

NUMIS SECURITIES LIMITED
COMPANY NUMBER 2285918
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

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NUMIS SECURITIES LIMITED
(Registered Number 2285918)
ANNUAL REPORT
YEAR ENDED 30 SEPTEMBER 2007

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**NUMIS SECURITIES LIMITED
DIRECTORS, OFFICERS AND REGISTERED OFFICE**

DIRECTORS

OA Hemsley	(Chairman & Chief Executive)
AL Heath	(appointed 3 October 2006)
HGE Jenkins	
RHW Morecombe	
JSJ Mundi	
DJ Poutney	
CWV Robins	(appointed 3 July 2007)
WEJ Trent	
LM Tilbian	
GC Forestier-Walker	
The Hon PNN Turner	(resigned 30 November 2007)
W Wallis	(appointed 3 September 2007)

SECRETARY

WEJ Trent

REGISTERED OFFICE

The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

AUDITORS

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hays Lane
London
SE1 2RD

NUMIS SECURITIES LIMITED DIRECTORS' REPORT

The directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 September 2007

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide integrated investment banking services. This activity encompasses a full range of research, execution, corporate broking and corporate finance services to companies quoted in the UK and their investors. The Company is a member firm of the London Stock Exchange and is regulated by the Financial Services Authority.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company is a wholly owned subsidiary undertaking of Numis Corporation Plc, a United Kingdom registered company. It is a leading independent, research led firm offering a full range of investment banking services.

The Company has effective ownership of 100% of the issued share capital of the following companies:

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

*changed name from Numis Capital Limited as of 14 August 2007

The directors are pleased to report that a strong performance has delivered another record year of profits for the Company. For the year ended 30 September 2007 total revenue was up 15 % to £82.1m (2006: £71.3m). Profit before tax and before non-recurring property costs for the year rose to £36.7m (2006: £35.1m) while net assets increased to £87.0m (2006: £69.1m) and cash balances to £76.9m (2006: £73.3m).

2007 has been a very active year for Numis and has seen the business develop considerably. We have been successful in recruiting some first class people and our secondary market business has grown significantly, both in the UK and US. Numis is becoming recognised as a leading investment banking and broking business serving institutional investors and companies listed in the UK. In recognition of this progress, we have been voted Leading Brokerage Firm for UK Stocks of less than £1bn market capitalisation in the 2007 Thomson Extel Survey. We are also making significant progress in larger stocks and now have 7 FTSE 250 corporate clients, as well as having grown significant secondary market share in many other FTSE 250 companies where we are not broker.

We continue to invest in highly capable staff in all areas of the business and in improving our service to clients. During the year our average headcount has increased from 137 to 162 with revenue per employee of £506,845 (2006: £520,510). Despite this expansion and a number of infrastructure costs being borne this year, tight cost control has ensured our expense ratio and margins remain at acceptable levels – with costs before bonuses and non-recurring property cost at 43 % of revenue (2006: 37 %) and profit margins before non recurring property costs of 45 % (2006: 49 %).

After an exceptionally busy first half for our corporate clients, the last quarter slowed as a result of volatility in market conditions. However, the number of corporate clients for whom we act has risen to 109 (2006: 101) and their average market capitalisation has risen to £195m (2006: £154m). As a result the total market capitalisation of our clients has reached £21.2b (2006: £15.7b). Our clients raised a total of £1,182m (2006: £1,465m) through 40 transactions across a broad range of sectors. It is also pleasing to note that over 70% of these transactions were on behalf of existing clients, reflecting the success of our corporate clientele, the quality of our service and the strength of our relationships with them. 2007 has been a very active year on the corporate advisory side of our business and we have acted in 15 M&A transactions with a total value of £2.4bn.

Our research and execution services are recognised as being exceptional. In this year's Thomson Extel survey, Numis was rated as the top broker overall for stocks of less than £1bn market capitalisation. Our research teams were placed 1st in 5 out of 14 research sectors, were ranked in the top 3 in 10 sectors and were ranked 1st overall in research in the Thomson Extel survey. During the last year we have also materially strengthened our capability in building & construction, engineering, fast moving consumer goods and speciality financials, with the recruitment of high quality analysts. We now have a recognised capability in 14 sectors, including aerospace & defence, building & construction, engineering, fast moving consumer goods, life sciences, media, metals & mining, new energy & emissions, non-life insurance, retail, speciality financials and support services, technology and travel & leisure.

NUMIS SECURITIES LIMITED
DIRECTORS' REPORT
(continued)

Our execution services have made a major contribution to the development of our reputation and the growth in institutional commissions. Our execution business continues to be focused on client facilitation, rather than generating proprietary trading profits and was rewarded with a 1st place in the Thomson Extel survey for the second year running. We continue to develop our execution services and have invested significantly in new technology including algorithmic and other electronic trading capabilities.

Numis has a very strong balance sheet, a hard-earned track record, committed staff and a hunger to build the business and perform in both favourable and unfavourable market conditions. We recognise that current market conditions are difficult and the outlook is uncertain. However, our challenge is to continue to grow the business in a possible lengthy downturn. We have achieved this in the past and we believe we can do so again. We are determined to grow the business organically in a contracyclical fashion. We will exploit the volatility in the market to attract clients and staff to Numis and continue to build our franchise and create long term value for our shareholders.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are set out in note 27 to the financial statements.

RESULTS AND DIVIDENDS

The Directors do not propose to pay a dividend (2006 187.5p)

The results of the Company for the financial year are set out in the income statement on page 9.

DIRECTORS AND THEIR INTERESTS

No director had any direct interest in the shares of the Company at 30 September 2007. All the directors served throughout the year other than the following:

AL Heath	(appointed 3 October 2006)
CWV Robins	(appointed 3 July 2007)
W Wallis	(appointed 3 September 2007)

Shareholdings in parent company

The directors' beneficial interests in the ordinary shares of 5p each of the holding company, Numis Corporation Plc, other than those who were also directors of Numis Corporation Plc (their interests being disclosed in the Group financial statements of that company), are disclosed below:

	30 September 2007		30 September 2006+	
	No. of ordinary shares	%	No. of ordinary shares	%
GC Forestier-Walker	137,976	0.13%	132,659	0.13%
HGE Jenkins	80,000	0.05%	50,000	0.05%
RHW Morecombe	2,477,475	2.34%	2,473,977	2.34%
JSJ Mundi	837,658	0.79%	649,927	0.61%
DJ Poutney	7,612,409	7.21%	7,635,848	7.21%
AL Heath +	94,049	0.09%	-	-
CWV Robins +	119,271	0.11%	119,271	0.11%
W Wallis +	55,747	0.05%	55,747	0.05%
	11,414,585	10.77%	11,117,429	10.50%

+ Or date of appointment if later

NUMIS SECURITIES LIMITED
DIRECTORS' REPORT
(continued)

Directors' interests under the Long Term Incentive Plan

The disclosures for directors' remuneration and other benefits paid by the Company has been included in note 6

The directors of the Company at 30 September 2007 who were not directors of the holding company, Numis Corporation Plc, held interests in the ordinary shares of Numis Corporation plc under the long term incentive plan ("LTIP") of that company. The interests of those who were also directors of Numis Corporation Plc are disclosed in the Group financial statements. The interests of the remaining directors in the matching shares to which they are prospectively entitled under the LTIP were as follows

	No held as at 01 Oct 2006 +	Awarded during the Year	Vested during the year	Forfeited during the year	No held as at 30 Sept 2007
GC Forester-Walker	75,493	8,688	-	-	84,181
RHW Morecombe	142,855	-	-	-	142,855
JSJ Mundi	625,485	173,766	-	-	799,251
DJ Poutney	31,745	-	-	-	31,745
AL Heath +	-	93,457	-	-	93,457
CWV Robins +	-	119,271	-	-	119,271
W Wallis +	55,747	-	-	-	55,747
	<u>931,325</u>	<u>395,182</u>	<u>-</u>	<u>-</u>	<u>1,326,507</u>

+ Or date of appointment if later

The interests outlined above are subject to vesting conditions requiring the continued employment of the director. The earliest vesting date for these interests is 20 June 2008

Directors' share options

Details of directors' share option interests in the ordinary shares of the holding company (other than those who were also directors of Numis Corporation Plc) were as follows

	No held as at 1 October 2006	Granted	Exercised	Transferred (see note below)	No held as at 30 September 2007	Gain on Exercise £
HE Jenkins	150,000	-	(30,000)	-	120,000	77,092

The next date by which one of the option tranches must be exercised is 28 March 2010 and the latest date for exercise of the final tranche of options is 9 May 2010. The allotment prices for the options ranged between 50.5p and 58.5p

Under the terms of an Option Exchange Plan, directors may choose to transfer their options by converting them into shares held in trust at the given allotment price. These shares must then be held for a further 2 years prior to disposal. There were no option transfers during the year relating to such arrangements

NUMIS SECURITIES LIMITED
DIRECTORS' REPORT
(continued)

Loans to directors

Details of loans to directors (made in respect of LTIP arrangements and on the same terms as all other employees) were as follows

	30 September 2007 £	30 September 2006 + £
AL Heath +	2,500	-
CWV Robins +	159,227	159,227
W Wallis +	120,000	120,000
	<u>281,727</u>	<u>279,227</u>

+ Or date of appointment if later

All loans are repayable out of future bonuses but payment terms are at the discretion of the directors of the Company. All loans must be repaid in full on termination of employment.

AUDITORS

PricewaterhouseCoopers LLP is eligible for reappointment as auditor to the Company and a resolution proposing its re-appointment will be proposed at the AGM on 29 January 2008.

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 1, with the exception of The Hon PNN Turner who retired with effect from 30 November 2007. 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 audit or preparation of their auditors 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.

TRADE RECEIVABLES

The Company does not extend credit terms to its clients. On average the Company's clients have taken 3 days to settle.

TRADE PAYABLES - SUPPLIERS

The Company 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. On average the Company has taken 17 days to pay suppliers during the past financial year.

CHARITABLE DONATIONS

During the year, the Company made charitable donations of £50,000 to UK charities (2006: £8,000).

NUMIS SECURITIES LIMITED
DIRECTORS' REPORT
(continued)

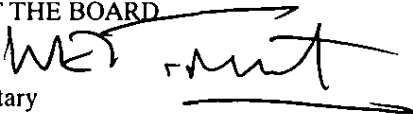
EMPLOYMENT POLICY

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

RISKS MANAGEMENT

The major business and financial risks to which the Company is exposed along with the controls in place to minimise these risks are described in note 26 to the financial statements

BY ORDER OF THE BOARD

WEJ Trent 
Company Secretary
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

15 January 2008

NUMIS SECURITIES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the report of the independent auditors, set out on page 8, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements

The directors are responsible for preparing the financial statements. They are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year. In preparing those financial statements, the directors are required to

- 1 select suitable accounting policies and then apply them consistently,
- 2 make judgments and estimates that are reasonable and prudent,
- 3 state whether applicable accounting standards have been followed, and
- 4 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors consider that the Company has adopted suitable accounting policies and they have been used and applied consistently. They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 30 September 2007 and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with company law. They are also responsible for safeguarding the assets of the Company 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NUMIS SECURITIES LIMITED

We have audited the financial statements of Numis Securities Limited for the year ended 30 September 2007 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 September 2007 and of its profits and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
18 January 2008

NUMIS SECURITIES LIMITED
INCOME STATEMENT
YEAR ENDED 30 SEPTEMBER 2007

		2007	2006
Continuing operations		£	£
	Notes		
Revenue	3	81,629,901	70,915,259
Other operating income	4	479,002	394,554
Total revenue		82,108,903	71,309,813
Administrative expenses		(50,752,844)	(39,241,233)
Operating profit		31,356,059	32,068,580
Analysed as			
Operating profit before exceptional non-recurring property costs		33,551,747	32,268,580
Exceptional non-recurring property costs	5	(2,195,688)	(200,000)
Operating profit		31,356,059	32,068,580
Finance income	7	4,161,914	3,149,058
Finance costs	8	(390,695)	(241,897)
Profit before tax		35,127,278	34,975,741
Taxation	9	(10,750,636)	(9,913,683)
Profit after tax		24,376,642	25,062,058
Attributable to:			
Equity holders of the Company		24,376,642	25,062,058
 Memo - dividends	10	(6,750,000)	-

All amounts shown in the profit and loss account derive from continuing operations of the Company

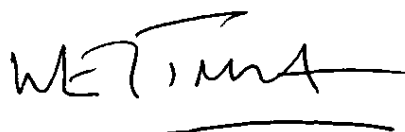
The accompanying notes are an integral part of these financial statements

NUMIS SECURITIES LIMITED
BALANCE SHEET
30 SEPTEMBER 2007

	Notes	2007 £	2006 £
Non current assets			
Property, plant and equipment	11	3,042,625	1,298,376
Intangible assets	12	382,438	413,899
Investment in subsidiaries	13	2,365,878	2,174,060
Derivative financial instruments	14	-	1,606,356
Deferred tax	15	1,839,715	2,904,216
		7,630,656	8,396,907
Current assets			
Trade and other receivables	16	172,614,770	156,967,511
Trading investments	17	21,243,611	24,070,829
Stock borrowing collateral		8,604,519	8,058,653
Derivative financial instruments	14	2,928,918	1,062,451
Cash and cash equivalents	18	76,886,665	73,256,182
		282,278,484	263,415,626
Current liabilities			
Trade and other payables	19	(187,441,929)	(191,585,177)
Financial liabilities		(8,236,761)	(5,424,073)
Provisions	20	(2,377,249)	(200,000)
Current income tax		(2,970,850)	(2,329,424)
		(201,026,789)	(199,538,674)
Net current assets		81,251,695	63,876,952
Non current liabilities			
Provisions	20	(1,927,045)	(3,207,206)
Net assets		86,955,306	69,066,653
Equity			
Share capital	21	2,000,000	2,000,000
Retained profits		84,955,306	67,066,653
Equity attributable to equity holders of the Company		86,955,306	69,066,653

The accompanying notes are an integral part of these financial statements

Signed on behalf of the Board 15 January 2008



WEJ Trent
Director

NUMIS SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2007

	Notes	Share Capital £	Retained Profits £	Total £
Attributable to equity holders of the Company at 1 October 2006		2,000,000	67,066,653	69,066,653
Profit after tax			24,376,642	24,376,642
Dividends paid			(6,750,000)	(6,750,000)
Items related to share-based payments			99,747	99,747
Items related to prior year bonus allocation	28		162,265	162,265
Attributable to equity holders of the Company at 30 September 2007		2,000,000	84,955,306	86,955,306
Attributable to equity holders of the Company at 1 October 2005		2,000,000	42,520,595	44,520,595
Profit after tax			25,062,058	25,062,058
Dividends paid			-	-
Items related to share-based payments			(516,000)	(516,000)
Attributable to equity holders of the Company at 30 September 2006		2,000,000	67,066,653	69,066,653

The accompanying notes are an integral part of these financial statements

NUMIS SECURITIES LIMITED
CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2007

	Notes	2007 £	2006 £
Cash flows from operating activities	22	29,183,590	33,794,775
Interest paid		(21,311)	(41,138)
Taxation paid		(9,124,004)	(14,008,501)
Net cash from operating activities		20,038,275	19,745,136
Investing activities			
Purchase of property, plant and equipment		(2,912,240)	(684,512)
Purchase of intangible assets		(197,845)	(306,416)
Interest received		4,161,914	3,149,058
Investment in subsidiaries		(364,816)	(1,415,760)
Net cash from investing activities		687,013	742,370
Financing activities			
Loans made to the Employee Benefit Trust		(10,344,805)	(6,508,363)
Dividends paid		(6,750,000)	-
Net cash (used in) financing activities		(17,094,805)	(6,508,363)
Net movement in cash and cash equivalents		3,630,483	13,979,143
Opening cash and cash equivalents		73,256,182	59,277,039
Net movement in cash and cash equivalents		3,630,483	13,979,143
Closing cash and cash equivalents		76,886,665	73,256,182

The accompanying notes are an integral part of these financial statements

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

1 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements of the Company are described below. These policies have been consistently applied to the years presented.

(a) Basis of Preparation

The Company financial statements and financial information contained within these financial statements have been prepared for the first time in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and in accordance with IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS.

The Company has applied IFRS for the year ended 30 September 2007 with one year of comparative figures under IFRS as adopted by the EU. Figures presented are in sterling. In preparing these financial statements, the Company has elected to take advantage of certain transitional provisions within IFRS 1 'First-time adoption of International Financial Reporting Standards' ("IFRS 1") which offer exemptions from presenting comparative information in accordance with IFRS. The most significant optional exemption available and taken advantage of by the Company is as follows:

- IFRS 2 'Share Based Payments' ("IFRS 2"), In accordance with IFRS 1, the new standard has been applied only to share options and equity instruments granted after 7th November 2002 that have not vested by 1st October 2005.

The preparation of financial statements in conformity with generally accepted accounting principles 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 comprises 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 requires significant judgement in determining the changes in fair value since the last valuation date. In making this judgement the Company evaluates among other factors changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies.

Standards and interpretations

At the date of authorisation of these financial statements the following standards were in issue but not yet effective:

IFRS 7 Financial Instruments Disclosures

IFRS 8 Operating Segments

IFRS 10 Interim Financial Reporting and Impairment

None of the above standards are expected to have a significant impact on the financial statements of the Company.

IFRS 11 Group and Treasury Share Transactions, has been adopted by the Company.

(b) Revenue Recognition

The Company follows the principles of IAS 18, 'Revenue Recognition', in determining appropriate revenue recognition policies. In principle, therefore, revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Company.

Revenue comprises institutional commissions, net trading gains or loss, corporate broking retainers, deal fees, placing commissions and investment income.

Institutional commissions are recognised on trade dates. 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. Investment income is the realised and unrealised gains and losses from securities held outside the market making portfolio on a trade date basis.

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

Corporate retainers are recognised on an accruals basis. Deal fees and placing commissions are only recognised once there is an absolute contractual entitlement for Numis to receive them.

(c) Segment Reporting

Business segments are distinguishable components of the Company that provide products or services that are subject to risks and rewards that are different to those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and rewards that are different to those of components operating in economic environments. Numis operates a single integrated business and, although there are different revenue types (the contributions from which are separately disclosed), there is no meaningful segmentation of profits, assets, liabilities or net assets.

(d) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. 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.

(e) 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 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.

(f) 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.

(g) Financial Assets and Liabilities

Trading investments and financial liabilities represent market making positions and other investments held for resale in the near term and are stated at fair value. Gains and losses arising from the changes in fair value are taken to the income statement.

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 may be 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.

Loans and receivables are non-derivative financial instruments which have a fixed or easily determinable value. They are recognised at cost less any impairment in their value and are included in trade and other receivables.

The Company 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.

(h) Derivatives

The Company 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 Company has not sought to apply the hedging requirements of IAS 39.

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

The Company's forward exchange contracts do not subject the Company 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. Fair value is estimated using the settlement rates prevailing at the period end.

All gains and losses resulting from the settlement of the contracts are recorded within Finance Costs in the income statement. The Company does not enter into forward exchange contracts for the purpose of hedging anticipated transactions.

Equity options and warrants are initially accounted for and measured at fair value on the date the Company 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 net trading income. 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.

(i) 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.

(j) Stock Borrowing Collateral

The Company enters stock borrowing 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 with a commitment to return it at a future date at an agreed price. The securities purchased are not recognised on the balance sheet and the transaction is treated as a secured loan made for the purchase price. Where cash has been used to effect the purchase, the cash collateral amount is recorded as a pledged asset on the balance sheet. 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 within cash and cash equivalents with the value of security pledged disclosed separately.

(k) Trade and Other Receivables

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Client, broker and other counterparty balances represent unsettled sold securities transactions and are recognised on a trade date basis. All such balances are shown gross.

(l) Trade and Other Payables

Trade and other payables are stated at their nominal value. The Company 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. All balances are shown gross.

(m) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with an original maturity of 3 months or less.

(n) 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 that relate to periods greater than twelve 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

NUMIS SECURITIES LIMITED
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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.

(o) Clients' Deposits

All money held on behalf of clients has been excluded from the balances of cash at bank and in hand and amounts due to clients, brokers and other counterparties. Client money is not held directly, but is placed on deposit in segregated designated accounts with a bank. The amounts held on behalf of clients at the balance sheet date are included in note 18.

(p) Pension Costs

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

(q) 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.

(r) Foreign Currencies

Transactions denominated in foreign currencies are translated into the functional currency of the Company, UK Sterling, 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 at the rates prevailing at the date when the fair value was determined.

(s) 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.

(t) Employee Share Ownership Plans

The Company participates in the group Employee Share Ownership Plans ("ESOP"). The ESOP encompasses a Long Term Incentive Plan ("LTIP"), and discretionary option awards. An ESOP trust, operated by Numis Corporation Plc for the benefit of directors and employees of the group, acquires ordinary shares in Numis Corporation Plc to be held on trust for the benefit of, and ultimately distributed to, employees of the group either on the exercise of share options or other remuneration arrangements. The Company participates in the LTIP arrangements which offer to match one ordinary share for each ordinary share bought by the directors or employees subject to a 5 year vesting period.

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. 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. No expense is recognised in respect of option awards granted before 7th November 2002 or which have vested before 1st October 2005.

(u) Dividends

Dividends payable are recognised when the dividend is paid or approved by shareholders.

(v) Exceptional Items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Company's financial performance.

(w) Investment in Subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment.

NUMIS SECURITIES LIMITED
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(x) Intermediate Parent Undertaking

The Company has taken advantage of the exemptions under IAS 27 "Consolidated and separate financial statements", from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, Numis Corporation Plc

2 SEGMENTAL INFORMATION

The Company operates an integrated investment banking business and, although there are different revenue types (the contributions from which are separately disclosed in note 3), there is no further distinguishable segmentation of the business

3. REVENUE

	2007 £	2006 £
Net trading gains/(losses)	4,980,139	(2,276,786)
Institutional commissions	24,577,515	18,720,084
Corporate retainers	3,757,279	3,463,828
Deal fees	15,461,245	8,979,826
Placing commissions	32,853,724	42,028,307
	<u>81,629,901</u>	<u>70,915,259</u>

The gross value of transactions during the year in which the Company acted as principal for the sale or purchase of securities was £20,977m (2006 £16,370m)

4. OTHER INCOME

	2007 £	2006 £
Investment income	472,393	111,000
Other	6,608	283,554
	<u>479,002</u>	<u>394,554</u>

Investment income arises from gains and losses made on investments in securities which are held outside of the market making portfolio but which are held for resale in the near term and therefore are stated at fair value

5. OPERATING PROFIT

Operating profit is stated after charging

	2007 £	2006 £
Depreciation of property, plant and equipment	623,426	565,758
Amortisation of intangible assets	229,306	201,839
Operating lease costs	1,704,755	677,107
Staff costs (see note 6)	31,814,584	27,422,414
Auditors' remuneration		
PricewaterhouseCooper LLP		
Audit services to the Company	235,160	223,814
Tax services	49,550	82,360
Other services	62,125	167,126

Exceptional non-recurring property costs comprise costs associated with the exit from our previous principal office at 138 Cheapside, London EC2 in March 2007

NUMIS SECURITIES LIMITED
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6. STAFF COSTS

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

	2007	2006
	£	£
Wages and salaries	13,153,641	10,752,713
Bonuses	13,295,250	12,659,475
Social security costs	3,724,742	2,578,100
Compensation for loss of office	53,000	86,160
Other pension costs (see note 25)	490,863	507,441
LTIP award costs	1,097,088	838,525
	<u>31,814,584</u>	<u>27,422,414</u>

The average number of staff (including executive directors) employed during the year was

	2007	2006
	Number	Number
Average for the year		
Professional	123	107
Administration	39	30
	<u>162</u>	<u>137</u>
At the year end	<u>174</u>	<u>155</u>

Directors' remuneration

The total amounts for directors' remuneration and other benefits in respect of services as directors were as follows

	2007	2006
	£	£
Emoluments	2,622,751	2,608,900
Money purchase contributions	51,372	18,810
	<u>2,674,123</u>	<u>2,627,710</u>

This remuneration relates to the four (2006 four) executive directors who have earned amounts in respect of services as directors of the Company. The remaining directors did not receive or become entitled to any remuneration for services as directors of the Company for the period.

The above amounts do not include any gains made on the exercise of options over the shares of the parent undertaking. For those directors where remuneration was earned for services to the Company in the capacity of director, two directors exercised share options in the period (2006 two). In addition, directors may hold interests in the parent undertaking's shares under a long term incentive plan ("LTIP"), during the period no directors were awarded shares under the LTIP in respect of qualifying services (2006 one). The gains arising on exercise of options by directors of the Company (other than those who were also directors of Numis Corporation Plc) are disclosed in the Directors' Report.

Pensions

All directors as at the year end are members of individually arranged money purchase schemes.

NUMIS SECURITIES LIMITED
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Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director

	2007 £	2006 £
Emoluments	1,174,113	1,176,894
Company contributions to money purchase pension schemes	18,750	9,375
	<u>1,192,863</u>	<u>1,186,269</u>

7 FINANCE INCOME

	2007 £	2006 £
Interest receivable and similar income	4,161,914	3,149,058

8 FINANCE COSTS

	2007 £	2006 £
Interest payable	21,311	41,138
Net foreign exchange losses	369,384	200,759
	<u>390,695</u>	<u>241,897</u>

NUMIS SECURITIES LIMITED
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9 TAXATION

The tax charge is based on the profit for the period and comprises

	2007	2006
	£	£
Current tax		
Corporation tax at 30% (2006 30%)	10,768,181	10,781,773
Corporation tax under/(over) provided in previous year	(563,585)	-
	<hr/>	<hr/>
	10,204,596	10,781,773
Deferred tax		
Origination and reversal of timing differences	16,760	(583,090)
Adjustments in respect of previous years	529,280	(285,000)
	<hr/>	<hr/>
	10,750,636	9,913,683
	<hr/>	<hr/>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	35,127,278	34,975,741
	<hr/>	<hr/>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax	10,538,183	10,726,722
Effects of:		
Expenses not deductible for tax purposes	225,791	7,172
Capital allowances for the period in excess of depreciation	(76,858)	84,464
Option exercises during the year	-	(402,357)
Other timing differences	(178,406)	365,772
Prior year adjustments	(563,585)	-
Other permanent differences	259,471	-
	<hr/>	<hr/>
Current tax charge for the year	10,204,596	10,781,773
Deferred tax - origination and reversal of timing differences	16,760	(583,090)
Adjustments in respect of previous years	529,280	(285,000)
	<hr/>	<hr/>
Total tax charge	10,750,636	9,913,683
	<hr/>	<hr/>

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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10 DIVIDENDS

Dividends paid on ordinary shares during the year totalled £6,750,000 (2006 £Nil)

11 PROPERTY, PLANT AND EQUIPMENT

The movement during the year and prior year was as follows

	Furniture and fittings £	Leasehold improvements £	Office and computer equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2006	608,013	1,262,528	1,387,321	27,421	3,285,283
Additions	211,013	1,855,363	845,864	-	2,912,240
Impairment	(32,574)	(511,991)			(544,565)
Disposals	-	(763,825)	-	-	(763,825)
At 30 September 2007	786,452	1,842,075	2,233,185	27,421	4,889,133
Depreciation					
At 1 October 2006	339,086	725,594	894,806	27,421	1,986,907
Charge for the year	99,401	109,867	414,158	-	623,426
Disposals	-	(763,825)	-	-	(763,825)
At 30 September 2007	438,487	71,636	1,308,964	27,421	1,846,508
Net book value					
At 1 October 2006	268,927	536,934	492,515	-	1,298,376
At 30 September 2007	347,965	1,770,439	924,221	-	3,042,625

	Furniture and fittings £	Leasehold improvements £	Office and computer equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2005	560,081	1,241,030	1,051,361	27,421	2,879,893
Additions	96,593	23,613	564,306	-	684,512
Impairment	(13,750)	(639)	(56,818)	-	(71,207)
Disposals	(34,911)	(1,476)	(171,528)	-	(207,915)
At 30 September 2006	608,013	1,262,528	1,387,321	27,421	3,285,283
Depreciation					
At 1 October 2005	270,741	486,414	844,488	27,421	1,629,064
Charge for the year	103,256	240,656	221,846	-	565,758
Disposals	(34,911)	(1,476)	(171,528)	-	(207,915)
At 30 September 2006	339,086	725,594	894,806	27,421	1,986,907
Net book value					
At 1 October 2005	289,340	754,616	206,873	0	1,250,829
At 30 September 2006	268,927	536,934	492,515	0	1,298,376

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12 INTANGIBLE ASSETS

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

	2007 Purchased Software £	2006 Purchased Software £
Cost		
At 1 October	755,568	449,152
Additions	197,845	306,416
At 30 September	953,413	755,568
Amortisation		
At 1 October	341,669	139,830
Charge for the year	229,306	201,839
At 30 September	570,975	341,669
Net book value		
At 1 October	413,899	309,322
At 30 September	382,438	413,899

13 INVESTMENTS IN SUBSIDIARIES

The Company beneficially owns the issued share capital of the following companies

Subsidiary	Country of incorporation	Principal activity	Share capital	Company shareholding
Numis Securities Inc	United States of America	Stockbroking	\$1,525,000	100%
Numis Nominees Limited	United Kingdom	Dormant	£12	100%
Numis Nominees (NSI) Limited	United Kingdom	Dormant	£2	100%

Movements during the year were as follows

	2007 £	2006 £
As at 1 October	2,174,060	860,312
Additional capital contributions	364,816	1,415,760
Foreign exchange movements	(172,998)	(102,012)
As at 30 September	2,365,878	2,174,060

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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14 DERIVATIVE FINANCIAL INSTRUMENTS

	£
At 1 October 2006	2,668,807
Transfer to parent at fair value	(2,141,807)
Disposal	(2,432,469)
Revaluation to fair value in the year recognised in the income statement	4,834,387
At 30 September 2007	2,928,918

	2007	2006
	£	£
Included in current assets - listed	2,429,184	526,999
Included in current assets - unlisted	499,734	535,452
Included in non-current assets - unlisted	-	1,606,356
	2,928,918	2,668,807

The Company holds equity options and warrants over certain securities. Although the options and warrants themselves are not generally 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 2007 there were no outstanding forward foreign exchange contracts.

15 DEFERRED TAX

The movement in the deferred tax balance is as follows

	2007	2006
	£	£
At 1 October	2,904,216	2,553,126
Amounts charged to the income statement	359,025	285,000
Adjustments in respect of previous years	(546,040)	582,090
Amounts recognised on share based payments – equity	(877,486)	(516,000)
At 30 September	1,839,715	2,904,216
Deferred tax assets comprise		
In respect of share based payments	1,312,539	2,190,000
In respect of tax allowances in excess of depreciation	250,936	125,312
In respect of other timing differences	276,240	588,904
	1,839,715	2,904,216

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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16 TRADE AND OTHER RECEIVABLES

The following amounts are included within trade and trade receivables

	2007 £	2006 £
Due from clients, brokers and other counterparties	146,498,456	141,919,453
Amounts due from other group companies	1,196,821	1,754,246
VAT	-	17,387
Loans to directors and employees	2,160,648	1,079,151
Amounts due from Employee Benefit Trust	16,758,311	8,347,934
Other debtors, including corporate finance receivables	4,693,362	2,948,815
Prepayments and accrued income	1,307,172	900,525
	<u>172,614,770</u>	<u>156,967,511</u>

Loans are made at the discretion of the Company to directors and employees in order to purchase shares in the holding company under the terms of the LTIP. These are repayable on departure from the firm or as requested by the Company and are made at market rates of interest. The Company also operates a season ticket loan scheme which is available to directors and employees. Amounts outstanding in respect of season ticket loans at 30 September 2007 were £25,307 (2006 £24,901). Loans to the Employee Benefit Trust are non-interest bearing and are repayable on demand.

17 TRADING INVESTMENTS

	2007 £	2006 £
Listed on the LSE main market	6,486,176	7,005,504
Listed on AIM	11,748,552	10,706,650
Listed overseas	805,249	340,322
Unlisted UK investments	599,618	5,116,269
Unlisted overseas investments	1,427,336	153,520
Other	176,680	748,564
	<u>21,243,611</u>	<u>24,070,829</u>

18 CASH AND CASH EQUIVALENTS

	2007 £	2006 £
Cash and cash equivalents	76,886,665	73,256,182

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 Company 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 Company may have with them at that time. The balance on 30 September 2007 held on deposit for private clients was £80,652 (2006 £69,715). Cash held in segregated bank accounts in respect of placings undertaken for corporate clients amounted to £5.61m (2006 £0.12m).

NUMIS SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19 TRADE AND OTHER PAYABLES

	2007 £	2006 £
Amounts due to clients, brokers and other counterparties	133,294,067	139,495,237
Amounts owed to parent and other group undertakings	28,584,805	31,574,184
Other creditors		
- VAT	515,031	100,407
- Social security and PAYE	557,696	511,066
- Sundry creditors	2,211,716	503,116
Accruals and deferred income	22,278,614	19,401,167
	187,441,929	191,585,177

Amounts due to parent and other group undertakings are repayable on demand and are non-interest bearing

20 PROVISIONS

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

	LTIP £	Dilapidation £	Total £
At 1 October 2006	3,207,206	200,000	3,407,206
Amounts charged against provisions		(200,000)	(200,000)
Recognised in the income statement	1,097,088		1,097,088
At 30 September 2007	4,304,294	-	4,304,294

	LTIP £	Dilapidation £	Total £
At 1 October 2005	2,368,000	-	2,368,000
Amounts charged against provisions			-
Recognised in the income statement	839,206	200,000	1,039,206
At 30 September 2006	3,207,206	200,000	3,407,206

	2007 £	2006 £
Included in current liabilities	2,377,249	200,000
Included in non-current liabilities	1,927,045	3,207,206
	4,304,294	3,407,206

Dilapidation provisions were fully utilised following the move into new premises during the year ended 30 September 2007

The LTIP provision relates to the cash settled element of the LTIP arrangements, and is determined with reference to all the unvested awards that are expected to vest (taking into account management estimates regarding fulfillment of vesting conditions) and the year end share price. The weighted average life of the non current portion of the liability is 2.74 years (2006 2.28 years)

NUMIS SECURITIES LIMITED
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21 SHARE CAPITAL

	2007 £	2006 £
Authorised		
2,000,000 ordinary shares of £1 each	2,000,000	2,000,000
Issued and fully paid		
2,000,000 ordinary shares of £1 each	2,000,000	2,000,000

22 CASH FLOW STATEMENT

The reconciliation of operating profit to net cash inflow from operating activities is set out below

	2007 £	2006 £
Operating profit	31,356,059	32,068,580
Impairment of property, plant and equipment	544,565	71,207
Depreciation charges on property, plant and equipment	623,426	565,757
Amortisation of intangible assets	229,306	201,840
Decrease/(increase) in current asset trading investments	2,827,218	(5,568,472)
(Increase) in trade and other receivables	(3,160,646)	(30,471,087)
(Increase) in stock borrowing collateral	(545,866)	(201,357)
(Decrease)/increase in trade and other payables and provisions	(92,165)	39,366,555
(Increase) in derivatives	(2,401,919)	(2,139,501)
Other non-cash movements	(196,387)	(98,747)
Net cash from operating activities	29,183,590	33,794,775

23 RELATED PARTY TRANSACTIONS

Transactions between related parties

Details of transactions during the year between the Company and its parent and other group subsidiaries, which are related parties of the Company, are set out below

	2007 £	2006 £
Interest receivable from related parties	98,292	6,000
Income from management and execution services provided to subsidiaries	1,061,665	160,959
Loans advanced to the Employee Benefit Trust	10,344,805	6,508,363
Amounts in respect of income allocated to subsidiaries	2,042,333	-
Dividends paid to parent	6,750,000	-

The transactions identified above were entered into on an arms length basis

The parent company does not hold any cash balances and consequently any cash based transactions are effected on its behalf by the Company and passed through intercompany accounts. Amounts owed to the Company from its parent and other group subsidiaries are disclosed in note 16 and amounts owed by the Company to its parent and other group subsidiaries are disclosed in note 19.

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Key management compensation

The compensation earned by key management is set out below. Key management has been determined as the executive management team who have authority and responsibility for planning, directing and controlling the activities of the Company.

	2007	2006
	£	£
Salaries and short-term employee benefits	5,890,891	5,499,527
Post-employment benefits	62,000	116,000
Gains made on exercise of share options	2,976,000	604,000
Share-based payments	1,022,636	709,057
	9,951,527	6,928,584

LTIP and USRSP loans

Under the terms of the LTIP and USRSP equity incentive schemes participants may be offered a loan in order to fund their purchased shares. The loans outstanding to key management as at 30 September 2007 amounted to £282,000 (2006: £120,000). Such loans are made at market rates of interest and the amounts outstanding are unsecured 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.

24 ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary undertaking of Numis Corporation Plc, a company registered in England and Wales, which is the Company's parent company and ultimate controlling party. The results of the Company are consolidated in the financial statements of Numis Corporation Plc whose accounts are publicly available and can be obtained from Companies House, Crown Way, Maundy, Cardiff.

25 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Contingent liabilities

In the ordinary course of business, the Company 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 2007 (2006: nil). The contingent liability arising thereon cannot be quantified, although the directors do not believe that any material liability will arise under these indemnities.

Operating leases

At 30 September 2007 the Company had annual non-cancellable commitments under operating leases as set out below:

	2007	Property 2006
	£	£
Within one year	-	31,900
Within two to five years	-	578,075
After five years	1,371,673	-
	1,371,673	609,975

The annual property rentals are next subject to review in October 2011.

NUMIS SECURITIES LIMITED
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Pension arrangements

The pension cost charge for the year was £490,863 (2006 £507,441) Outstanding contributions were nil at 30 September 2007 (2006 Nil)

A Numis Group Personal Pension Plan has been in operation from 6 April 1997 for all full-time employees of the Company over the age of 18 who have served the Company for at least 3 months The Group Personal Pension Plan is funded through monthly contributions The Company 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

Capital commitments

Amounts contracted for but not provided in the accounts amounted to £ nil for the Company as at 30 September 2007 (2006 £ nil)

26 FINANCIAL INSTRUMENTS, RISKS AND RISK MANAGEMENT

The Company's financial instruments comprise trading investments, financial liabilities, cash and cash equivalents balances, derivative financial instruments and various items such as trade receivables and trade payables that arise from the normal course of business

Trading investments and financial liabilities are long and short positions respectively held as a result of market making activities in listed investments and holdings in unlisted investments These investments are equity securities Trading investments and financial liabilities are held at fair value, in accordance with the accounting policy provided in Note 1(g)

Derivative financial instruments are equity options and warrants over listed and unlisted securities Derivative financial instruments are held at fair value in accordance with the accounting policy provided in Note 1(h)

Sterling and foreign currency cash balances are invested in the Company's approved banks Foreign currency cash balances arise from trading in foreign currency denominated securities

As at 30 September 2007 the Company had no undrawn committed borrowing facilities (2006 Nil)

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

Risk management

The Financial Risk Committee is charged with managing the principal risks faced by the Company, including market, currency, interest rate, credit, liquidity, operational, and regulatory risks

Market risk exposures

The Company is affected by conditions in the financial markets and the wider economy through its holdings in equity investments, which arise through the market making and trading activities, and other longer term investments

The Company manages the potential for changes in the market value of trading investment positions through individual stock limits and trading book limits, which are approved and monitored daily by the Finance Department Breaches of stock and book limits are reported to the Financial Risk Committee and are addressed as required This Committee also reviews "stress test" analyses based on catastrophic market conditions on a periodic basis

The table below shows the highest, lowest and average total long, short, gross and net positions in listed equity securities during the year, together with the positions at year end Positions are calculated daily as part of limit monitoring

	Long	Short	Gross	Net
	£	£	£	£
Highest position	27,350,625	(9,308,575)	34,571,095	21,965,044
Lowest position	17,346,147	(5,228,740)	25,558,529	8,327,005
Average position	23,074,663	(7,313,191)	30,387,854	15,761,472
As at 30 September 2007	21,469,161	(8,236,761)	29,705,922	13,232,400

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Currency risk and hedging

Currency risks arise from the exposure to changes in foreign exchange spot and forward prices and volatilities of currency rates. The Company is exposed to the risk that the GBP value of the its net assets or the GBP value of the profit and loss could change as a result of foreign exchange movements. The Company's policy is to minimise exposure to currency risk. The Company hedges all significant transactional foreign exchange exposures arising from operating activities using forward exchange contracts or FX swaps.

Derivative financial instruments held to manage currency risk as at 30 September 2007 had a fair value of £Nil (2006 £3,000).

The Company hedges balance sheet foreign exchange translation risk where a significant exposure is considered to exist. There are no other hedging activity related financial instruments than those reflected above.

The Company's net assets by currency as at 30 September 2007 were as follows:

	Sterling £	Euro £	Canadian \$ £	US \$ £	Other £	Total £
2007						
Sterling	81,037,987	646,786	282,805	4,853,983	133,745	86,955,306
2006						
Sterling	68,471,850	384,667	217,809	(11,250)	3,577	69,066,653

Interest rate risk

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

The Company's interest bearing assets are predominantly held as cash or cash equivalents. The Company has no external debt.

	2007			2006		
Currency	Cash and cash equivalents £	Listed equity investments £	Total £	Cash and cash equivalents £	Listed equity investments £	Total £
Sterling	69,693,973	11,146,148	80,840,121	72,838,350	12,904,239	85,742,589
US Dollars	5,737,576	1,359,189	7,096,765	171,971	7,943	179,914
Euro	789,942	140,347	930,289	254,931	(44,239)	210,692
Canadian Dollars	484,463	361,577	846,040	(43,468)	288,165	244,697
Other	180,711	225,139	405,850	34,398	(706)	33,692
At 30 September	76,886,665	13,232,400	90,119,065	73,256,182	13,155,402	86,411,584
Floating Rate	76,886,665		76,886,665	73,256,182		73,256,182

In addition, collateral balances of £8,604,519 (2006 £8,058,653) generate floating rate interest. Management believe interest rate risk to be immaterial as cash is held short term on floating rate terms with banks and placed on overnight or short-term deposit. Equity investments are not interest bearing but have an indirect sensitivity to significant changes in and volatility of interest rates and therefore are shown in the table above.

Liquidity risk

The Company's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements, investing cash resources for 90 days or less with good credit quality banks and, if appropriate, in high quality liquid funds and financial investments.

In addition to the Company's cash resources, there is a £5m uncommitted facility provided by our bankers, Barclays Bank plc.

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Credit risk

Credit risk is the potential loss that Numis would incur if a counterparty fails to settle under its contractual obligations or there is the failure of a deposit taking institution or fund

The Financial Risk Committee reviews new and existing counterparties and sets credit limits on each one. Intraday reports are generated which monitor the credit risk exposures and are reviewed by the Finance Department. Credit limit exposures are investigated and reported to the Financial Risk Committee and appropriate action is taken. Numis further manages credit risk with the use of "stress test" analyses.

Where possible, Numis seeks to enter into netting agreements with counterparties that permits the offset of receivables and payables with those counterparties. The Company has concentration of credit risk in relation only to monies placed on deposit with banks and as a result of trading activity through LCH.

Numis is exposed to credit risk from our counterparty to a security transaction during the period between the trade date and the settlement date. This period is generally 3 business days but can be longer in some markets. In addition, Numis has credit exposure that extends beyond the original settlement date if the counterparty fails either to make payment or to deliver securities. The majority of these security transactions are with other financial institutions, primarily located in the UK. Numis seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit limits and enforcing credit standards based upon a review of the counterparty's financial condition.

Settlement risk is substantially mitigated as a result of the delivery versus payment mechanism operated by Crest. Residual settlement risk is reduced further by using the services of major clearing banks for non-Crest settlements and by actively monitoring outstanding trades as part of the Company's management of working capital. Risk exposures in relation to the failure of bank or deposit funds are reduced by credit quality limits and diversification of deposits across banks and funds.

Valuation techniques

The fair value of certain financial assets has been determined using valuation techniques as described in accounting policy note 1(a). The combined fair value of such assets as at 30 September 2007 was £4,955,872 and the movement in fair value recognised in the income statement during the year amounted to £5,258,954.

Reputational risk

The Board believes that the greatest risk to the firm comes from the potential for loss of reputation. Whilst entrepreneurial staff are always encouraged to develop new clients and streams of revenue, all new business is subject to a rigorous appraisal process supervised by the New Business Committee. This discriminates strongly in favour of high quality, high potential businesses and management teams.

Loss of staff

Retaining key staff, including in particular significant current and future revenue generators, is essential to the long term health and growth of the business. The Board is therefore making significant improvements to the Long Term Incentive Programmes by shortening the vesting periods, increasing its budget and by providing significant funding for employee share purchases. Both the UK LTIP scheme and the US Restricted Stock Scheme, which mirrors the UK scheme, enable employees to receive one incentive share, vesting over five years, for every share they purchase.

Poor quality execution

Further, continued improvement in quality of service to all our clients is central to the Board's strategy of long term reputation building. Numis, therefore, 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 makes ever increasing use of standardised operating procedures. Finally the Board demands a culture of best practice conduct and rigorous compliance.

Capital market volatility

The Board's policy is to hold regulatory capital that meets our most conservative interpretation of Basel II and CRD requirements and the worst plausible case losses from a major stock market downturn. In this latter regard, particular attention is also paid to the potential for counterparty credit losses on securities settlement following the failure of a substantial intermediary. As a result there are conservative limits on trading activity, substantial surplus capital (over three times post Basel II regulatory requirements) and substantial liquidity resources – at a minimum representing worst case stress test market and credit risk losses and one year's operating expenses.

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Loss of performance control

The Board's policy is to encourage an intense focus by top management on long term business building and revenue generation, and, a culture among staff of seeking to build the long term value of the business through personal initiative and entrepreneurship and great client service. The Board therefore encourages an "ownership culture" with growing employee share ownership, aspirational revenue targets, tight cost budgets and structured performance-based staff evaluations.

Counterparty or deposit taking institution failure

Counterparty credit exposure is controlled through the application of credit quality limits and the settlement of trading through collateralised central securities depositories. The Board has also established a policy of keeping substantial liquidity with three major UK banking institutions holding at least a "AA" long term credit rating.

Major infrastructural failure and/or terrorist event

Numis aims to be able to sustain operations and client service, with minimum of disruption, with a combination of business continuity planning, duplicated infrastructure and remote facilities.

27 POST BALANCE SHEET EVENTS

No final dividend is proposed (2006 187.5p)

28 BONUS ALLOCATION ADJUSTMENT

An adjustment to reflect the finalisation of the 2006 bonus pool allocation between the operating subsidiaries within the Group has been shown as a reserve movement in the current year. The equivalent allocation for 2007 is correctly reflected in the current year income statement.

29 IFRS RECONCILIATION

Set out below is a summary of the reconciliation from UK GAAP to IFRS of the opening Equity as at 1 October 2005, the Equity as at 30 September 2006 and the Profit after Tax for the year ended 30 September 2006 for the Company. A brief explanation of the significant differences between UK GAAP and IFRS which impact the Company is also given in the accompanying note to the reconciliations.

Profit after tax

	2006
	£
Profit after tax for the period under UK GAAP	25,557,058
Financial instruments IAS 39	(675,000)
Employee benefits IAS 19	10,000
Share based payments IFRS 2	170,000
Reported under IFRS	25,062,058

Equity

	30 September	1 October
	2006	2005
	£	£
Reported under UK GAAP	67,184,653	41,627,595
Opening equity adjustment	2,893,000	-
Financial instruments IAS 39	(675,000)	1,464,000
Employee benefits IAS 19	10,000	37,000
Share based payments IFRS 2	170,000	(1,314,000)
Tax IAS 12	(516,000)	2,706,000
Reported under IFRS	69,066,653	44,520,595

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Explanations

IAS 39 Financial Instruments – provisions previously held against large, slow moving security positions are no longer permitted. Furthermore, financial assets and liabilities are generally required to be held at fair value.

IAS 32 Financial Instruments – Presentation – requires that financial assets and financial liabilities should only be offset and the net amount reported when there is both a legally enforceable right and intention to settle on a net basis. This affected the presentation of trading receivables and payables, without any impact on profit or equity.

IFRS2 Share-Based Payments – requires obligations under cash settled schemes to be based on the fair value of the instruments granted and subsequent re-measurement of the fair value at each reporting date after taking into account the share price of the underlying equity instrument and the number of instruments expected to ultimately vest.

IAS 19 Employee Benefits – requires recognition of short term benefits such as “holiday pay accruals”.

IAS 12 Tax – requires a deferred tax asset to be recognised in respect of future corporate tax deductions arising on unexercised options issued through share-based payment schemes, irrespective of whether these options give rise to an accounting charge in the income statement.

IAS 38 Intangible Assets – requires that computer software such as licenses is recorded as an intangible asset.

IFRS has no material impact on the cash flows of the Company.