

13 Jul 2006 07:00 BST **DJ Jarvis Securities Interim Results**

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Jarvis Securities plc
13 July 2006

Jarvis Securities plc ('Jarvis' or 'the Company')

Financial Highlights

Turnover up 35% to GBP1.72 million (June 2005: GBP1.28 million)
PBT up 151% to GBP710k (June 2005: GBP283k)
EPS up 180% to 4.34p (June 2005: 1.55p)
Interim dividend payment of 2.5p per share
Launched a new contract for difference (CFD) trading service
Confident outlook for the remainder of 2006

Chairman's Statement

When I last reported to shareholders in March 2006 with the 2005 Annual Report, I concluded the Chairman's Statement by promising that the Board would focus entirely on building shareholder value through maintaining our quality service and improving profitability. I am delighted to say that this strategy has, to date, been successful.

Our retail client business has continued to expand and we are now one of the UK's top fifteen stockbrokers by retail volume according to data published by the London Stock Exchange. This is a great achievement considering that we only began to transact our own deals just over three years ago.

We now have all our Model B settlement service clients on profitable contracts with minimum revenue requirements, even though these have not grown as fast as expected. With the costs of adapting our systems behind us, any future contracts should be profitable from the outset as with our other intermediary and institutional relationships.

The Financial Highlights section of this statement shows clearly the significant improvement in our operating performance made in the first half of 2006 compared to the same period in 2005. Our mantra has always been to provide both quality of service and efficiency, goals that we consider to be complementary. Through streamlining and improving our processes we aim to maximise client satisfaction. In our opinion, keeping our customers satisfied is the best possible advertisement, helping to generate new business through recommendation. This philosophy has enabled us to increase customer numbers and improve our operating profit margin from 22% (June 2005) to 41% (June 2006). This also helps to differentiate our business from other brokers, reflecting the skill and commitment of our employees.

We have benefited from increasing trading volumes during the period to June 2006, however commissions form only part of our revenue mix and we estimate that the improved operating conditions increased

commissions by approximately an extra GBP100,000 compared to forecasted revenues. Improvements to our operating results were primarily due to cutting operational costs, improving business processes and growing our customer base.

When we joined AIM in 2004 we highlighted that scalability was a strength of our business model and I believe that these results prove that to be true. The Board have always aimed to build a robust business and to keep fixed costs to a minimum, thus allowing the company to take advantage of market upturns without having to rely upon them.


We have decided to pay a full dividend in accordance with our policy for the first half of this year. The first dividend of 1.5p per share, paid in February 2006, was designed to bridge the old and new payment timetables and hence the Board decided it was appropriate to ignore this in calculating the dividend to be paid based upon these results. The company is cash positive and we intend to maintain a high dividend payout policy. Hence a further interim dividend of 2.5p per share is proposed with the release of these results payable on 16 August 2006 to all shareholders on record as at 28 July 2006.

Jarvis Securities plc came to AIM in December 2004 at a placing price of 82.5p per share. I am acutely aware of and disappointed by the fact that our shares have not traded above this price for some time now. The Board do believe that the price has not reflected the recent performance of the business and accordingly 180,000 Ordinary shares have been bought at an average price of 72p per share for treasury. This reflects our confidence in the future of the company. However we do not consider this to be a long-term strategy to create value for shareholders although we will consider further buy backs as appropriate. We hope that our strong trading results will renew investor interest in the business and the opportunities that it presents. Our market capitalisation on admission to AIM was GBP9.5m and our profit before tax for the nine months to 30 September 2004 was GBP460,000. Now that we have achieved a profit before tax of more than GBP700,000 for the six months to 30 June 2006, I hope that more investors will see the potential in our model and that our share price will increase to reflect this to the benefit of all our shareholders.

We have launched a new contract for difference (CFD) trading service this month, which we hope will add to our rate of growth. These instruments are becoming increasingly popular and growing our product range is important in maintaining momentum. We plan to improve our internet based offering shortly and launch a new web based service. Following an upturn in the interest rate environment, together with some signs of improved volumes, I look forward with confidence to the remainder of 2006.

I am delighted to present the following excellent results to shareholders and I am sure they will join me in expressing thanks to our dedicated team of employees for delivering our strategy.

Andrew Grant
Chairman

 **2006 Interims**