on 29 January 2008 and wish to renew the authority as the directors believe that the offer of the Scrip Dividend Scheme is advantageous to shareholders and allows shareholders to increase their shareholding in the Company in a simple manner without paying dealing costs or stamp duty.

Documents available for inspection

There will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), and for at least 15 minutes prior to and during the Annual General Meeting, copies of:

(1) the service contract of each executive director and the letter of appointment of each non-executive director; and,

(2) the Articles of Association of the Company.

(3) Scrip Dividend Scheme.

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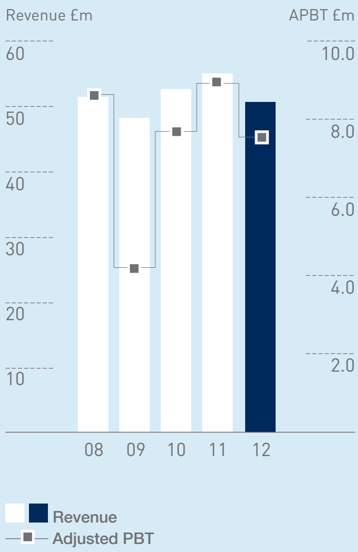
Five Year Trends

Revenue and Adjusted Profit Before Tax

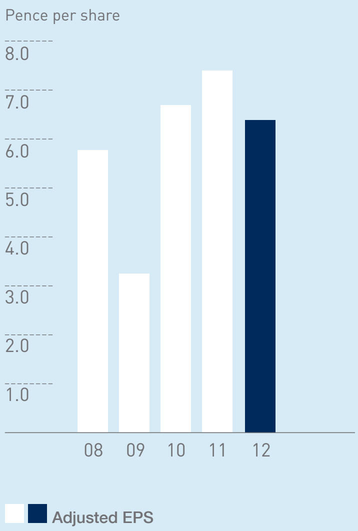


-2.9%

Annual compound performance of adjusted profit before tax over 5 years reflecting the subdued nature of primary revenues as UK equity fund raising activity across the market has curtailed due to economic uncertainties.

Adjusted EPS Performance

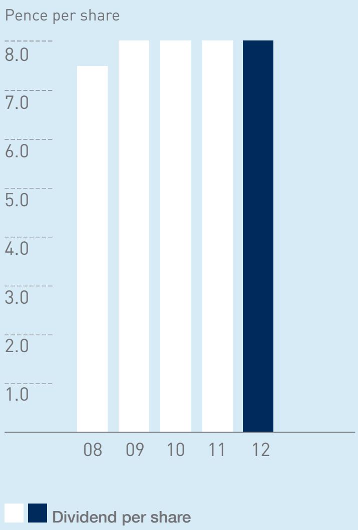
(before non-recurring items)



2.5%

Annual compound performance of adjusted EPS over 5 years reflecting the challenging markets but also a stable trend against a backdrop of extremely challenging market conditions and fierce competition.

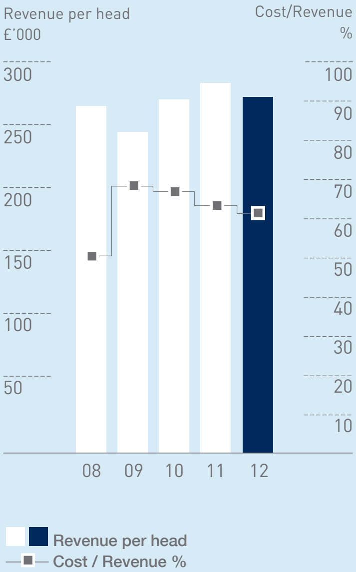
Dividend Performance



1.6%

Annual compound performance in total dividend per share over 5 years reflecting our strong balance sheet and capital position which has enabled us to maintain the dividend over the broad economic cycle.

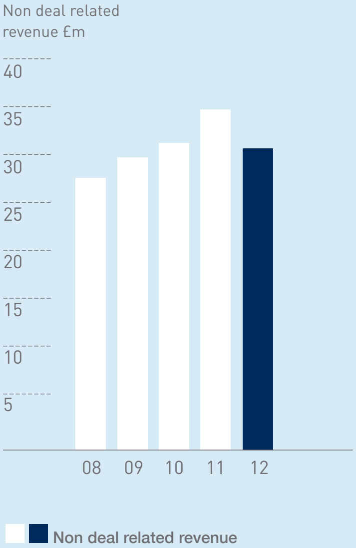
Cost Ratio and Revenue per Head



0.7%

Annual compound performance of revenue per head over 5 years reflecting challenging market conditions but our willingness to invest in high calibre staff whilst keeping staff costs under control.

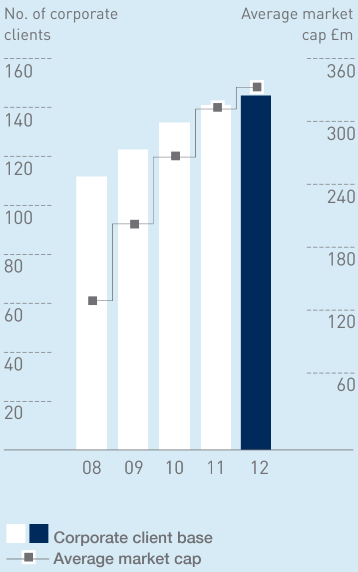
Non Deal Related Revenue



2.6%

Annual compound performance of non deal revenue over 5 years refecting the resilient performance of institutional commission, increased market share and growth in corporate clients.

Corporate Client Base and Average Market Cap



26.7%

Annual compound performance of average market capitalisation of our corporate client base over 5 years reflecting the growth in quality of our client base and the success in winning FTSE 250 brokerships which now total 28.

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Information for Shareholders

Financial Calendar

December	Year end results announced
January	Annual report issued
February	Final dividend paid
May	Half year results announced and half year report issued
July	Interim dividend paid

Company Registration Number

2375296

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EC4M 7LT

Nominated Adviser

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7 More London
Riverside
London
SE1 2RT

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Independent Auditors

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Chartered Accountants and Statutory Auditors
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Bankers

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