



ANNUAL REPORT 2002

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DIRECTORS

DJA Craig	Chairman (Non Executive)
OA Hemsley	Chief Executive
CA Crick	Executive Director
DBJ Sweetland FCA	Finance Director and Company Secretary
P Gaunt	Non Executive Director

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

RESULTS

We are pleased to report that the Group's profit before tax and exceptional items for the year ended 30 September 2002 was £6.1m (compared with £1.0m for the previous year on the same basis). After an exceptional profit of £1.05m from the sale of part of our shareholding in London Stock Exchange Plc, the Group's profit before tax was £7.2m (2001: £0.3m). Basic earnings per share, excluding the exceptional item, were 28.3p (2001: 4.8p). Market conditions remained challenging throughout the year.

DIVIDEND AND SCRIP ALTERNATIVE

The board recommends payment of a dividend of 5.6p per share (2001: 4.25p) representing a 32% increase on the previous year. The dividend will be payable on 14 February 2003, to all shareholders on the register on 20 December 2002. It is proposed to offer shareholders the option to receive shares instead of a cash dividend (a "scrip alternative") for the first time. The details of this will be explained in a circular to accompany our Annual Report. Both the payment of the dividend and scrip alternative are subject to shareholders' approval at our Annual General Meeting on 6 February 2003.

CORPORATE FINANCE

This has been a year of significant progress and we have raised over £300m in equity and convertible equity for corporate clients during the year. This was a creditable achievement given the poor market conditions in the UK.

Numis is a recognised specialist in a number of sectors and this has been reflected in our growing list of corporate relationships.

RESEARCH, SALES AND TRADING

Despite difficult market conditions, commissions from our secondary market activities more than doubled during the period. This was driven by increased turnover in our main sectors of financials and insurance, retail and consumer, media and support services. More recently we

have added high-tech engineering, mining and life sciences to our specialist sectors through the recruitment of first class analysts.

Our market making division has performed well and now makes markets in more than 130 stocks. We envisage that this will increase commensurate with the increase in our sector coverage.

FINANCIAL RESOURCES

Cash resources at 30 September 2002 were £13.6m (2001: £5.4m, including a near cash investment of £5.3m) and we continue to hold 265,000 shares in the London Stock Exchange Plc which remain in our books at nil cost. Since the year end, our cash resources have increased to just over £17m.

SHAREHOLDER BASE

We have created an "owner manager" culture where the majority of our staff are shareholders. This aligns the interests of employees with external shareholders and creates stability that is vital for success in a people business. We continue to seek high quality individuals and teams who can demonstrate an entrepreneurial spirit and help to build a successful business for the future.

OUTLOOK

UK equity markets remain fragile but we have had a most encouraging start to the current year. However, we continue to take a cautious view of equity markets and are planning our business accordingly. Weak equity markets provide an opportunity to develop the firm and we intend to invest further to achieve this.



David Craig
Chairman



Oliver Hemsley
Chief Executive

11 December 2002

CORPORATE GOVERNANCE STATEMENT

AIM companies are not required to comply with the Combined Code (Principles of good governance and code of best practice) issued by the London Stock Exchange but the directors have chosen to make a number of disclosures to provide corporate governance information.

THE BOARD AND MAIN COMMITTEES

THE BOARD

The Board of Numis Corporation Plc (“the Company” or “the Holding Company”), chaired by DJA Craig, normally meets quarterly. It reviews trading performance, business strategy, investment and divestment opportunities and any other matters of significance to the Group.

MANAGEMENT COMMITTEE

The Management Committee, chaired by OA Hemsley, deals with the implementation of business strategy and day-to-day operational matters. It normally meets weekly to discuss the core activities of the Group and administration, finance and compliance matters.

RISK AND CREDIT COMMITTEE

The Group has a Risk and Credit Committee, chaired by OA Hemsley, that meets regularly to discuss and manage market risk of the Group's trading book. The Risk and Credit Committee sets individual stock limits and overall trading book limits.

REMUNERATION COMMITTEE

The Remuneration Committee, chaired by DJA Craig, comprises the non-executive directors of the Company. It determines salary levels, discretionary bonuses and share option awards after it has received recommendations from the executive directors of the Company.

AUDIT COMMITTEE

The Board formed an Audit Committee during the year, which is chaired by P Gaunt and comprises the non-executive directors of the Company. The Audit Committee will consider the internal control environment, review external financial reporting and monitor the system for compliance with laws and regulations.

INTERNAL CONTROL

The Board is responsible for maintaining the Group's 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. 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 the Board has concluded that an internal audit department is not required at this stage in the Group's development.

DIRECTORS' REPORT

The directors present their report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 30 September 2002.

PRINCIPAL ACTIVITY

The principal activity of the Group is to provide integrated institutional stockbroking and investment banking services. This activity encompasses research, institutional sales, market making, corporate broking and corporate finance. The Group has one principal operating subsidiary, Numis Securities Limited, which is regulated by the Financial Services Authority and is a member firm of the London Stock Exchange.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

A review of the Group's business and an indication of likely future developments is contained in the Chairman's and Chief Executive's statement.

RESULTS AND DIVIDENDS

The results, distributions and retained profits for the financial year are as follows:

	GROUP £
Retained profits at 30 September 2001	5,264,728
Profit for the year, after taxation	4,978,860
Dividends paid and proposed	(860,739)
Retained profit at 30 September 2002	9,382,849

DIRECTORS AND THEIR INTERESTS

The Directors serving during the year ended 30 September 2002 and their interests in the ordinary shares of 25p each ("ordinary shares") of the Company, other than with respect to options over ordinary shares, were as follows:

	30 SEPTEMBER 2002 ORDINARY SHARES	30 SEPTEMBER 2001 ORDINARY SHARES
DJA Craig *	-	-
OA Hemsley	2,892,400	2,792,400
CA Crick	277,100	277,100
DBJ Sweetland	70,000	45,000
P Gaunt *	10,000	20,000

* Non executive director

DIRECTORS' REPORT

(CONTINUED)

DIRECTORS AND THEIR INTERESTS (CONTINUED)

DJA Craig has a 7.85% interest in Northbridge Management Holdings Limited that holds 50,000 ordinary shares and a 30.5% interest in Great Northern Investment Holdings Limited that holds 40,000 ordinary shares.

The directors, along with employees, have been granted options over ordinary shares. Details of the directors' interests in options over ordinary shares are disclosed in Note 6.

There have been no changes in the interests of directors in ordinary shares and options over ordinary shares during the period 30 September 2002 to 11 December 2002.

SUBSTANTIAL SHAREHOLDERS

Except for the directors' interests noted above, the directors are aware of the following who are interested in 3% or more of the Company, as follows:

	REGISTERED HOLDING	% OF ISSUED SHARE CAPITAL
Mr DJ Poutney	1,539,185	10.01
Mr MJC Stone and Mrs L Stone	1,320,700	8.59
The Fleming Mercantile Investment Trust Plc	525,000	3.42
Jupiter UK Special Situations Fund	500,000	3.25
Aberdeen Emerging Companies Unit Trust	485,800	3.16

AUDITORS

The directors will place a resolution before the Annual General Meeting to reappoint PKF as auditors.


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. The Company has taken 28 days to pay suppliers during the past financial year.

CHARITABLE DONATIONS

During the year, the Group made charitable donations of £892 (2001:£250).

By order of the Board



DBJ Sweetland
Company Secretary
Cheapside House
138 Cheapside
London EC2V 6LH

11 December 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

The maintenance and integrity of the Numis Corporation Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NUMIS CORPORATION PLC

We have audited the financial statements of Numis Corporation Plc for the year ended 30 September 2002 which comprise the Profit and Loss Account, the Balance Sheets, 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 the information specified by law regarding directors' remuneration and transactions with the group 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.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's

and Chief Executive's Statement, Corporate Governance Statement and Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards 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. It also includes an assessment of the significant estimates and judgements 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 of the state of the group's and the company's affairs as at 30 September 2002 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF
Registered Auditors
London, UK

11 December 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FORTHE YEAR ENDED 30 SEPTEMBER 2002

	NOTES	2002 £	2001 £ ORDINARY ACTIVITIES	2001 £ EXCEPTIONAL ITEMS	2001 £ TOTAL
TURNOVER	2, 5	17,413,364	6,560,086	48,000	6,608,086
GROSS PROFIT		17,413,364	6,560,086	48,000	6,608,086
Administrative expenses		(11,987,343)	(6,112,422)	(1,553,500)	(7,665,922)
OPERATING PROFIT/(LOSS)		5,426,021	447,664	(1,505,500)	(1,057,836)
Share of associated undertaking's profit/(loss)	3	341,314	(43,474)	-	(43,474)
Exceptional items					
- profit on disposal of tangible fixed assets	5	-	-	761,086	761,086
- profit on disposal of fixed asset investments	5	1,055,654	-	1,504,560	1,504,560
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND AMOUNTS WRITTEN OFF INVESTMENTS		6,822,989	404,190	760,146	1,164,336
Interest receivable and similar income	7	469,426	604,119	-	604,119
Amounts written off investments	5	(114,489)	-	(1,460,614)	(1,460,614)
Interest payable and similar charges	8	(854)	(1,437)	-	(1,437)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		7,177,072	1,006,872	(700,468)	306,404
Tax on profit on ordinary activities	9	(2,198,212)	(286,168)	200,694	(85,474)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		4,978,860	720,704	(499,774)	220,930
Dividends paid and proposed	10	(860,739)	(652,260)	-	(652,260)
RETAINED PROFIT/(LOSS) FOR THE YEAR		4,118,121	68,444	(499,774)	(431,330)
Earnings per share					
Basic	22	33.2p			1.4p
Diluted	22	28.9p			1.3p
Earnings per share, excluding exceptional items					
Basic	22	28.3p			4.8p
Diluted	22	24.6p			4.3p

There were no other recognised gains or losses made during the years ended 30 September 2002 and 30 September 2001 other than the profits for those years. A statement of movements on reserves is given in note 21.

The accompanying notes are an integral part of this consolidated profit and loss account.

CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2002

	NOTES	2002 £	2001 £
FIXED ASSETS			
Tangible fixed assets	11	1,078,992	614,245
Fixed asset investments	12	1,209,277	773,715
Investment in associated undertaking	13	480,616	241,696
		2,768,885	1,629,656
CURRENT ASSETS			
Debtors	15	18,533,150	19,850,956
Investments	16	960,588	7,604,284
Cash at bank and in hand	17	13,586,063	97,437
		33,079,801	27,552,677
CREDITORS			
Amounts falling due within one year	18	(19,266,829)	(16,823,680)
		13,812,972	10,728,997
NET CURRENT ASSETS			
		16,581,857	12,358,653
NET ASSETS			
CAPITAL AND RESERVES			
Share capital	19	3,842,583	3,818,000
Share premium account	21	3,356,425	3,275,925
Profit and loss account	21	9,382,849	5,264,728
SHAREHOLDERS' FUNDS	20	16,581,857	12,358,653

Signed on behalf of the Board on 11 December 2002



O A Hemsley
Director



DBJ Sweetland
Director

A statement of movements on reserves is given in note 21.

The accompanying notes are an integral part of this consolidated balance sheet.

HOLDING COMPANY BALANCE SHEET

AT 30 SEPTEMBER 2002

	NOTES	2002 £	2001 £
FIXED ASSETS			
Fixed asset investments	12	530,214	272,913
Investment in associated undertaking	13	371,170	371,170
Investment in subsidiary undertakings	14	2,448,381	2,448,381
		3,349,765	3,092,464
CURRENT ASSETS			
Debtors	15	5,583,954	5,267,517
Cash at bank and in hand		80,144	31,194
		5,664,098	5,298,711
CREDITORS			
Amounts falling due within one year	18	(1,131,457)	(695,762)
		4,532,641	4,602,949
NET CURRENT ASSETS			
		7,882,406	7,695,413
NET ASSETS			
CAPITAL AND RESERVES			
Share capital	19	3,842,583	3,818,000
Share premium account	21	3,356,425	3,275,925
Profit and loss account	21	683,398	601,488
SHAREHOLDERS' FUNDS			
		7,882,406	7,695,413

Signed on behalf of the Board on 11 December 2002



OA Hemsley
Director



DBJ Sweetland
Director

A statement of movements on reserves is given in note 21.

The accompanying notes are an integral part of this Holding Company balance sheet.

CONSOLIDATED CASH FLOW STATEMENT

FORTHEYEAR ENDED 30 SEPTEMBER 2002

	NOTES	2002 £	2001 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	23	14,573,270	(2,921,205)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		452,167	549,630
Interest paid		(854)	(1,437)
Dividends received		17,259	54,489
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		468,572	602,682
TAXATION			
Corporation tax paid		(822,884)	(1,667,354)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(807,662)	(676,778)
Purchase of fixed asset investments		(771,852)	(587,648)
Sale of tangible fixed assets		140,705	126,867
Sale of fixed asset investments		1,252,454	1,504,560
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(186,355)	367,001
EQUITY DIVIDENDS PAID		(649,060)	(602,880)
FINANCING			
Issue of ordinary shares		105,083	294,500
INCREASE/(DECREASE) IN CASH IN THE YEAR		13,488,626	(3,927,256)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(decrease) in cash balances in the year		13,488,626	(3,927,256)
Net funds at the beginning of the year		97,437	4,024,693
NET FUNDS AT THE END OF THE YEAR		13,586,063	97,437

The accompanying notes are an integral part of this cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

1

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements of the Group are described below.

(A) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention, modified by the inclusion of trading positions at market value and in accordance with applicable accounting standards.

(B) BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings. The results of subsidiaries acquired are consolidated from the date on which control passed. Acquisitions are accounted for under the acquisition method. In accordance with Financial Reporting Standard 10 (entitled goodwill and intangible assets) goodwill represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, and remains eliminated against reserves.

No profit and loss account is presented for the Company itself, as provided by Section 230 Companies Act 1985. The Company's profit for the financial year, determined in accordance with the Companies Act 1985, was £81,910 (2001: loss £593,486).

(C) TURNOVER

Turnover comprises commission, fee income and net dealing profit or loss. Commission income is gross commission from stockbroking and is taken to the profit and loss account when transactions are executed. Fee income includes corporate finance fees and placing commissions, which are recognised in the profit and loss account once the corporate activity is substantially complete. Net dealing profit or loss is realised and unrealised profits and losses from current asset investments held for trading purposes. The recognition of unrealised profit and losses in the profit and loss account, which is common for companies which make markets, represents a departure from the Companies Act 1985.

(D) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation.

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

(E) INVESTMENTS

Fixed asset investments are stated at cost, less amounts written off in respect of any impairment in value.

Current asset trading investments that are considered to be liquid represent the aggregate of net long positions in individual securities and are valued at the market's bid prices at the balance sheet date. Short trading positions that are considered to be liquid represent the aggregate of net short positions in individual securities and are valued at the market's offer prices at the balance sheet date. Positions in trading investments that are considered to be illiquid are included at cost less provision for any permanent diminution in value.

In the Group's financial statements, investments in associated undertakings are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of this associated undertaking's profits less losses and the Group's share of the net assets, excluding goodwill which is written off against reserves, of the associated undertaking is shown in the consolidated balance sheet.

(F) 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 recognised stock exchanges.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

1

ACCOUNTING POLICIES (CONTINUED)

(G) 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.

Further information on pension costs is provided in note 24d.

(H) OPERATING LEASES

The Group has entered into operating leases as described in note 24c.

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term even if the payments are not made on such a basis.

(I) FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are taken to the profit and loss account directly.

(J) TAXATION

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is provided for using the full provision method following the adoption of Financial Reporting Standard No. 19. This represents a change in accounting policy as deferred tax was previously provided for under the partial provision method. This change in accounting policy does not lead to a prior period adjustment.

(K) EMPLOYEE SHARE OWNERSHIP PLAN

The Group has an Employee Share Ownership Plan ("ESOP"). The ESOP acquires 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. Costs of establishing and administering the ESOP are taken to the profit and loss account and disclosed under staff costs (see note 6). Assets and liabilities held by the ESOP are recognised in the balance sheet of the Company.

2

SEGMENTAL INFORMATION

The analysis by class of the Group's turnover, profit before taxation and net assets, is set out below:

	2002 £	2001 £
TURNOVER:		
Financial services	17,413,364	6,608,086
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:		
Exceptional items	1,055,654	(700,468)
Financial services	5,310,678	446,227
Share of associated undertaking's operating profit/(loss)	341,314	(43,474)
Interest receivable and similar income	469,426	604,119
	7,177,072	306,404
NET ASSETS:		
Financial services	16,101,241	12,116,957
Share of associated undertaking's net assets	480,616	241,696
	16,581,857	12,358,653

The Group's business arises mainly from the United Kingdom and amounts arising outside the United Kingdom are not significant to the Group's business.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3

INTEREST IN UNLISTED ASSOCIATED UNDERTAKING

The analysis of the Group's interest in the associated undertakings turnover, profit/(loss), assets and liabilities is set out below:

	2002 £	2001 £
Turnover	3,508,682	2,007,445
Profit/(loss) for the year	341,314	(43,474)
Fixed assets	234,843	259,214
Current assets	1,603,136	1,674,534
Creditors: amounts falling due within one year	(1,357,363)	(1,692,052)

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OPERATING PROFIT

Operating profit is stated after charging:

	2002 £	2001 £
Depreciation	339,483	118,204
Operating lease costs	221,383	198,329
Staff costs (see note 6)	8,329,793	3,651,318
Auditors' remuneration - audit related	33,000	31,000
- non-audit related	19,890	19,795

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EXCEPTIONAL ITEMS

	2002 £	2001 £
Profit on disposal of fixed asset investment, being 260,000 (2001: 475,000)		
London Stock Exchange Plc shares	1,055,654	1,504,560
Profit on disposal of fixed assets following the fire at the Company's London office at Cheapside House in May 2001	-	761,086
Costs associated with recruiting senior executives of the Group	-	(1,553,500)
Provision against an investment of the Group and a loan made by the Company	-	(1,460,614)
Fire insurance claim for loss of earnings following the fire at the Company's London office at Cheapside House in May 2001 in respect of commission income and market making profits	-	48,000
EXCEPTIONAL PROFIT/(LOSS)	1,055,654	(700,468)

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

6

STAFF COSTS

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

	2002 £	2001 £
EMPLOYEE COSTS DURING THE YEAR AMOUNTED TO:		
Wages and salaries	4,118,559	2,941,876
Incentive payments	3,000,000	-
Social security costs	644,925	322,586
Compensation for loss of office	154,353	1,620
Other pension costs (see note 24d)	288,133	359,898
ESOP costs	123,822	25,338
	8,329,792	3,651,318

The average number of staff employed during the year was:

	2002 NUMBER	2001 NUMBER
Professional	42	35
Administration	14	15
	56	50

DIRECTORS' REMUNERATION AGGREGATE REMUNERATION

The total amounts for directors' remuneration and other benefits were as follows:

	2002 £	2001 £
Emoluments	1,272,760	496,506
Money purchase contributions	56,250	56,250
	1,329,010	552,756

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

6

STAFF COSTS (CONTINUED) DIRECTORS' EMOLUMENTS

	BASIC SALARY £	TAXABLE BENEFITS £	PERFORMANCE RELATED BONUS £	PENSION CONTRIBUTIONS £	2002 TOTAL £	2001 TOTAL £
EXECUTIVE						
OA Hemsley	150,000	12,522	600,000	22,500	785,022	186,466
CA Crick	125,000	15,091	125,000	18,750	283,841	159,238
DBJ Sweetland	100,000	11,397	60,000	15,000	186,397	127,052
NON-EXECUTIVE						
DJA Craig	43,750	-	-	-	43,750	50,000
P Gaunt	30,000	-	-	-	30,000	30,000
Aggregate emoluments	448,750	39,010	785,000	56,250	1,329,010	552,756

The emoluments, excluding pension contributions, of the directors includes:

	2002 £	2001 £
HIGHEST PAID DIRECTOR		
Emoluments	762,522	163,966

DIRECTORS' PENSION ENTITLEMENTS

All executive directors are members of money purchase schemes. Contributions paid by the Group in respect of these directors are shown above.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

6

STAFF COSTS (CONTINUED) DIRECTORS' SHARE OPTIONS

Details of options to acquire ordinary shares in the Company granted to or held by the directors are as follows:

GRANT DATE	NUMBER OF OPTIONS	EXERCISE PRICE	EARLIEST EXERCISE DATE	LATEST EXERCISE DATE
OA Hemsley				
7 July 1997	200,000	105.0p	7 July 2000	7 July 2004
18 October 1999	50,000	107.5p	18 October 2002	18 October 2006
CA Crick				
7 July 1997	100,000	105.0p	7 July 2000	7 July 2004
18 October 1999	40,000	107.5p	18 October 2002	18 October 2006
28 March 2000	60,000	292.5p	28 March 2003	28 March 2010
DBJ Sweetland				
18 October 1999	40,000	107.5p	18 October 2002	18 October 2006
28 March 2000	40,000	292.5p	28 March 2003	28 March 2010
9 May 2000	30,000	252.5p	9 May 2003	9 May 2010

On 17 September 2002 DBJ Sweetland exercised 25,000 share options at an exercise price of 105p per share, making a theoretical gain on that day of £45,500.

The market price of the ordinary shares at 30 September 2002 was 262.0p and the range during the year was 162.0p to 322.5p.

7

INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £	2001 £
Interest receivable	452,167	549,630
Income from UK listed investments	17,259	54,489
	469,426	604,119

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

8

INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
On overdrafts repayable within five years not by installments	854	1,437

9

TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2002 £	2001 £
Corporation tax at 30% (2001:20%)	2,089,737	38,437
Corporation tax underprovided in the previous year	6,081	47,037
Share of tax of associated undertaking	102,394	-
	2,198,212	85,474

The tax effect in the profit and loss account relating to the exceptional items in Note 5 is a charge of £316,696 (2001:credit of £200,694).

Factors affecting the tax charge for the year:

	2002 £	2001 £
Profit on ordinary activities before taxation	7,177,072	306,404
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax	2,153,122	91,921
EFFECTS OF:		
Expenses not deductible for tax purposes	53,982	48,420
Capital allowances for the period in excess of/(less than) depreciation	16,825	(175,919)
Non taxable income received	13,433	(2,604)
Small companies relief	(39,167)	(22,495)
Investment provisions not qualifying for relief in the period	33,387	74,999
Employers pension contributions not qualifying for relief in the period	(39,451)	28,121
Taxable income transferred for tax purposes	-	2,075
Share of tax of associated undertaking	(102,394)	-
Over provision of tax charge	-	(6,081)
Current tax charge for the period	2,089,737	38,437

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

DIVIDENDS PROPOSED

	2002 £	2001 £
Dividends proposed of 5.60p (2001:4.25p) per ordinary share	860,739	652,260

TANGIBLE FIXED ASSETS

The movement during the year was as follows:

	OFFICE AND COMPUTER EQUIPMENT £	MOTOR VEHICLES £	TOTAL £
COST			
At 30 September 2001	668,449	56,421	724,870
Additions	807,662	-	807,662
Disposals	(27,622)	-	(27,622)
At 30 September 2002	1,448,489	56,421	1,504,910
DEPRECIATION			
At 30 September 2001	99,848	10,777	110,625
Charge for year	325,378	14,105	339,483
Disposals	(24,190)	-	(24,190)
At 30 September 2002	401,036	24,882	425,918
NET BOOKVALUE			
At 30 September 2001	568,601	45,644	614,245
At 30 September 2002	1,047,453	31,539	1,078,992

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

12

FIXED ASSET INVESTMENTS

(A) GROUP AND HOLDING COMPANY

	2002 £	2001 £
OWN SHARES		
At 30 September 2001	216,412	216,412
Additions	313,802	-
At 30 September 2002	530,214	216,412

The number and market value of the ordinary shares held by the ESOP at 30 September 2002 were 367,000 (2001:217,000) and £961,540 (2001:£362,390).

(B) GROUP

	2002 £	2001 £
OTHER UK LISTED INVESTMENTS		
At 30 September 2001	300,000	-
Additions	-	300,000
Disposals	(200,000)	-
At 30 September 2002	100,000	300,000

The market value of these investments at 30 September 2002 was £107,684 (2001:£305,624).

(C) GROUP

	2002 £	2001 £
OTHER UK UNLISTED INVESTMENTS		
At 30 September 2001	200,040	325,048
Additions	234,602	124,989
Amounts written off	(99,989)	-
Transfers	(25,000)	(249,997)
At 30 September 2002	309,653	200,040

Transfers:

In 2002 the Group became the sole holder of Real Education Plc, the company is now shown as a subsidiary (see note 14). In 2001 an investment was reclassified from fixed to current assets to reflect the Company's intentions in respect of that asset.

(D) GROUP

	2002 £	2001 £
NON UK UNLISTED INVESTMENT		
At 30 September 2001	762	762
Additions	279,948	-
Amounts written off	(11,300)	-
At 30 September 2002	269,410	762

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

12 FIXED ASSET INVESTMENTS (CONTINUED)

(E) HOLDING COMPANY

	2002 £	2001 £
NON UK UNLISTED INVESTMENTS		
At 30 September 2001	56,501	50,000
Additions	-	6,501
Disposals	(56,501)	-
At 30 September 2002	-	56,501

(F) GROUP

The Group holds 265,000 (2001:525,000) shares in London Stock Exchange Plc, at nil cost. The market value of these shares at 30 September 2002 was £906,300 (2001:£1,774,500).

13 INVESTMENT IN ASSOCIATED UNDERTAKING

	2002 £	2001 £
GROUP		
At 30 September 2001	241,696	129,010
Additions	-	156,160
Share of associated undertaking's profit/(loss) on ordinary activities after tax	238,920	(43,474)
At 30 September 2002	480,616	241,696
HOLDING COMPANY		
At 30 September 2001	371,170	215,010
Additions	-	156,160
At 30 September 2002	371,170	371,170

The investment in associated undertaking, Abbey Legal Holdings Limited, represents a 26.42% shareholding in the company that provides legal expenses and tax protection insurance products. Audited accounts of the company were drawn up to 31 March 2002.

14 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

a) The fixed asset investment in subsidiary undertakings represents the cost of the investments in Numis Securities Limited, PrimeSearch Limited, Numis Leasing Limited, Numis Corporate Finance Limited, Insurance Analysis Limited, Numis Education Limited and Star Nominees Limited.

	2002 £	2001 £
At 30 September 2001	2,448,381	2,448,379
Additions	-	2
At 30 September 2002	2,448,381	2,448,381

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

14

INVESTMENT IN SUBSIDIARY UNDERTAKINGS (CONTINUED)

b) Subsidiary undertakings

The Company beneficially owns the whole of the issued share capital of the following companies, all of which are registered in England and Wales:

	PRINCIPAL ACTIVITY	EFFECTIVE PROPORTION OF SHARES HELD BY GROUP	COMPANY
DIRECTLY HELD:			
Numis Securities Limited	Financial services	100	100
PrimeSearch Limited	Recruitment	100	100
Numis Leasing Limited	Non-trading	100	100
Numis Corporate Finance Limited	Non-trading	100	100
Insurance Analysis Limited	Non-trading	100	100
Numis Education Limited	Non-trading	100	100
Star Nominees Limited	Non-trading	100	100
INDIRECTLY HELD:			
Numis Capital Limited	Non-trading	100	100
Numis Nominees Limited	Non-trading	100	100
Real Education Plc	Non-trading	100	100

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DEBTORS

The following items are included as debtors:

	2002 £	2001 £
GROUP		
Due from clients, brokers and recognised stock exchanges	17,463,624	17,537,768
VAT	110,428	79,882
Other debtors	53,468	777,943
Corporation tax recoverable	50	400,402
Prepayments and accrued income	905,580	1,054,961
	18,533,150	19,850,956
HOLDING COMPANY		
Dividend due from subsidiary undertaking	860,739	610,880
Amounts due from subsidiary undertakings	4,723,215	4,641,402
Prepayments and accrued income	-	15,235
	5,583,954	5,267,517

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

16 CURRENT ASSET INVESTMENTS

	2002 £	2001 £
GROUP		
QUOTED UK INVESTMENTS AT MARKET VALUE		
- trading	960,588	2,315,639
QUOTED NON UK INVESTMENTS AT MARKET VALUE		
- non-trading	-	5,288,645
	960,588	7,604,284

The quoted UK investments include £709,447 of listed UK investments (2001: £1,729,351).

17 CASH AT BANK AND IN HAND

	2002 £	2001 £
GROUP		
Cash at bank and in hand	13,586,063	97,437

The cash at bank and in hand at 30 September 2002 includes £30,842 (2001: £20,272) that is held in a designated bank account in trust for the Group's ESOP.

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 on 30 September 2002 held on deposit for clients was £71,913 (2001: £285,316).

18 CREDITORS

Amounts falling due within one year:

The following amounts are included in creditors:

	2002 £	2001 £
GROUP		
Amounts due to clients, brokers and recognised stock exchanges	14,086,208	14,933,763
Other creditors		
- UK corporation tax payable	872,782	-
- VAT	90,957	79,725
- Social security and PAYE	129,721	183,504
- Sundry creditors	146,300	200,796
Accruals	3,080,122	776,832
Dividend proposed	860,739	649,060
	19,266,829	16,823,680
	2002 £	2001 £
HOLDING GROUP		
Dividend proposed	860,739	649,060
Other creditors		
- UK corporation tax payable	34,338	-
- Other	149,160	-
Amounts due to subsidiary undertakings	87,220	46,702
	1,131,457	695,762

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

19

SHARE CAPITAL

	2002 NUMBER	2001 NUMBER
AUTHORISED		
25p ordinary shares	20,000,000	20,000,000
50% cumulative 10p preference shares	25,000	25,000
	20,025,000	20,025,000
ALLOTTED, ISSUED AND FULLY PAID		
25p ordinary shares	15,370,333	15,272,000
50% cumulative 10p preference shares	-	-
	15,370,333	15,272,000
	2002 £	2001 £
AUTHORISED		
25p ordinary shares	5,000,000	5,000,000
50% cumulative 10p preference shares	2,500	2,500
	5,002,500	5,002,500
ALLOTTED, ISSUED AND FULLY PAID		
25p ordinary shares	3,842,583	3,818,000
50% cumulative 10p preference shares	-	-
	3,842,583	3,818,000

During the year 98,333 ordinary shares were issued for a total consideration £105,083 of which £80,500 has been included as share premium (see note 21 below).

At 30 September 2002 the following options granted to directors and employees to acquire ordinary shares in the Company were outstanding, as follows:

GRANT DATE	NUMBER OF OPTIONS OUTSTANDING	EXERCISE PRICE	EARLIEST EXERCISE DATE	LATEST EXERCISE DATE
7 July 1997	434,000	105.0p	7 July 2000	7 July 2004
28 May 1998	66,666	107.5p	28 May 2001	28 May 2005
18 October 1999	390,000	107.5p	18 October 2002	18 October 2006
28 March 2000	425,000	292.5p	28 March 2003	28 March 2010
9 May 2000	290,001	252.5p	9 May 2003	9 May 2010
21 December 2000	493,000	207.0p	21 December 2003	21 December 2010
15 May 2001	554,100	150.0p	15 May 2004	15 May 2011
15 August 2001	156,200	216.5p	15 August 2004	15 August 2011
3 September 2001	44,650	224.0p	3 September 2004	3 September 2011
28 March 2002	24,000	250.0p	28 March 2005	28 March 2012
8 August 2002	80,000	231.0p	8 August 2005	8 August 2012

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

20 RECONCILIATION OF THE MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
GROUP		
Profit for the financial year	4,978,860	220,930
Dividends paid and proposed	(860,739)	(652,260)
New shares issued	105,083	294,500
Net addition to /(deduction from) shareholders' funds	4,223,204	(136,830)
Opening shareholders' funds	12,358,653	12,495,483
Closing shareholders' funds	16,581,857	12,358,653

21 RESERVES

	SHARE PREMIUM ACCOUNT £	PROFIT AND LOSS ACCOUNT £
GROUP		
At 30 September 2001	3,275,925	5,264,728
Retained profit for the year	-	4,118,121
Premium on shares issued	80,500	-
At 30 September 2002	3,356,425	9,382,849
HOLDING COMPANY		
At 30 September 2001	3,275,925	601,488
Retained profit for the year	-	81,910
Premium on shares issued	80,500	-
At 30 September 2002	3,356,425	683,398

The cumulative amount of goodwill written off against the Group's reserves, net of goodwill relating to undertakings acquired, is £1,291,984 (2001:£1,291,984).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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EARNINGS PER SHARE

Earnings per share. Basic earnings per share is calculated on profit on ordinary activities after taxation of £4,978,860 (2001:£220,930) that has been adjusted to £4,969,637 (2001:£212,250) to remove dividends from shares held in the ESOP. Diluted earnings per share assumes that options outstanding at 30 September 2002 were exercised at 1 October 2001, for options where the exercise price was less than the fair value of the price of the share during the year.

Earnings per share, excluding the exceptional items. Basic earnings per share is calculated on profit on ordinary activities after taxation of £4,239,902 (2001:£720,704) that has been adjusted to £4,230,679 (2001:£712,024) to remove dividends from shares held in the ESOP. Diluted earnings per share assumes that options outstanding at 30 September 2002 were exercised at 1 October 2001, for options where the exercise price was less than the fair value of the price of the share during the year.

	2002 NUMBER	2001 NUMBER
Weighted average number of ordinary shares in issue during the year - basic	14,962,639	14,932,500
Effect of options over ordinary shares	2,218,616	1,747,349
Diluted number of ordinary shares	17,181,255	16,679,849

23

RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit/(loss)	5,426,021	(1,057,836)
Loss on sale of tangible fixed assets	(137,272)	(17,995)
Depreciation charges	339,483	118,204
Decrease/(increase) in debtors (excluding taxation receivable)	917,654	(2,731,538)
Net decrease/(increase) in trading investments	6,643,696	(309,796)
Increase in creditors (excluding taxation and dividends payable)	1,358,688	1,527,287
Effect of reclassification of holding in Real Education Plc	25,000	-
EXCEPTIONAL ITEMS:		
- Current asset investment of the Group and loan made by the company, fully provided for in the year	-	(1,210,617)
- Profit on disposal of fixed assets following the fire at the company's London office at Cheapside House in May 2001	-	761,086
Net cash inflow / (outflow) from operating activities	14,573,270	(2,921,205)

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

24

GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

There were no capital commitments at 30 September 2002 or 30 September 2001.

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. The contingent liability arising therefrom cannot be quantified, although the directors do not believe that any material liability will arise under these indemnities.

The Group also underwrites the placing of securities in the main and AIM markets in the ordinary course of its business. The aggregate value of these commitments at 30 September 2002 was £3,279,200 (30 September 2001: nil).

The Company has given a guarantee to the Company's bankers, National Westminster Bank plc, for the debts of Numis Securities Limited, up to £10 million. As at 30 September 2002 that company did not have any indebtedness to the National Westminster Bank plc.

In 1999 Numis Securities Limited, the Company's principal operating subsidiary, acted as an adviser to a company that made a capacity offer in the Lloyd's market. This transaction is now being examined by Lloyd's as the relevant regulator and it is possible that in due course the conduct of Numis Securities Ltd. may fall to be criticised.

c) Operating leases

At 30 September 2002 the Group had annual commitments under operating leases as set out below:

	PROPERTY	
	2002	2001
	£	£
Within one year	-	-
In two to five years	270,907	-
After five years	-	248,283
	270,907	248,283

d) Pension arrangements

The pension cost charge for the year was £288,133 (2001: £359,898).

The Group operated a defined contribution scheme (with a defined benefit guarantee for pensionable services prior to 1 April 1993) up to 5 April 1997. After seeking professional independent advice, the directors decided to effect a winding up of the defined contribution scheme and to secure members' benefits outside the scheme by means of individual policies or transfer to the Group Personal Pension Plan or some other suitable pension arrangements chosen by the member. The winding up of the defined contribution scheme is substantially complete and is being funded by the Group. At the date of the last actuarial valuation the residue of funds was £962,564. The valuation deficit was paid into the fund by the Group and the assets and liabilities of the fund are equal and opposite.

A Group Personal Pension Plan has been in operation from 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

25

RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Group provided financial advice and securities dealing facilities to persons connected with the Group, on an "arms' length" basis.

The group has taken advantage of exemptions available under FRS8 which permits the non-disclosure of transactions with the parent company and fellow subsidiaries where 90% of the voting rights are controlled within the group.

During the year OA Hemsley bought fixed assets from the Group for £2,500, being the fair value of the assets.

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FINANCIAL INSTRUMENTS

The Group's financial instruments comprise trading investments, cash balances and various items such as trade debtors and trade creditors that arise from the normal course of business.

Trading investments are current asset and short positions held as a result of proprietary trading in listed UK investments. These UK investments are equity securities and equity warrants. Trading investments are held at fair value, in accordance with the accounting policy provided in Note 1(e). The Group manages market risk through individual stock limits and overall trading book limits, as determined and monitored by the Risk and Credit Committee.

Sterling cash balances are invested in the Group's approved banks. The Group does not hold material foreign currency balances.

There is no disclosure of short term debtors and short term creditors, as required by FRS13 Derivatives and Financial Instruments: disclosures.

Undrawn committed borrowing facilities

	2002 £	2001 £
Expiring within one year	250,000	250,000

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

December	Year end results announced
January	Annual report issued
February	Dividend paid
May	Interim results announced
May	Interim statement issued

COMPANY REGISTRATION NUMBER

2375296

NOMINATED BROKER

Numis Securities Ltd
 Cheapside House
 138 Cheapside
 London
 EC2V 6LH

NOMINATED ADVISER

Noble & Company Limited
 76 George Street
 Edinburgh
 EH2 3BU

REGISTRAR

Computershare Investor Services plc
 P O Box 82
 The Pavilions
 Bridgwater Road
 Bristol
 BS99 7NH

AUDITORS

PKF
 New Garden House
 78 Hatton Garden
 London
 EC1N 8JA

BANKERS

National Westminster Bank plc
 1 Princes Street
 London
 EC2R 8PH

NOTICE OF ANNUAL GENERAL MEETING

(see notes on page 35 for a brief explanation of each of the resolutions)

Notice is hereby given that the Annual General Meeting of the Company will be held at Cheapside House, 138 Cheapside, London, EC2V 6LH on 6 February 2003, at 11.00am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the audited accounts for the year ended 30 September 2002, together with the reports of the Directors and auditors thereon.
2. To declare a final dividend for the year ended 30 September 2002 of 5.6p per share.
3. To re-elect DJA Craig, as a director, who is retiring by rotation.
4. To reappoint PKF as auditors and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"That, in place of all existing authorities the directors be generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 ("the Act") to allot relevant securities (within the meaning of Section 80(2) of the Act) up to a maximum aggregate nominal value of £1,157,417 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at whichever is the earlier of the conclusion of the next annual general meeting of the Company or fifteen months after the date on which the resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement as if this authority had not expired."

6. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

"That, subject to and conditional upon the passing of resolution 5 above and in substitution for all existing and unexercised authorities, the directors of the Company be and they are hereby empowered pursuant to

section 95(1) of the Companies Act 1985 ("the Act") to allot equity securities (as defined in section 94(2) of the Act) pursuant to the authority conferred upon them by resolution 5 as if section 89(1) of the Act did not apply to any such allotment provided that the power conferred by this resolution, unless previously revoked or varied by special resolution of the Company in general meeting, shall be limited:

- a) to 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 favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient to deal with fractional entitlements or other legal or practical difficulties under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory or as regards shares in issue in uncertified form; and
- b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of any equity securities up to an aggregate nominal amount of £192,129 representing approximately 5% of the current issued share capital of the Company.

and shall expire on the date of the next annual general meeting of the Company or (if earlier) fifteen months from the date of the passing of this resolution 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."

7. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

"That, the Company be and it is hereby generally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) on the London Stock Exchange plc's market for Alternative Investment Market securities, limited to an aggregate of 1,537,033 Ordinary Shares of 25p

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

each in its capital at a price per Ordinary Share of not less than 25p and not more than 105% of the average of the middle market quotations as derived from the Stock Exchange Daily Official List for the five business days immediately before the purchase is made (in each case exclusive of expenses) and the authority conferred by this Resolution shall (unless previously revoked or renewed) expire on the earlier of the date of the next Annual General Meeting of the Company after the passing of this Resolution and fifteen months after the date on which the resolution is passed (except in relation to the purchase of Ordinary Shares the contract for which was concluded before such date and which might be executed wholly or partly after such date)."

8. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"That, the Directors be and are hereby authorised pursuant to Article 129 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 credited as fully paid in lieu of any final dividend (or part thereof) declared in respect of each financial year from and including the year ended 30 September 2002 up to and including the financial year ending 30 September 2006 and any interim dividend (or part thereof) declared in respect of each financial year up to and including the financial year ending 30 September 2007, provided that such Resolution of the Directors is in accordance with , and subject to, the provisions of Article 129 of the Company's Articles of Association."

A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a member of the Company.

Forms of proxy must be deposited at the Company's registrars, Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 3FA, not less than 48 hours before the time fixed for the meeting.

A summary of the transactions of directors (and their family interests) in the share capital of the Company and copies of their service contracts will be available for inspection at the Company's registered office during normal business hours on each business day from the date of this notice up to the close of the Annual General Meeting and will be available for inspection at the place of the Annual General meeting for at least 15 minutes prior to and during the meeting.

By order of the board on 11 December 2002



DBJ Sweetland
Company Secretary
Cheapside House
138 Cheapside
London
EC2V 6LH

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

RESOLUTION 1

REPORT AND ACCOUNTS

The directors are required to present the accounts for the year ended 30 September 2002 to the meeting.

RESOLUTION 2

DECLARATION OF 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 5.6p per ordinary share be paid on 14 February 2003 to ordinary shareholders who are on the register at the close of business on 20 December 2002. Subject to the passing of resolution 8 below, shareholders are being offered the right to receive new ordinary shares as an alternative to cash in respect of this dividend.

RESOLUTION 3

REAPPOINTMENT OF DIRECTOR

The articles of association of the company require one third of the directors to retire at each annual general meeting. At this meeting, Mr David Craig will retire by rotation and seek re-election.

RESOLUTION 4

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, PKF, and authorises the directors to agree their remuneration.

RESOLUTIONS 5

AUTHORITY TO ALLOT THE RELEVANT SECURITIES

The Company requires the flexibility to allot equity securities from time to time. Accordingly, resolution 5 seeks to grant (until the next annual general meeting or the expiration of 15 months if sooner) the directors authority to allot equity securities up to an aggregate nominal amount of £1,157,417. Save in respect of the issue of new ordinary shares pursuant to the share incentive schemes, 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 6

DISAPPLICATION OF SECTION 89(1) OF THE COMPANIES ACT 1985

This resolution seeks to disapply the pre-emption

rights provisions of section 89 of the Companies Act 1985 in respect of the allotment of equity securities pursuant to rights issues and other preemptive issues and in respect of other issues of equity securities for cash up to an aggregate nominal value of £192,129, being approximately 5% of the current issued ordinary share capital. If given this power will expire at the same time as the authority referred to in resolution 5. The directors consider this power desirable due to the flexibility afforded by it. They have no present intention of issuing any equity securities pursuant to this disapplication.

RESOLUTION 7

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 other consents required by law. Such purchases must be authorised by the shareholders at a general meeting. This resolution seeks to grant (until the next annual general meeting or the expiry of 15 months if sooner) the directors' authority to purchase the Company's own shares up to a maximum of 10% of the issued ordinary share capital of the Company. In proposing this resolution, the directors consider that it is in the best interests of the Company and its shareholders that the directors should keep the ability to make market purchases of the Company's own shares without the cost and delay of an extraordinary general meeting to seek specific authority for a share purchase. It is only exercisable if to do so would increase earnings per share and it is in the best interest of shareholders generally.

RESOLUTION 8

SCRIP DIVIDEND SCHEME

Under the Company's articles of association, the directors are permitted to allot new ordinary shares as an alternative to cash in respect of dividends declared by the company, if so authorised by the Company in general meeting. This resolution seeks to authorise the directors to grant ordinary shareholders the right to receive an allotment of ordinary shares credited as fully paid in lieu of any final dividend declared in respect of each financial year from and including the year ended 30 September 2002 up to and including the financial year ending 30 September 2006 – and any interim dividend (or part thereof) declared in respect of each financial year up to and including the financial year ending 30 September 2007. A separate letter to shareholders relating to the scrip dividend scheme accompanies the Company's annual report and accounts.

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