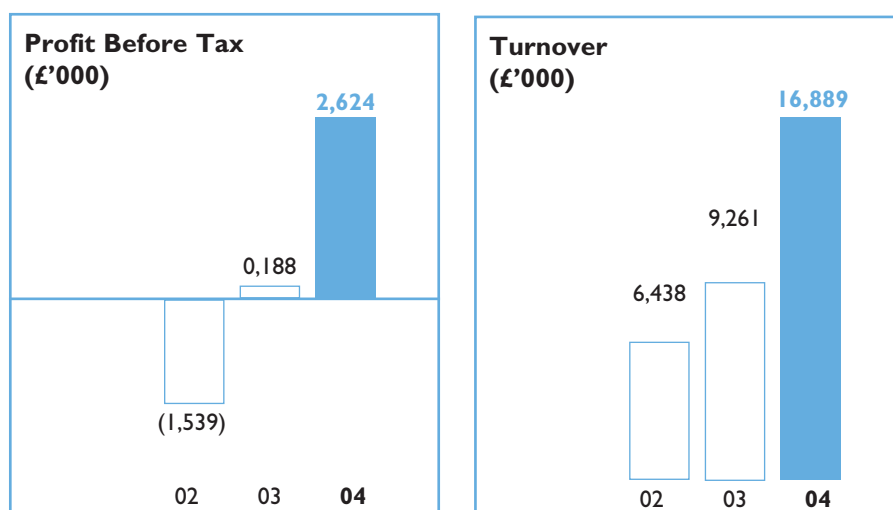




WH Ireland Group plc
Annual Report and Financial Statements 2004

Highlights of the Year

- Turnover up by 82% to £16.9m (2003: £9.3m).
- Pre-tax profit increased to a record £2.6m (2003: £0.2m).
- Net assets increased by 40% to £10.1m (2003: £7.2m).
- Strong asset base including shares in LSE, Euroclear and property.
- Proposed final dividend of 1.50p per share, giving a total of 2.25p for the year (2003: 1.25p).
- Special dividend of 2.00p per share, a distribution of the net proceeds of the LSE's special dividend.
- Strong progress across core business areas:
 - Investment management – funds under management up 39% to £291m
 - Corporate finance – record year with 25 AIM introductions (2003: 13)
 - IFA business – making excellent progress
 - Stockbroking – commission up by 72%
- Continued expansion of London office.
- Outlook remains encouraging.





“...We have taken advantage of improved trading conditions to deliver a substantial and sustained recovery. All core areas of our business have made strong progress and we are well positioned to continue growing both organically and by selective acquisitions...”

I am very pleased to report on a record year for the Company. Turnover increased by 82% to a record £16,889,225 whilst pre-tax profit was another record at £2,624,143.

We have taken advantage of improved trading conditions to deliver a substantial and sustained recovery. All core areas of our business have made strong progress and we are well positioned to continue growing both organically and by selective acquisitions.

In view of this progress, we are proposing to pay a final dividend of 1.5p per share, an increase of 0.75p. During the year, we received an exceptional dividend on our shareholding in the London Stock Exchange plc which has been credited to our profit and loss account, as opposed to any increase in the value of the holding itself which is credited to reserves.

We have, therefore, decided to pay a special dividend to shareholders to distribute the net proceeds of this exceptional dividend and this will amount to 2.00p per share, making a total dividend for the year of 4.25p per share. The final and special dividends will be paid on 29 April 2005 to shareholders on the register as at 11 March 2005 and, again, a scrip dividend alternative will be available.

Over the last three years we have significantly expanded our corporate finance activities building on an already established niche market position concentrating upon companies trading on AIM. Our drive for expansion has led to a significant increase in the number of clients advised on a retained basis, with some 49 corporate clients retained at the year end. According to AIM statistics recorded by the London Stock Exchange, we were the leading Nominated Adviser and Broker by number of new introductions in the first 9 months of 2004, a splendid achievement. During the year, we advised on 29 transactions, raising a total of £67 million. The team is now functioning as a truly national operation with offices in Manchester, London and Birmingham. Corporate fees accounted for 24% of our turnover during the year and, at the year end, the annual retainer base was over £780,000.

We continue to offer our traditional style stockbroking services to private clients, providing execution only, discretionary and advisory services. This business has grown substantially with very strong performances from our spread of offices. Client investment funds under discretionary or advisory management grew to £291 million as at 30 November 2004, compared with £209 million at the previous year end.

SUMMARY

- During the year, we received an exceptional dividend on our shareholding in the London Stock Exchange plc . . . We have, therefore, decided to pay a special dividend to shareholders.
- According to AIM statistics recorded by the London Stock Exchange, we were the leading Nominated Adviser and Broker by number of new introductions in the first 9 months of 2004.
- We continue to offer our traditional style stockbroking services to private clients . . . This business has grown substantially with very strong performances from our spread of offices.

In London, the team has performed particularly strongly and we are looking to acquire new premises to cater for continued expansion. Our Cardiff team has also developed very successfully during the year. In Birmingham, we were able to attract a team of 15 Executives and their business performed in line with budget.

Our IFA operations in Manchester and Cardiff have performed well and now employ a total of 13 people. Our objective is to expand this area of activity as and when we can recruit or purchase small teams of highly qualified advisers with profitable client bases.

In addition to the increase in value of our shareholding in the London Stock Exchange, our other investments continue to show good progress, in particular our 22.5% stake in Ultimate Finance Group plc. Our head office building in Manchester is due for a refurbishment which will enable us to increase the rental value of the building. A number of tenants' leases come up for review or renewal in the next 18 months, and we are confident of being able to improve the value of the building which is in a prime location in the centre of Manchester.

As anticipated in my statement in last year's report and accounts,

Mohammed Marafie, a Non-executive Director of the firm for seven years, retired from the Board during the year. Since the year end his shareholding has been placed with a number of institutions whom we are pleased to welcome as new shareholders.

I would like to extend my very genuine thanks to all our staff and colleagues who due to their hard work, loyalty, teamwork and expertise have all contributed to a very successful year for their and your Company.

During the year, the market has regained its confidence and composure substantially and, with property values softening, the medium and long term advantage of equity investment is once more being recognised.

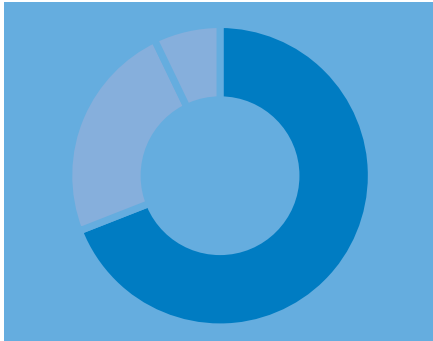
The current year has started well. The benefits of our broadly based expansion in services and people are showing through with good levels of activity in all areas of the business.

We look forward to the future with confidence.

Sir David Trippier RD JP DL
Chairman

WH IRELAND GROUP PLC

STOCKBROKING



WH Ireland Ltd provides a full range of execution only, discretionary and advisory stockbroking services to its clients, receiving income either by commission on trades or fees for portfolio management. This is backed by private client and institutional research. It also undertakes PEP and ISA administration and management services.

- Stockbroking commission up by 72%.
- Funds under managements increase to £291 million from £209 million last year.
- New team of 15 brokers and support staff join the Birmingham office.
- Regional offices continue to perform satisfactorily.

Turnover

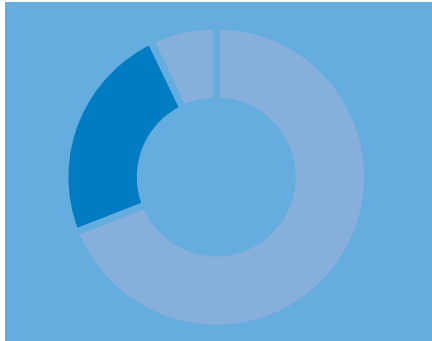
£11.6m

(2003: £6.8m)

Increase

+71%

CORPORATE FINANCE



WH Ireland Ltd is approved to give advice to fully listed, AIM traded and Ofex quoted public companies. It is a registered nominated adviser, and operates from three dedicated corporate finance offices in Manchester, London and Birmingham. The department has a staff of 13, with wide experience of corporate finance matters.

- Advised on 29 transactions.
- Over £67 million raised.
- Moved up to number two in the UK on the list of nominated advisers in terms of number of AIM flotations.
- Annual retainer fees running at £780,000 per annum from 49 corporate clients.

Turnover

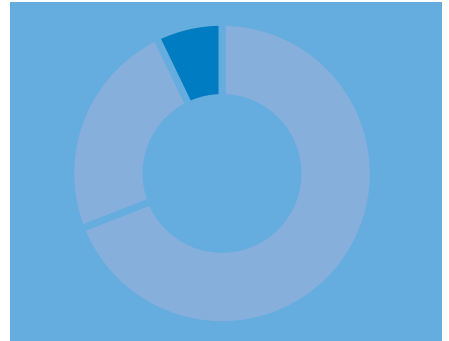
£4.0m

(2003: £2.1m)

Increase

+90%

FINANCIAL SERVICES



WH Ireland (Financial Services) Ltd provides a broad range of life, pensions, savings and mortgage advice to a wide client base of companies and high net worth individuals. It operates principally from offices in Manchester and Cardiff but has the range of offices of WH Ireland available to it to arrange meetings nationwide.

- Critical mass achieved in offices in Cardiff and Manchester.
- Turnover broken through the £1 million barrier for the first time.
- High calibre advisers added to the team. 13 now employed full time in this division.

Turnover

£1.2m

(2003: £0.2m)

Increase

+500%



“...We are continuing to grow the business and expand the quality, range and depth of the services we offer. This has the effect of broadening our revenue streams and establishing firm foundations from which to grow the business, both geographically and by business area...”

The firm has continued to grow, both organically and through the recruitment of specialist teams. This continued development, coupled with better trading conditions, has produced a record result for the year. Our turnover has grown from £9,260,811 to £16,889,225, and our pre-tax profit from £188,338 to £2,624,143. During the year we changed our accounting policy on the valuation of certain fixed asset investments in association with the adoption of the carried interest scheme which has resulted in a significant increase in the book value of these investments at the year end which, together with our record profits, has seen our net asset value rise to £10,114,056 from £7,254,322. This equates to 64.32p per share compared to 47.70p per share last year. Our discretionary and advisory funds under management have increased during the year from £209 million, at the last year end, to £291 million.

All areas of the firm have contributed to this growth and I am pleased to be able to detail below the developments during the year.

PRIVATE CLIENT STOCKBROKING

Our businesses around the country have continued to grow. In particular, the London office has had an outstanding year.

During the year we made the final payment on our acquisition of Stockholm Investments, the discretionary fund management business we bought in October 2001. We continue to act for a wide range of private clients and as a result of its strong performance, our London activities have outgrown our Cannon Street offices. Therefore, we are considering a move to larger offices in the City during the current year.

In Birmingham, we have expanded considerably and now occupy two floors of our leased premises in the city centre. We are pleased to welcome formally the team of 15 brokers and support staff who joined us half way through the year. They have already proved a successful and profitable addition to the firm.

In our Manchester head office, which also houses our administration function, further appointments have been made, in particular strengthening our back office and compliance capabilities to cater for our expansion. Meanwhile we are continually developing our IT facilities through the installation of the latest technology available in the market to ensure that our clients receive the highest quality of service.

“...The new year has started well with a good pipeline of corporate activity and, subject to favourable market conditions, we expect a successful outcome for the year...”

PRIVATE CLIENT STOCKBROKING (CONTINUED)

We have built a significant presence in Wales. Our two Cardiff based broking offices, one of which has re-located to the Cardiff Bay area, are both performing well. Combined with our four-strong office in Colwyn Bay, North Wales, we now have a total of 14 people in our stockbroking offices in the region, making us one of the larger stockbrokers in the Principality.

Our other regional offices continue to perform satisfactorily, although we have decided to close our small office in Tunbridge Wells.

CORPORATE BROKING AND INSTITUTIONAL SALES

Our Corporate Broking and Institutional Sales departments, located in Manchester and London, have had a successful year and have taken part in a number of primary and secondary placings. In our day to day activities, we also act for a number of institutional fund management groups and hedge funds. Through selective sector specialisation, we now have a particular expertise in mining and exploration, healthcare, and technology companies in the small and mid cap sectors.

RESEARCH

Our research capability has expanded during the year, both in numbers of personnel and scope of research. We do not set out to be a major research house, as the costs of doing so would be prohibitive for a broker of our size. Furthermore, there is a vast amount of research available from major research houses. However, we do aim to have the in house expertise necessary at a high level to support the other areas of the business, particularly corporate broking and corporate finance. As is required by the compliance rules, our researchers are structurally independent in their reporting and analysis.

CORPORATE FINANCE

Our Corporate Finance department has had another excellent year. Our decision to focus on AIM has been amply justified by our moving up from third to second position in the UK, measured by the number of AIM flotations for which we have acted as Nominated Adviser. I would like to congratulate our three teams in Manchester, London and Birmingham on their success in achieving such a memorable outcome for the year. We have a good pipeline of future deals in hand.

SUMMARY

- In our Manchester head office, which also houses our administration function, further appointments have been made, in particular strengthening our back office and compliance capabilities to cater for our expansion.
- Our decision to focus on AIM has been amply justified by our moving up from third to second position in the UK.
- WH Ireland (Financial Services) Ltd, our IFA arm, continued to perform well and expanded with further appointments of advisers.

FINANCIAL SERVICES

WH Ireland (Financial Services) Ltd, our IFA arm, continued to perform well and expanded with further appointments of advisers at Ingram Phillips in Cardiff and Manchester. In this subsidiary we remain focused on recruiting only high calibre advisers, capable of transacting substantial business but avoiding the pitfalls of acquiring high employee-low return business.

INVESTMENTS AND PROPERTY

We retain a substantial holding in the London Stock Exchange, which has increased in value significantly during the year and post the balance sheet date. We also have a holding in Euroclear which is shown in the accounts at a cost of £75,052 and we estimate that its current value is significantly higher.

Our investment in Ultimate Finance, the asset finance business quoted on AIM, has shown solid improvement in its level of business and we are very happy with its progress. The team there are to be congratulated on their success in a competitive market place.

Our head office in Manchester, whose freehold we own, is located in the prime central area of the city. We have applied

for planning permission for alterations to the building which we believe will enable us to enhance its appearance and facilities, and so increase the rents payable significantly as rent reviews occur in the next two years.

STAFF

I would like to add my heartfelt thanks to those of the Chairman to all my colleagues who have played their part in achieving a successful outcome for the year.

OUTLOOK

We are continuing to grow the business and expand the quality, range and depth of the services we offer. This has the effect of broadening our revenue streams and establishing firm foundations from which to grow the business, both geographically and by business area. The new year has started well with a good pipeline of corporate activity and, subject to favourable market conditions, we expect a successful outcome for the year. We continue to examine further areas of growth whereby, organically or by acquisition, we can add value and build on the success achieved to date.

Laurie Beevers
Chief Executive

Board of Directors



Sir David Trippier RD JP DL
Non-executive Chairman

Sir David spent his early career as a stockbroker in the family firm of Pilling Trippier & Co before becoming a Member of Parliament between 1979 and 1992. During that time he held a number of ministerial posts including Minister for Small Businesses. Formerly Deputy Chairman of the Conservative Party he is currently a Director of a number of public and private companies including Granada Television Limited and Murray VCT plc.



Laurie Beevers BSc (Hons) FSI
Chief Executive

Read economics and politics at Bristol University and commenced a stockbroking career in 1972, eventually moving to Manchester and becoming a partner in Charlton Seal Dimmock & Co. He joined WH Ireland as Chief Executive in May 1995. His areas of investment specialisation include smaller companies both in the UK and Australia, and for a number of years he was a Director of a number of fully listed Australian companies.



David W Youngman MSc ASIP FSI
Managing Director

Began his stockbroking career with Charlton Seal Dimmock & Co. in October 1975. He became a partner of the same firm in 1980 and was appointed Investment Research Director upon incorporation in 1987. Upon the acquisition of Charlton Seal Limited by the Benchmark Group he was appointed a main board Director of Benchmark and Chief Operating Officer of Charlton Seal Limited. In May 1995 he joined WH Ireland with Laurie Beevers and is currently Managing Director with specific responsibility for Corporate Finance.



Derek F Ashford FCA
Finance Director

Qualified as a chartered accountant in 1981, he moved to Jersey in 1994 to take up the position of Financial Controller of the Cater Allen Offshore Investment division. Following the acquisition of Cater Allen by Abbey National plc in the Autumn of 1997 he became Head of Financial Planning and Management Information for the enlarged Abbey National Offshore Group. He returned to the UK in January 1999 to become the Finance Director of WH Ireland. He is also a Non-executive Director of Ultimate Finance Group plc.



Richard E M Lee
Executive Director

In his early career he worked in two stockbrokers in the corporate finance and research departments. He is a Non-executive Director of a number of companies and is Chairman of Prime People plc, a company in the recruitment industry and is also a Non-executive Director of Ultimate Finance Group plc and Freedom Finance Group plc. He is the Managing Director of WH Ireland Ltd.



John Lawrence MBE
Non-executive Director

Formed JEL Energy Conservation Services in 1975, which was sold to Thom EMI. Following this he was Chairman and Chief Executive Officer of a number of Thom EMI's technology companies. Since 1993 he has been an investor and has held Non-executive positions with a number of public and private companies. He is currently Non-executive Chairman of Formation Group plc and a Non-executive Director of Aberdeen Growth VCT I plc.

Directors' Report

The Directors present their report on the affairs of the Company, together with the accounts and auditors' report, for the year ended 30 November 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company was that of a holding company.

The principal activities of the Group during the year were the provision of stockbroking, corporate finance, investment management, financial services, property management and asset leasing.

REVIEW OF THE BUSINESS

A review of the business can be found in the Chairman's Statement on pages 2 and 3 and the Chief Executive's Operational Review on pages 5 to 7.

RESULTS AND DIVIDEND

The Group profit for the year is set out in the consolidated profit and loss account on page 18. An interim dividend of 0.75p per share was paid on 29 October 2004 and the Directors recommend that a final ordinary dividend of 1.5p per share be paid on 29 April 2005 to shareholders on the Company's Register at the close of business on 11 March 2005. It is also proposed at the same time to pay a special dividend of 2.0p per share out of the proceeds of the special dividend of £330,000 received on 16 August 2004 on our holding of 600,000 London Stock Exchange shares. It is intended to offer a scrip dividend alternative for both these dividend payments.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

During the year no specific standard or code was followed with respect to the payment of suppliers, but the Company's and Group's policy for the payment of suppliers was as follows:

- payment terms were agreed at the start of the relationship with the supplier and were only changed by agreement;
- standard payment terms to suppliers of goods and services was within 30 days from receipt of a correct invoice for satisfactory goods or services which had been ordered and received unless other terms were agreed in a contract;
- payments were made in accordance with the agreed terms or in accordance with the law if no agreement had been made; and
- suppliers were advised when an invoice was contested without delay and any disputes were settled as quickly as possible.

This will also be the policy for the forthcoming year.

The Company does not have trade creditors in the conventional sense, however at the year end for the Group there were 32.94 days (2003: 28.82 days) purchases in creditors relating to operational expenses.

DIRECTORS AND THEIR INTEREST IN SHARES

The Directors who held office during the year and their interest in shares of the Company were as follows:

	At 30 November 2004	At 30 November 2003
Sir David Trippier	472,788	472,788
WL Beevers	2,220,735	2,215,685
DW Youngman	2,055,216	2,255,216
DF Ashford	179,733	179,733
REM Lee	10,000	10,000
JE Lawrence MBE	578,989	578,989
MI Marafie (resigned 21 April 2004)	—	3,212,367

Directors' Report cont...

DIRECTORS AND THEIR INTEREST IN SHARES (CONTINUED)

The Readycount Limited Directors' Pension Scheme, of which WL Beevers and DW Youngman are the beneficiaries, held 397,987 shares at 30 November 2004 (2003: 394,129 shares).

Under the provisions of the Articles of Association one third of the number of Directors in office each year must offer themselves for re-election at the Annual General Meeting. Thus Messrs DW Youngman and DF Ashford, both being eligible, offer themselves for re-election.

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of other Group companies.

Full details of Directors' service contracts, remuneration and share interests can be found in the Remuneration Report on pages 12 to 15.

MAJOR SHAREHOLDINGS

At 17 February 2005, the last practicable date prior to the publication of this report, the Company had been notified of the following shareholdings (other than those of the Directors) of 3% or more of the share capital:

	Ordinary shares	%
Fleming Mercantile Investment Trust plc	1,285,000	8.18
JT Eastgate	578,460	3.68
NRG Alexander	578,460	3.68
TB Davies*	550,000	3.50

* Includes family trusts

EMPLOYEES

It is Group policy that employees should be kept as fully informed regarding the Group's progress and plans for the future as is feasible and practicable through regular communication between management and staff.

The Company gives full and fair consideration to all disabled people who apply for employment, seeks to develop the skills and potential of disabled people, affords them access to training and promotion opportunities and makes every effort to retain in suitable employment those staff who have the misfortune to become disabled whilst in the employment of the Group.

Employees are encouraged to be involved in the Company's performance through participation in a share ownership scheme provided by the WH Ireland Employee Benefit Trust. The WH Ireland Employee Benefit Trust held nil shares in the Company at 30 November 2004 (2003: nil).

The Board wishes to express its appreciation to all the staff for the efforts they have made during the last year.

2004 INTERIM DIVIDEND

Although there were sufficient distributable profits to pay the interim dividend of 0.75p per share paid on 29 October 2004, the dividend was higher in value than the retained profits disclosed in the Company balance sheet at 30 November 2003. The Company inadvertently overlooked the statutory requirement to file interim accounts with the Registrar of Companies prior to paying the dividend in such circumstances. The resolution numbered 10 in the Notice of Annual General Meeting seeks to rectify this technical breach by ratifying the appropriation of distributable profits to the payment of that dividend and waiving any claims which the Company may have against shareholders or the Directors arising out of this breach.

The Inland Revenue has confirmed that the interim dividend will continue to be treated as a distribution for tax purposes (made at the time at which the interim dividend was paid) and that a waiver in the form proposed has no tax implications for those shareholders who received such interim dividend. Accordingly, the Inland Revenue will treat the tax position of UK tax resident shareholders as being unaffected. Any non-UK tax resident shareholders who have any doubt about their foreign tax position should consult their own professional advisers.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Board is aware of the need to plan for the implementation of International Financial Reporting Standards which for AIM companies are mandatory for accounting periods starting after 1 January 2007, thus affecting the Group's accounts for the first time in the year ending 30 November 2008.

The Board has appointed a committee of the Finance Director, Financial Controller and Compliance Director who will work closely with the auditors to control the adoption of the relevant International Financial Reporting Standards.

The Board has no plans at present for the early adoption of the standards.

GOING CONCERN

After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a Resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

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 Group and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

By order of the Board

DF Ashford

Company Secretary

11 St James's Square

Manchester M2 6WH

21 February 2005

Remuneration Report

Companies traded on AIM are not required to provide a formal Remuneration Report. Therefore this report is provided for information purposes only to give a greater transparency to the way Directors and Senior Executives are remunerated.

COMPOSITION AND ROLE OF THE REMUNERATION COMMITTEE.

The Board has established a remuneration committee which consists of two Non-executive Directors, Sir David Trippier, who chairs the committee and JE Lawrence MBE, together with Executive Director, REM Lee.

The committee determines and agrees with the Board the framework and policy of Executive remuneration and the associated costs to the Group and is responsible for the implementation of that policy. The committee determines the specific remuneration packages for each of the Executive Directors, and no Director or Senior Executive is involved in any decisions as to his own remuneration. The committee has access to information and advice provided by the Chief Executive and the Finance Director and has access to independent advice where it considers it appropriate, such as salary surveys conducted by Compeer Ltd.

This report explains how the Group has applied its policy on remuneration paid to Executive Directors.

FRAMEWORK AND POLICY ON EXECUTIVE DIRECTORS' REMUNERATION

The Group's remuneration policy is designed to provide competitive rewards for its Executive Directors and other Senior Executives, taking into account the performance of the Group and the individual Executives together with comparisons to pay conditions throughout the markets in which the Group operates. It is the aim of the committee to attract, retain and motivate high calibre individuals with a competitive remuneration package. It is common practice in the industry for total remuneration to be significantly influenced by bonuses.

The remuneration packages are constructed to provide a balance between fixed and variable rewards. Therefore remuneration packages for Executive Directors and Senior Executives normally include basic salary, discretionary bonuses, benefits in kind and options. In agreeing the level of basic salaries and annual bonuses the committee takes into consideration the total remuneration that Executives could receive.

BASIC SALARY

Basic salaries are reviewed on an annual basis or following a significant change in responsibilities. The committee seeks to establish a basic salary for each Executive determined by individual responsibilities and performance, taking into account comparable salaries for similar positions in companies of a similar size in the same market.

INCENTIVE ARRANGEMENTS

1) Annual discretionary bonuses

These are designed to reflect the Group's performance, taking into account the performance of its peers, the market in which the Group operates, and the Executive's contribution to that performance. For the year ended 30 November 2004 discretionary bonuses have been awarded to all Executives and staff. These bonuses are added to normal salary and subjected to normal PAYE taxation.

2) Specific performance related discretionary bonus

These are designed to reward a specific exceptional performance by the Group which has had a material positive impact on the profitability of the Group, and the Executive's contribution to that performance. These bonuses are added to normal salary and subjected to normal PAYE taxation.

3) Carried interest scheme

The Board may at any time at its sole discretion pay a bonus equal to a proportion of the profit on disposal of shares or warrants acquired as a result of corporate finance activities to eligible employees working within the corporate finance function nominated by the Board in its absolute discretion. It is the intention that under this scheme no more than 50% of the disposal profits of the relevant shares or warrants would be paid out to the eligible employees. These bonuses would be added to normal salary and subjected to normal PAYE taxation. All four Executive Directors participate in this scheme.

INCENTIVE ARRANGEMENTS (CONTINUED)

4) Share options

- a) When the Group acquired WH Ireland Limited in July 2000 it took over the options in existence at that time, which had been granted to WL Beevers, DW Youngman and DF Ashford. These total 1,000,000 shares and remain in place at 30 November 2004.
- b) Under the terms of the Executive Share Option Scheme, options over the Company's shares may be issued on a discretionary basis to Executives within the Group at not less than the prevailing market price. The maximum aggregate subscription price of all options issued to an Executive in any ten year period may not exceed four times the annual remuneration of that Executive. In addition options may not be granted in total in excess of 20% of the share capital of the Company (of all classes) in issue at that time, and no individual may have options representing more than 5% of the share capital of the Company (of all classes) in issue at the time. During the year ended 30 November 2004, 470,000 options over the Company's shares were granted.

OTHER EMPLOYEE BENEFITS

Executive Directors and Senior Executives are entitled to a range of benefits, including a fully expensed company car, contributions to individual personal pension plans, private medical insurance and life assurance.

SERVICE CONTRACTS AND NOTICE PERIODS

All Executive Directors are employed on rolling contracts subject to twelve months' notice from either the Executive or the Group, given at any time. The service contracts of the current Executive Directors are available for inspection by any person at the Company's registered office during normal office hours on any day except weekends and bank holidays and at the Annual General Meeting from 10.00 am on the day of the Meeting until the conclusion of the Meeting. Contracts of employment for Senior Executives are all on a rolling basis subject to notice periods ranging from three to twelve months.

Service contracts do not provide explicitly for termination payments or damages but the Group may make payments in lieu of notice. For this purpose pay in lieu of notice would consist of basic salary and other relevant emoluments for the relevant notice period excluding any bonus.

EXTERNAL APPOINTMENTS UNDERTAKEN BY EXECUTIVE DIRECTORS

In the committee's opinion, experience of other companies' practices and challenges is valuable for the personal development of the Group's Executive Directors and for the Company. It is therefore the Group's policy to allow Executive Directors to accept Non-executive Directorships at other companies, provided the time commitment does not interfere with the Executive Director's responsibilities within the Group. Fees are retained by the individual Director.

NON-EXECUTIVE DIRECTORS

All Non-executive Directors are appointed for an initial period of twelve months, and thereafter on a rolling basis subject to three months' notice by either the Non-executive Director or the Group, given at any time. In the event of termination of their appointment they are not entitled to any compensation. The terms and conditions of appointment of Non-executive Directors are available for inspection by any person at the Company's registered office during normal working hours on any day except weekends or bank holidays and at the Annual General Meeting from 10.00 am on the day of the Meeting until the conclusion of the Meeting.

Non-executive Directors' fees are determined by the Executive Directors having regard to the need to attract high calibre individuals with the right experience, the time and responsibilities entailed and comparative fees paid in the market in which the Group operates. They are not eligible for pensions and do not participate in the Group's bonus or share schemes.

Remuneration Report cont...

DIRECTORS' EMOLUMENTS

The remuneration of each Director, excluding share options and awards, during the year ended 30 November 2004 is detailed in the table below:

	Salary	Benefits	Bonus	Total for year ended 30 November 2004	Total for year ended 30 November 2003	Pension contributions for year ended 30 November 2004	Pension contributions for year ended 30 November 2003
Executive							
WL Beevers	115,500	18,562	118,588	252,650	179,935	11,382	9,000
DW Youngman	105,000	16,170	128,588	249,758	147,906	10,378	8,167
DF Ashford	78,833	12,551	53,552	144,936	92,610	7,353	7,128
REM Lee	68,417	14,852	53,552	136,821	81,069	6,160	7,800
Non-executive							
Sir David Trippier	25,000	—	—	25,000	22,500	—	—
JE Lawrence MBE	20,000	—	—	20,000	17,500	—	—
MI Marafie*	—	—	—	—	—	—	—
	412,750	62,135	354,280	829,165	541,520	35,273	32,095

DIRECTORS' INTERESTS IN SHARES

	At 30 November 2004	At 30 November 2003
Sir David Trippier	472,788	472,788
WL Beevers	2,220,735	2,215,685
DW Youngman	2,055,216	2,255,216
DF Ashford	179,733	179,733
REM Lee	10,000	10,000
JE Lawrence MBE	578,989	578,989
MI Marafie*	—	3,212,367

* MI Marafie resigned on 21 April 2004.

In addition the Readycount Limited Directors' Pension Scheme, of which WL Beevers and DW Youngman are the beneficiaries, held 397,987 shares at 30 November 2004 (2003: 394,129 shares).

DIRECTORS' INTERESTS IN SHARE OPTIONS

Full details of options over ordinary shares in the Company held by Executive Directors at 30 November 2004 are shown below:

	Number of ordinary shares	Date of grant of share option	Exercise price per ordinary share	Exercise period
WL Beevers	400,000	16.12.99	30p	17.12.02 to 16.12.09
WL Beevers	33,333	02.04.01	75p	03.04.04 to 02.04.11
WL Beevers	103,478	30.05.02	50p	31.05.05 to 30.05.12
WL Beevers	15,000	17.03.04	75p	18.03.07 to 17.03.14
WL Beevers	35,000	25.05.04	70p	26.05.07 to 25.05.14
DW Youngman	400,000	16.12.99	30p	17.12.02 to 16.12.09
DW Youngman	30,000	02.04.01	75p	03.04.04 to 02.04.11
DW Youngman	99,130	30.05.02	50p	31.05.05 to 30.05.12
DW Youngman	15,000	17.03.04	75p	18.03.07 to 17.03.14
DW Youngman	35,000	25.05.04	70p	26.05.07 to 25.05.14
DF Ashford	200,000	16.12.99	30p	17.12.02 to 16.12.09
DF Ashford	26,666	02.04.01	75p	03.04.04 to 02.04.11
DF Ashford	92,609	30.05.02	50p	31.05.05 to 30.05.12
DF Ashford	20,000	17.03.04	75p	18.03.07 to 17.03.14
DF Ashford	30,000	25.05.04	70p	26.05.07 to 25.05.14
REM Lee	100,000	30.05.02	50p	31.05.05 to 30.05.12
REM Lee	20,000	17.03.04	75p	18.03.07 to 17.03.14
REM Lee	30,000	25.05.04	70p	26.05.07 to 25.05.14

No options were exercised during the year, and no options lapsed.

At 30 November 2004 the market price of the Company's shares was 99p, and the highest daily closing price during the year was 110p and the lowest daily closing price was 47.5p.

Sir David Trippier RD JP DL
Chairman of Remuneration Committee

Corporate Governance

The Board has given consideration to the new Combined Code of Corporate Governance ("the Code") issued by the London Stock Exchange and applicable for listed companies for financial periods beginning after 1 November 2003.

Although companies traded on AIM are not required to provide corporate governance disclosure, or follow guidelines in its Code, the Directors have chosen to provide certain information on how the Company has adopted various principles of the Code.

THE BOARD AND ITS COMMITTEES

The Group Board is currently made up of four Executive and two Non-executive Directors. The Board is responsible for the overall direction and strategy of the Group and meets regularly throughout the year. Under the Company's Articles of Association, one third of the Directors are required to retire by rotation each year.

The Board has formally established a number of committees and agreed their terms of reference, these committees are as follows:

REMUNERATION COMMITTEE

The principal function of this committee is to determine the policy on Executive appointments and remuneration. The committee consists of two Non-executive Directors, Sir David Trippier, who chairs the committee and JE Lawrence MBE together with Executive Director, REM Lee. It is the aim of the committee to attract, retain and motivate high calibre individuals with a competitive remuneration package.

Remuneration for Executives normally comprises basic salary, bonus, benefits in kind and options. Details of the current Directors' remuneration and the Executive Share Option Scheme are given in the Remuneration Report on pages 12 to 15.

The Chief Executive and Finance Director may be invited to attend certain discussions of the committee.

AUDIT COMMITTEE

The committee is made up of two Non-executive Directors, JE Lawrence MBE, who acts as Chairman and Sir David Trippier together with Executive Director, REM Lee. It is responsible for reviewing the Company's arrangements with its external auditors, including the cost effectiveness of the audit and the independence and objectivity of the auditors. It also reviews the application and appropriateness of the Company's accounting policies, including any changes to financial reporting requirements brought about by both external and internal requirements.

The external auditors and other Executive Directors may be invited to attend the meetings.

COMPLIANCE AND RISK COMMITTEE

This committee is made up of REM Lee as Chairman of the committee, and two Non-executive Directors Sir David Trippier and JE Lawrence MBE. Its principal terms of reference are to review compliance with all the relevant financial services legislation and regulation, adherence to the Group's own internal procedures and the identification of operational, credit and other financial risks.

Other Executive Directors and also Operations and Compliance Directors of subsidiary companies may be invited to attend the meetings.

INTERNAL CONTROL

The Board has overall responsibility for the system of internal control established by the Group and places considerable importance on maintaining a strong control environment. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Detailed internal control procedures exist throughout the Group's operations and compliance is monitored by management and the Group's Compliance Department. The Directors confirm that they have reviewed the effectiveness of the system of internal financial control, but have not extended this review to cover all internal controls as envisaged by the Combined Code.

Independent Auditors' Report to the Members of WH Ireland Group plc

We have audited the financial statements on pages 18 to 41.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Report. As described on page 11, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements 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 information specified by law regarding Directors' remuneration and transactions with the Group is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with 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 Group'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 affairs of the Company and the Group as at 30 November 2004 and of the profit of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Chartered Accountants

Registered Auditor

Leeds

21 February 2005

Consolidated Profit and Loss Account

for the year ended 30 November 2004

	Note	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Group turnover	1	16,889,225	9,260,811
Administrative expenses		(14,951,179)	(8,759,317)
Group operating profit		1,938,046	501,494
Share of operating profit/(loss) before tax in associates	13	2,919	(130,787)
		1,940,965	370,707
Profit on disposal of fixed asset investments	4	359,057	—
Income from fixed asset investments (including exceptional item of £330,000)	5	368,704	—
		2,668,726	370,707
Other interest receivable and similar income	6	354,367	151,436
Amounts written off investments	13	6,730	(33,815)
Interest payable and similar charges	7	(405,680)	(299,990)
Profit on ordinary activities before taxation	2–3	2,624,143	188,338
Tax on profit on ordinary activities	8	(763,273)	(131,895)
Profit on ordinary activities after taxation		1,860,870	56,443
Dividends on equity shares	9	(668,095)	(192,829)
Retained profit/(loss) for the year for Group	22	1,192,775	(136,386)
Earnings per share (in accordance with FRS14)			
Basic	10	11.88p	0.38p
Diluted	10	11.18p	0.38p
Headline earnings per share (in accordance with guidelines issued by UK Society of Investment Professionals)			
Basic	10	10.72p	1.12p
Diluted	10	10.09p	1.10p

All turnover and results in the current and previous year relate to continuing operations.

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 30 November 2004

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Profit/(loss) for the financial year	1,192,775	(136,386)
Unrealised surplus on revaluation of fixed asset investments (note 1)	1,722,124	459,686
Unrealised gain on revaluation of properties	—	505,000
Taxation on realised surplus on revaluation of fixed assets	—	(90,873)
Non trading increase in net assets of associate arising from external subscriptions	43,081	—
Total recognised gain for the year	2,957,980	737,427

Note of Historical Cost Profits and Losses

for the year ended 30 November 2004

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Reported profit on ordinary activities before tax	2,624,143	188,338
Realisation of fixed asset investment revaluation gains	1,915	366,288
Historical cost profit on ordinary activities before taxation	2,626,058	554,626
Historical cost profit retained for the year after the provisions for taxation and dividends	1,194,690	139,029

Consolidated Balance Sheet

as at 30 November 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Intangible assets	11		3,052,104		3,229,325
Tangible assets	12		5,173,591		5,205,695
Investments	13		6,060,443		2,547,086
Investments in associates	13		484,512		268,879
			14,770,650		11,250,985
Current assets					
Debtors	14	122,661,229		113,831,227	
Investments	15	15,191		11,209	
Cash at bank and in hand	16	10,883,582		5,083,127	
		133,560,002		118,925,563	
Creditors: amounts falling due within one year	17	(131,789,786)		(117,646,103)	
Net current assets			1,770,216		1,279,460
Total assets less current liabilities			16,540,866		12,530,445
Creditors: amounts falling due after more than one year	18		(6,162,692)		(5,266,628)
Provisions for liabilities and charges	19		(264,118)		(9,495)
Net assets			10,114,056		7,254,322
Capital and reserves					
Called up share capital	20		786,161		765,187
Shares to be issued	21		—		283,333
Share premium account	22		1,239,687		1,566,085
Capital redemption reserve	22		226,333		226,333
Merger reserve	22		490,511		—
Revaluation reserve	22		4,641,072		2,920,863
Other reserves	22		753,704		753,704
Profit and loss account	22		1,976,588		738,817
Equity shareholders' funds			10,114,056		7,254,322

These financial statements were approved by the Board of Directors on 21 February 2005 and were signed on its behalf by:

DW Youngman
Director

DF Ashford
Director

Company Balance Sheet

as at 30 November 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Investments	13		4,557,258		3,594,124
			4,557,258		3,594,124
Current assets					
Debtors	14	6,162,540		5,993,775	
Cash at bank and in hand		388,376		193,084	
		6,550,916		6,186,859	
Creditors: amounts falling due within one year	17	(2,479,458)		(1,375,254)	
Net current assets			4,071,458		4,811,605
Total assets less current liabilities			8,628,716		8,405,729
Creditors: amounts falling due after more than one year	18		(4,742,932)		(5,160,981)
Net assets			3,885,784		3,244,748
Capital and reserves					
Called up share capital	20		786,161		765,187
Shares to be issued	21		—		283,333
Share premium account	22		1,239,687		1,566,085
Capital redemption reserve	22		226,333		226,333
Merger reserve	22		490,511		—
Revaluation reserve	22		663,421		368,076
Profit and loss account	22		479,671		35,734
Equity shareholders' funds			3,885,784		3,244,748

These financial statements were approved by the Board of Directors on 21 February 2005 and were signed on its behalf by:

DW Youngman
Director

DF Ashford
Director

Consolidated Cash Flow Statement

for the year ended 30 November 2004

	Note	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Net cash inflow from operating activities	25(a)	5,955,730	2,568,333
Returns on investments and servicing of finance	25(b)	370,222	(148,554)
Taxation	25(c)	(116,161)	114,581
Capital expenditure and financial investment	25(d)	426,385	294,989
Acquisitions and disposals	25(e)	(222,471)	(515,128)
Equity dividends paid	25(f)	(211,104)	(78,666)
Cash inflow before financing		6,202,601	2,235,555
Financing	25(g)	(402,849)	(157,442)
Increase in cash in the period		5,799,752	2,078,113

Reconciliation of Movements in Equity Shareholders' Funds

for the year ended 30 November 2004

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Profit for the financial year before dividends	1,860,870	56,443	1,110,117	107,064
Dividends	(668,095)	(192,829)	(668,095)	(192,829)
Profit/(loss) for the financial year	1,192,775	(136,386)	442,022	(85,765)
Surplus on investment revaluation reserve	1,722,124	459,686	297,260	489,462
Surplus on property revaluation reserve	—	505,000	—	—
Tax in respect of realised surplus on revaluation (note 8)	—	(90,873)	—	—
Non trading increase in net assets of associates (note 13)	43,081	—	—	—
Shares issued in payment of scrip dividends in the year	24,244	70,376	24,244	70,376
Shares issued on acquisition of trades or businesses	—	100,000	—	100,000
New shares issued	19,176	—	19,176	—
Shares issued in payment of deferred consideration	141,667	141,667	141,667	141,667
Transfer from shares to be issued	(141,667)	(141,667)	(141,667)	(141,667)
Payment in settlement of shares to be issued	(141,666)	—	(141,666)	—
Redemption of deferred ordinary shares	—	(226,333)	—	(226,333)
Transfer to capital redemption reserve	—	226,333	—	226,333
Transfer from profit and loss account	—	(226,333)	—	(226,333)
Consolidation adjustment on redemption of deferred ordinary shares	—	209,070	—	—
Increase in shareholders' funds during the year	2,859,734	890,540	641,036	347,740
Opening equity shareholders' funds	7,254,322	6,363,782	3,244,748	2,897,008
Closing equity shareholders' funds	10,114,056	7,254,322	3,885,784	3,244,748

Notes

(forming part of the financial statements)

I. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards subject to the true and fair view overrides detailed below and under the historical cost accounting rules, except as modified by the revaluation of certain assets.

The Group has adopted UITF38 regarding shares held in the Employee Benefit Trust, although there is no impact on the financial statements as no shares were held in the Trust at the beginning and the end of the year.

Basis of accounting for the carried interest scheme

During the year the Company adopted a carried interest bonus scheme under which bonuses may be payable to certain corporate finance personnel when certain warrants or shares acquired as part of a corporate finance transaction are ultimately sold at a profit. Details of this scheme are given in the Remuneration Report on page 12. The relevant warrants and shares are included within fixed asset investments and are revalued at the year end reporting date and a bonus is provided on 50% of the expected profit should the warrants or shares be sold at that revalued amount, being the maximum amount of bonus that may be paid out. The amount of the bonus provision relating to warrants where the expiry date is less than one year is shown in creditors under one year, and the balance is shown in creditors over one year.

At 30 November 2004 the relevant warrants had a revaluation gain of £2,763,582 and the shares a revaluation gain of £803,441 and accordingly bonuses of £1,381,791 and £401,720 respectively would need to be provided on those gains. Under the specific requirements of the Companies Acts and relevant Financial Reporting Statements the full amount of the revaluation gain would be taken through the statement of total recognised gains and losses to the revaluation reserve in the balance sheet whilst the provision for the bonuses would be taken to the profit and loss account. The Directors do not consider that adopting this accounting treatment truly matches the bonus expense against the relevant gain and thus does not show a true and fair view of the reasoning and substance behind the relevant accounting entries. In order to show a true and fair view of the carried interest scheme the Directors have departed from the prescribed accounting treatment and have credited a sufficient amount of the gain to the profit and loss account to match the relevant bonus provision, as a credit within administrative expenses where the related bonus is charged. The effect of this is to avoid a reduction in profits of £1,744,041 should the bonus alone be reported in the profit and loss account.

During the current year certain warrants within the carried interest scheme were exercised and the shares acquired therefrom were sold for a realised profit of £718,123 and a bonus of £359,066 was paid out from that profit. Under the specific requirements of the Companies Acts and relevant Financial Reporting Statements the profit on sale of the shares should be disclosed below the operating profit line under the heading profit on disposal of fixed assets and the bonus should be included in staff costs above the operating profit line. The Directors do not believe that this accounting treatment properly reflects the matching of the bonus and the specific gain it is paid out from, nor with the presentation of equivalent revaluations within operating profit (see paragraph above). Accordingly the Directors have departed from these accounting requirements and have taken a sufficient amount of the gain as matches the bonus paid and have reported this above the operating profit line as a credit to administration expenses. This treatment has no effect on the reported profits before tax for the year, but it moves a realised gain of £359,066 from below to above the operating profit line.

Basis of consolidation

The consolidated financial statements include the financial statements of WH Ireland Group plc and its subsidiary undertakings made up to 30 November 2004. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of a subsidiary undertaking acquired or disposed of during the year are included in the profit and loss account from the date of acquisition or up to the date of disposal. Associated undertakings, where the Group holds a long term participating interest (normally from 20% up to 50% of the voting rights) and over which it exercises a significant influence, have been accounted for under equity accounting principles. The Group share of the profits less losses of associates is included in the consolidated profit and loss account and its interest in their net assets (other than goodwill) is included in the consolidated balance sheet.

I. ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

On 25 September 2001 the Company issued 4,522,660 ordinary shares to purchase Readycount Limited, a company wholly owned by certain Directors of WH Ireland Group plc, which held 4,522,660 ordinary shares in WH Ireland Group plc. On the acquisition of Readycount Limited the Company converted Readycount Limited's holding of ordinary shares into deferred ordinary shares, which attract significantly reduced rights compared to ordinary shares. The Directors consider that the overall effect of the transaction is simply to change the names of the holders of ordinary shares in WH Ireland Group plc as in substance no new ordinary shares have been issued and therefore the transaction is effectively a share reorganisation. Consequently, in order to show a true and fair view of the substance of the transaction, the Directors consider it inappropriate to account for the transaction under acquisition principles, and have used the merger method of accounting when consolidating Readycount Limited. Under the specific requirements of the Companies Act 1985 and adopting acquisition accounting principles, a realised loss (being the impairment in the carrying value of the investment in Readycount Limited) should be charged to the profit and loss account of WH Ireland Group plc in the year. Accordingly the Directors departed from these requirements in order that a true and fair view is given of the Company's financial position in the financial statements of the Company.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised. Positive goodwill is amortised by equal annual instalments over its estimated useful life. Any impairment charge is included within operating profits.

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging/(crediting) the unamortised amount of any related goodwill.

Associates

In the consolidated financial statements, the interests in the associated undertakings are accounted for using the equity method. In the Company financial statements the interests in the associated undertakings are accounted for at market value.

Investments

All quoted or publicly traded fixed asset investments, are stated at market value, and warrants relating to the carried interest scheme are valued at their fair value. At the beginning of the year the accounting policy was changed so that revaluations were no longer carried out monthly, but were carried out at the year end only, and gains and losses are included within the accounting records at that point. Unrealised gains are credited to the revaluation reserve, except where they relate to investments relating to the carried interest scheme, where sufficient of the gain to match the bonus provision is taken to profit and loss. Losses, to the extent that they reverse a previously recognised unrealised gain or are considered to be temporary, are debited to the revaluation reserve. Losses are charged to the profit and loss account to the extent that they represent an impairment in the carrying value of an investment below its original cost.

Unquoted investments where there is no available quote for the relevant instrument are stated at the lower of cost or net realisable value. Any profit or loss on sale is credited or charged to the profit and loss account.

Current asset investments are stated at the lower of cost or net realisable value.

Notes cont...

(forming part of the financial statements)

I. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets and depreciation

Freehold land and buildings are included at valuation, whereas other tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Computers, fixtures and fittings	– 4 to 5 years
Motor vehicles	– 4 years

The Group's properties are in prime city or town centre locations and are estimated to have useful lives in excess of 50 years, although it is not anticipated that the Group will hold the properties for such a period and any residual value will be close to its current market value. Thus any depreciation charge is deemed immaterial and has not been charged in these accounts in accordance with FRS15. An annual impairment review has been undertaken and no impairment has occurred.

Leases

Rentals paid under leases which do not result in the transfer to the Company of substantially all the risks and rewards of ownership (operating leases) are charged against income on a straight line basis over the lease term.

Finance leases and hire purchase agreements

Assets held under finance leases which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and are depreciated as such. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Turnover

Turnover represents brokerage commissions and fees receivable from services provided in the UK net of VAT, where client instructions have been met in full prior to the year end, income generated from money broking services, commission earned from the provision of independent financial advice and rental income from the letting of property net of VAT.

Post retirement benefits

The Group contributes to employees' individual money purchase personal pensions plans. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Employee Benefit Trust

The shares in the Employee Benefit Trust (the "Trust") held in the name of WH Ireland Trustee Limited were previously included in these accounts in accordance with UITF13, but are now accounted for under UITF38. There is no impact on the financial statements as no shares were held in the Trust at the beginning or at the end of the year. WH Ireland Limited is the sponsoring company of the Employee Benefit Trust and the investment in the Company's shares is shown as a fixed asset at the lower of cost or net realisable value.

Carried interest scheme

The amount of the bonus provision relating to warrants where the expiry date is less than one year are shown in creditors under year, and the balance is shown in creditors over one year. For bonus provisions relating to acquired shares which are subject to a lock in, the bonus provision is shown in creditors under one year where the lock in has less than one year to run and the balance is shown in creditors over one year.

1. ACCOUNTING POLICIES (CONTINUED)

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Client money

The Group holds money on behalf of clients in accordance with the Client Money Rules of the Financial Services Authority. This client money includes balances which are not held in respect of the settlement of transactions (i.e. free money).

The Group excludes free money from its balance sheet, although disclosure of the amounts held is still made in the notes.

Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen, but not yet reversed, by the balance sheet date, except as otherwise required by FRS19.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and other amounts written off tangible fixed assets:		
– owned	291,805	314,927
– leased	21,765	19,256
Amortisation of goodwill	177,221	108,730
Profit on disposal of fixed assets	(30,102)	(25,586)
Land and buildings lease rentals	219,241	292,386
Other operating lease rentals	20,844	24,375
Auditors' remuneration		
Group – audit	68,500	61,250
– fees paid to the auditors and their associates in respect of other services	56,635	24,925
Company – audit	20,500	15,500

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees 2004	Number of employees 2003
Corporate, dealing and sales	54	49
Settlement	25	21
Administration	46	32
	125	102
Shared commission attaches	29	16
	154	118

Notes cont...

(forming part of the financial statements)

3. STAFF NUMBERS AND COSTS (CONTINUED)

The aggregate payroll costs of these persons were as follows:

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Wages and salaries	3,856,508	3,020,607
Bonuses	3,495,762	224,250
Social security costs	683,062	349,735
Other pension costs	196,429	167,358
	8,231,761	3,761,950
Shared commission attaches	2,849,334	1,162,447
	11,081,095	4,924,397

Bonuses include a provision of £1,783,512 for potential future bonuses which may be paid under the carried interest bonus scheme. Details of the scheme are given in the Remuneration Report, and the accounting treatment thereof is described in note 1.

Information regarding the remuneration of Directors is shown in the Remuneration Report on pages 12 to 15.

4. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Gross profit on disposal of fixed asset investments	718,123	—
Amount taken to administration expenses to offset against the bonus payment thereon (see note 1)	(359,066)	—
Net profit on disposal of fixed asset investments	359,057	—

5. INCOME FROM FIXED ASSET INVESTMENTS

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Quoted investments	359,151	—
Unquoted investments	9,553	—
	368,704	—

Income from quoted investments in 2004 include an exceptional item of a special dividend of £330,000 received on our holding of shares in the London Stock Exchange.

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Bank interest	346,893	151,179
Other interest	7,474	257
	354,367	151,436

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
On bank loans and overdrafts	345,310	288,773
Finance charges payable in respect of finance leases and hire purchase contracts	3,946	3,534
Other interest	3,586	7,683
Share of associates interest payable	52,838	—
	405,680	299,990

8. TAXATION

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

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Current tax:		
Corporation tax at 30% (2003: 30%) on the profit for the year	808,346	200,778
Offset against current year's realised gains on investments	—	1,330
Adjustment of corporation taxation in respect of prior years	(38,655)	(22,113)
Total current tax	769,691	179,995
Deferred taxation:		
Origination and reversal of timing differences	(6,418)	(48,100)
Tax on profit on ordinary activities	763,273	131,895
Corporation tax payable on realised investment gains at 30%	—	92,203
Losses utilised against this year's realised investment gains	—	(1,330)
Charged to reserves	—	90,873

Factors affecting current tax charge in the year:

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Profit on ordinary activities before tax	2,624,143	188,338
Tax on profit on ordinary activities at 30%	787,243	56,501
Depreciation in excess of capital allowances	17,794	40,949
Expenses not deductible for tax purposes	86,661	66,240
Marginal relief	(6,012)	—
Offset of losses in prior year	—	(18,453)
Offset losses in reserves	—	1,330
Other timing differences	1,562	(431)
Effects of consolidation	31,709	55,972
Adjustments in respect of prior periods	(38,655)	(22,113)
Income not taxable	(110,611)	—
Current tax charged in the year	769,691	179,995

Notes cont...

(forming part of the financial statements)

9. DIVIDENDS AND OTHER APPROPRIATIONS

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Equity shares:		
Interim dividend paid at 0.75p per share (2003: 0.5p)	117,783	75,156
Final dividend proposed at 1.5p per share (2003: 0.75p)	235,848	117,673
Special final dividend proposed at 2.0p per share (2003: nil)	314,464	—
	668,095	192,829

The final proposed dividend is provided on the number of shares in issue at the date of the signing of the accounts.

10. EARNINGS PER SHARE

	Year ended 30 November 2004 £	Year ended 30 November 2003 £
Profit for the year used for the basic calculation	1,860,870	56,443
Profit on sale of fixed asset investments	(359,057)	—
Goodwill amortisation	177,221	108,730
Profit for the year used in the “headline earnings” calculation under the guidelines issued by the UK Society of Investment Professionals	1,679,034	165,173
Weighted average number of shares used in the basic calculation	15,665,720	14,796,324
Weighted average number of options outstanding for the period	974,352	154,930
Weighted average number of shares used in the diluted calculations	16,640,072	14,951,254

The earnings per share calculated on a headline earnings basis has been calculated in addition to the earnings per share as required by FRS14 ‘Earnings per Share’ and has been produced to give shareholders a clearer understanding of the performance of the Group.

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At beginning of year	3,544,431
Additions	—
At end of year	3,544,431
Amortisation	
At the beginning of year	315,106
Charged in year	177,221
At end of year	492,327
Net book value	
At 30 November 2004	3,052,104
At 30 November 2003	3,229,325

The Directors consider each acquisition separately for the purpose of determining the amortisation of any goodwill that arises. Goodwill is written off in equal instalments over 20 years for all acquisitions.

12. TANGIBLE FIXED ASSETS

Group	Freehold property £	Motor vehicles £	Computers, fixtures and fittings £	Total £
Cost or valuation				
At the beginning of year	4,670,000	353,355	994,843	6,018,198
Additions	3,195	158,995	137,207	299,397
Disposals	—	(131,220)	(11,576)	(142,796)
At end of year	4,673,195	381,130	1,120,474	6,174,799
Depreciation				
At beginning of year	—	197,003	615,500	812,503
Charge for year	—	88,327	225,243	313,570
On disposals	—	(113,290)	(11,575)	(124,865)
At end of year	—	172,040	829,168	1,001,208
Net book value				
At 30 November 2004	4,673,195	209,090	291,306	5,173,591
At 30 November 2003	4,670,000	156,352	379,343	5,205,695

The freehold property in Manchester was valued at £4,500,000 on 18 September 2003 by Lambert Smith Hampton Property Consultants. No additions have been made since or revaluation made. The property has a historical cost of £3,914,835. The freehold property in Lancaster was valued at £170,000 on 30 November 2003 by Mortimers Chartered Surveyors. Additions of £3,165 have been made since and no revaluation has been made. The property has a historical cost of £165,000.

Assets purchased under finance leases and hire purchase contracts included in the above:

	Freehold property £	Motor vehicles £	Computers, fixtures and fittings £	Total £
Net book value				
At 30 November 2004	—	44,965	—	44,965
At 30 November 2003	—	54,455	—	54,455

Notes cont...

(forming part of the financial statements)

13. FIXED ASSET INVESTMENTS

Group (excluding investments in associates)	Unquoted investments £	Warrants £	Quoted investments £	Total £
Cost or valuation				
At beginning of year	110,872	—	2,436,214	2,547,086
Additions	32	513,526	63,877	577,435
Reclassification of previously unquoted to quoted investments	(25,085)	—	25,085	—
Revaluation adjustment	—	2,763,582	702,583	3,466,165
Gain on fixed asset investments previously written down	—	—	132	132
Write back of prior year diminution in value	—	—	6,730	6,730
Disposals	—	(513,526)	(23,579)	(537,105)
At end of year	85,819	2,763,582	3,211,042	6,060,443

The historical cost value of the above quoted investments at the year end was £287,743 (2003: £158,740). If these shares were sold at their market value a potential tax charge of £874,190 (2003: £660,336) would arise.

In the consolidated financial statements, the interests in the associated undertakings are accounted for using the equity method.

In the Company financial statements the interests in the associated undertakings are accounted for at market value.

Company	Subsidiary undertakings £	Interest in associated undertakings (Quoted) £	Quoted investments £	Unquoted investments £	Total £
Cost or valuation					
At beginning of year	2,504,072	709,479	298,023	82,550	3,594,124
Additions	40,000	222,471	63,877	31	326,379
Reclassification of previously unquoted to quoted investments	—	—	25,085	(25,085)	—
Revaluation adjustment	—	(54,450)	713,962	—	659,512
Disposals	—	—	(22,757)	—	(22,757)
At end of year	2,544,072	877,500	1,078,190	57,496	4,557,258

The historical cost value of the above quoted investments at the year end was £148,976 (2003: £80,856). If these shares were sold at their market value a potential tax charge of £278,764 (2003: £110,423) would arise.

Certain quoted investments in the Company's balance sheet are currently valued below cost. This is considered to be a temporary reduction and not an impairment in value and thus the relevant amount has been debited to the investment revaluation reserve.

13. FIXED ASSET INVESTMENTS (CONTINUED)

The undertakings in which the Group's and Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held Group	Class and percentage of shares held Company
Subsidiary undertakings				
WH Ireland Limited	England and Wales	Stockbroking	Ordinary shares 100%	Ordinary shares 100%
WHI Leasing Limited	England and Wales	Leasing	Ordinary shares 100%	Ordinary shares 100%
WH Ireland (Financial Services) Limited	England and Wales	Financial services	Ordinary shares 100%	Ordinary shares 100%
Readycount Limited	England and Wales	Property	Ordinary shares 100%	Ordinary shares 100%
Stockholm Investments Limited	England and Wales	Investment consultancy	Ordinary shares 100%	Ordinary shares 100%
WH Ireland (Stockbrokers) Limited	England and Wales	Dormant	Ordinary shares 100%	Ordinary shares 100%
WH Ireland Nominees Limited	England and Wales	Nominee	Ordinary shares 100%	—
WH Ireland Trustee Limited	England and Wales	Trustee	Ordinary shares 100%	—
Fitel Nominees Limited	England and Wales	Nominee	Ordinary shares 100%	—
Associated undertakings				
Ultimate Finance Group plc	England and Wales	Debt factoring	Ordinary shares 22.50%	Ordinary shares 22.50%

Associated undertakings – Group

WH Ireland Group plc has a 22.50% (2003: 27.48%) interest in the shares of Ultimate Finance Group plc which accordingly has been treated as an associate in these accounts.

On 14 April 2004 WH Ireland Group plc's interest in Ultimate Finance Group plc was diluted by 3,473,646 new shares issued via a placing. This was further diluted on 27 May 2004 by a 5,300,000 offer for subscription of which WH Ireland Group plc subscribed for 927,333 shares. On 17 November 2004 the Group acquired a further 487,973 shares.

The following figures are taken from the unaudited management accounts of Ultimate Finance Group plc for the twelve months trading period ended 30 November 2004. Ultimate Finance Group plc has a year end of 30 June.

	Associates £
Cost or share of net assets at beginning of year	268,879
Additions	222,471
Non trading increase in net assets	43,081
Share of net losses	(49,919)
At end of year	484,512

Notes cont...

(forming part of the financial statements)

14. DEBTORS

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Trade debtors	121,457,865	112,801,327	—	—
Corporation tax recoverable	6,432	—	—	—
Amounts owed by Group undertakings	—	—	5,584,935	5,947,929
Other debtors	508,168	320,930	546,268	1,875
Prepayments and accrued income	688,764	708,970	31,337	43,971
	122,661,229	113,831,227	6,162,540	5,993,775

Within Group other debtors there is a deferred tax asset of £54,518 (2003: £48,100).

All the above debtors are due within one year.

15. CURRENT ASSETS INVESTMENTS

Group	2004 £	2003 £
Listed investments	47,358	42,300
Provision for diminution in value	(32,167)	(31,091)
	15,191	11,209

The listed investments had a market value of £15,191 at 30 November 2004 and no tax would be payable at this value.

16. CASH AT BANK – GROUP

Cash at bank represents firm's money and money held for settlement of outstanding transactions. Free money held in trust on behalf of clients is not included on the balance sheet. Free money at the balance sheet date was £45,115,569 (2003: £28,104,968).

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Bank overdraft	703	—	—	—
Bank loans	280,935	277,258	280,935	277,258
Floating rate loan notes 2004/05	—	141,667	—	141,667
Trade creditors	127,198,502	115,340,604	—	—
Amounts owed to Group undertakings	—	—	1,160,854	344,002
UK corporation tax payable	910,576	292,782	—	—
Taxation and social security	461,954	156,848	—	—
Obligation under finance leases and hire purchase contracts (see note 18)	21,543	18,917	—	—
Deferred purchase consideration	161,560	493,667	100,000	441,667
Other creditors	340,028	202,338	1,708	7,939
Accruals and deferred income	1,863,673	604,349	385,649	45,048
Dividend proposed	550,312	117,673	550,312	117,673
	131,789,786	117,646,103	2,479,458	1,375,254

Accruals and deferred income includes £299,284 (Company: £297,282) relating to bonuses provided under the carried interest bonus scheme. Details of the accounting treatment thereof are given in note 1. The floating rate loan notes 2004/05 were redeemed on 1 April 2004.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Bank loans	4,238,794	4,519,315	4,238,794	4,519,315
Deferred purchase consideration	400,000	699,666	400,000	641,666
Obligations under finance leases and hire purchase contracts	10,772	16,912	—	—
Accruals and deferred income	1,483,927	—	104,138	—
Deferred rent creditor	29,199	30,735	—	—
	6,162,692	5,266,628	4,742,932	5,160,981

Accruals and deferred income includes £1,483,927 (Company: £104,138) relating to bonuses provided under the carried interest scheme. Details of the accounting treatment thereof are given in note 1. The Company has a loan facility with the Bank of Scotland for a £3 million property loan repayable over 20 years at 1.25% above base rate, and a £2 million working capital facility loan repayable over 10 years with a one year capital repayment holiday, at 2.25% above base. The property loan was drawn down on 4 February 2002 and the working capital facility loan was drawn down on 29 May 2002.

The above facilities are secured against the property at 11 St James's Square, Manchester and fixed and floating charges on the assets of the trading subsidiaries of the Group.

Repayments due under finance leases and hire purchase contracts are as follows:

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Within one year	21,543	18,917	—	—
Between two and five years	10,772	16,912	—	—
Over five years	—	—	—	—
	32,315	35,829	—	—

Annual commitments under non-cancellable operating leases are as follows:

Group	2004 £	2004 Other £	2003 Land and buildings £	2003 Other £
Operating leases which expire				
Within one year	35,706	—	18,625	5,904
Between two and five years	51,423	—	30,923	—
Over five years	137,493	2,202	163,993	2,202
	224,622	2,202	213,541	8,106

The Company had no obligations under non-cancellable operating leases.

Notes cont...

(forming part of the financial statements)

19. PROVISIONS FOR LIABILITIES AND CHARGES

Group	IFA clawback provision £	Split capital trust provision £	Total £
At beginning of year	9,495	—	9,495
Provided during the year	7,800	256,000	263,800
Write offs in the year	(9,177)	—	(9,177)
At end of year	8,118	256,000	264,118

The clawback provision is made to provide for any potential repayment of past IFA commission earned as a result of policy cancellations.

Reference was made in last year's annual report and financial statements to the Group's position concerning split capital investment trusts ("splits") and to the review into those being undertaken by the UK's financial regulator, The Financial Services Authority, which remains ongoing. The Group has continued to review its exposure to clients deriving from their holdings of splits and based on this review the Board has made a provision where cases have been referred to the Financial Ombudsman although the Company continues to robustly defend its position in these cases. The provision takes account of any potential claims that may be made against the compensation fund established by certain managers of split capital trusts. No group company has ever been a manager to a split capital trust and therefore was not required to contribute to the compensation fund.

20. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised:		
34,500,000 (2003: 34,500,000) ordinary shares of 5p each	1,725,000	1,725,000
Allotted, called up and fully paid:		
15,723,212 (2003: 15,303,746) ordinary shares of 5p each	786,161	765,187

On 31 December 2003, 347,650 new ordinary shares of 5p each were issued at a price of 40.75p per share in part consideration of the second tranche of the deferred consideration due on the acquisition of Stockholm Investments Limited.

On 6 January 2004, 38,350 new ordinary shares of 5p each were issued for cash at a price of 50p per share.

On 28 May 2004, 14,675 new ordinary shares of 5p each were issued at 76.6p per share in satisfaction for the final dividend for the year ended 30 November 2003.

On 29 October 2004, 18,791 new ordinary shares of 5p each were issued at 69.2p per share in satisfaction for the interim dividend for the year ended 30 November 2004.

On 30 November 2004 there were outstanding options totalling 1,895,704 granted under the WH Ireland Group Executive Share Option Scheme, and 1,000,000 outstanding options granted under a separate option scheme previously granted under a WH Ireland Limited Share Option Scheme. 1,685,216 of these total options have been granted to the Directors of WH Ireland Group plc and are disclosed in greater detail in the Remuneration Report.

21. SHARES TO BE ISSUED

Under the terms of the acquisition of Stockholm Investments Limited further shares with a total value of £425,000 may be issued in satisfaction of deferred instalments based on certain performance criteria over a three year period. On 31 December 2002 396,270 shares were issued at a value of £141,667 and on 31 December 2003 347,650 shares were issued at a value of £141,667. For the third and final instalment of the deferred consideration, paid on 1 October 2004, the Company exercised its option to issue cash in lieu of shares and consequently no further shares were issued.

22. SHARE PREMIUM AND RESERVES

Group	Merger reserve £	Capital redemption reserve £	Revaluation reserve £	Other reserve £	Share premium account £	Profit and loss account £
At the beginning of year	—	226,333	2,920,863	753,704	1,566,085	738,817
Retained profit for the year	—	—	—	—	—	1,192,775
Adjustment on investment revaluation (see below)	—	—	1,722,124	—	—	—
Transfer of realised gains	—	—	(1,915)	—	—	1,915
Transfer to merger reserve	366,227	—	—	—	(366,227)	—
Share premium on shares issued as part consideration on the acquisition of Stockholm Investments Limited	124,284	—	—	—	—	—
Share premium on new shares issued	—	—	—	—	17,258	—
Share premium on scrip dividends	—	—	—	—	22,571	—
Non trading increase in net assets of associates	—	—	—	—	—	43,081
At end of year	490,511	226,333	4,641,072	753,704	1,239,687	1,976,588

The adjustment on investment revaluation is after £1,744,041 has been credited directly to the profit and loss account and offset against the applicable bonus provision made under the carried interest scheme, as detailed in note 1.

During the year the Directors have taken advantage of merger relief under section 131 of the Companies Act 1985 and a transfer to merger reserve has been made in respect of the acquisition of Stockholm Investments Limited.

Company	Merger reserve £	Capital redemption reserve £	Investment revaluation reserve £	Share premium account £	Profit and loss account £
At beginning of year	—	226,333	368,076	1,566,085	35,734
Retained profit for the year	—	—	—	—	442,022
Adjustment on investment revaluation	—	—	297,260	—	—
Transfer of realised gains	—	—	(1,915)	—	1,915
Transfer to merger reserve	366,227	—	—	(366,227)	—
Share premium on shares issued as part consideration on the acquisition of Stockholm Investments Limited	124,284	—	—	—	—
Share premium on new shares issued	—	—	—	17,258	—
Share premium on scrip dividends	—	—	—	22,571	—
At end of year	490,511	226,333	663,421	1,239,687	479,671

The adjustment on investment revaluation is after £362,250 has been transferred to the profit and loss account and offset against the applicable bonus provision made under the carried interest scheme, as detailed in note 1.

The Company's retained profit for the financial year was £442,022 (2003: loss £85,765).

Notes cont...

(forming part of the financial statements)

23. TREASURY SHARES

Employee Benefit Trust

	2004 £	2003 £
Cost		
At beginning of year	—	34,707
Additions	6,699	911
Disposals	—	(24,225)
Transfers to participants	(6,699)	(11,393)
At end of year	—	—
Net book value as at 30 November	—	—

The WH Ireland Employee Benefit Trust (the "Trust") was established in October 1998 for the purpose of holding and distributing shares in the Company for the benefit of the employees. All costs of the Trust are borne by WH Ireland Limited.

At 30 November 2004 the Trust held nil shares in the Company (2003: nil), representing nil% of the called up share capital (2003: nil%). The maximum number held at any time during the year was 6,666. The nominal value of shares purchased in the year was £333.

24. CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of indemnities (principally in respect of certified stock transfers and share certificates) given in the ordinary course of business. No material loss is considered likely to arise in respect of these contingent liabilities.

25. NOTES TO CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	2003 £
Operating profit	1,938,046	501,494
Less non cash transfer from revaluation reserve (note 1)	(1,744,042)	—
Depreciation	313,570	334,183
Profit on sale of fixed assets	(389,253)	(25,586)
Amortisation	177,221	108,730
(Increase)/decrease in debtors	(8,859,320)	(85,066,988)
Increase/(decrease) in creditors	14,523,490	86,710,146
Decrease in investments	(3,982)	6,354
Net cash inflow from operating activities	5,955,730	2,568,333

b) Returns on investments and servicing of finance

	2004 £	2003 £
Income from other fixed asset investments	368,704	—
Interest received	354,360	151,436
Interest paid	(348,896)	(296,456)
Interest element of finance lease rental payments	(3,946)	(3,534)
Net cash inflow/(outflow)	370,222	(148,554)

25. NOTES TO CASH FLOW STATEMENT (CONTINUED)

c) Taxation

	2004 £	2003 £
Corporation tax (paid)/received	(116,161)	114,581
Net cash (outflow)/inflow	(116,161)	114,581

d) Capital expenditure and financial investment

	2004 £	2003 £
Payments to acquire tangible fixed assets	(299,397)	(54,686)
Payments to acquire fixed asset investments	(577,435)	(159,331)
Proceeds from sale of tangible assets	47,901	507,508
Proceeds from sale of fixed asset investments	1,255,316	1,498
Net cash inflow	426,385	294,989

e) Acquisitions

	2004 £	2003 £
Purchase of shares in associate	(222,471)	(8,868)
Payments to acquire trades or business	—	(506,260)
Net cash outflow	(222,471)	(515,128)

f) Equity dividends paid

	2004 £	2003 £
Dividend paid on ordinary shares	(211,104)	(78,666)
Net cash outflow	(211,104)	(78,666)

g) Financing

	2004 £	2003 £
New shares issued	19,176	—
Loans repaid	(276,844)	(149,121)
Loan notes 2004/05 repaid	(141,667)	—
Net decrease in hire purchase loans	(3,514)	(8,321)
Net cash outflow	(402,849)	(157,442)

Notes cont...

(forming part of the financial statements)

26. ANALYSIS OF NET DEBT

	At beginning of year £	Cash flow £	Other non cash changes £	At end of year £
Cash at bank and in hand	5,083,127	5,800,455	—	10,883,582
Overdrafts	—	(703)	—	(703)
	5,083,127	5,799,752	—	10,882,879
Debt due within one year	(277,258)	276,844	(280,521)	(280,935)
Debt due after one year	(4,519,315)	—	280,521	(4,238,794)
Loan notes 2004/05	(141,667)	141,667	—	—
Finance leases	(35,829)	3,514	—	(32,315)
Total	109,058	6,221,777	—	6,330,835

Major non cash transactions

a) Shares to be issued

On 31 December 2003, 347,650 ordinary shares were issued at 40.75p each. As a result £141,667 was transferred from shares to be issued to fully issued shares.

b) Scrip dividend

On 28 May 2004, 14,675 new ordinary shares at 76.6p each were issued in satisfaction of the dividend alternative for the final dividend for the year ended 30 November 2003.

On 29 October 2004, 18,791 new ordinary shares were issued at 69.2p per share in satisfaction for the interim dividend for the year ended 30 November 2004.

27. CAPITAL COMMITMENTS

The Group had no capital commitments at the end of the financial year (2003: £nil).

28. RELATED PARTY DISCLOSURES

The Directors undertake transactions in stocks and shares in the ordinary course of business for their own account. The total outstanding balances on these dealing accounts at 30 November 2004 was £18,067 (2003: £nil). There are no other material contracts between the Company and the Directors.

During the year the Group had the following transactions with WHI Securities Pty Limited, which up until 31 May 2003 was an associate company of WH Ireland Group plc:

Income	£nil (2003: £nil)
Expenditure	£nil (2003: £17,806)

All transactions were at arms length. WL Beevers, a Director of WH Ireland Group plc is also a Director of WHI Securities Pty Limited.

During the year the Group had the following transactions with Ultimate Finance Group plc, an associate company of WH Ireland Group plc:

Income	£52,399 (2003: £10,000)
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All transactions were at arms length. DF Ashford and REM Lee, both Directors of WH Ireland Group plc, are also Non-executive Directors of Ultimate Finance Group plc.

During the year the Group had the following transactions with Prime People plc

Income	£43,122
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All transactions are at arms length, R E M Lee, a Director of WH Ireland Group plc is also Non-executive Chairman of Prime People plc.

29. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise, for the purpose of FRS 13, loans, overdraft facilities, current asset investments, liquid resources, trade debtors and trade creditors arising from operations, and fixed asset investments. The main risks arising from the Group's financial instruments are market risk and credit risk. The Board of Directors review and agree policies for managing these risks, continually review the credit quality of counterparties and limit total exposure accordingly.

The Group finances its operation primarily out of retained profits and long term bank loans, details of which are given in note 18. Overdrafts are reviewed annually.

All surplus cash is kept in interest earning bank accounts, earning interest at tiered rates with the lowest being 0.375% below base rate.

The Group has very little foreign currency exposure arising from transactions and this is monitored daily to control any potential exchange rate risk.

No derivative transactions are undertaken and the Group does not make markets in securities.

The Group held the following categories of financial instruments at 30 November 2004.

	Note	Book value £	Fair value £
Cash at bank		10,883,582	10,883,582
Current asset investments	15	15,191	15,191
Fixed asset investments	13	6,060,443	6,060,443
Investments in associates	13	484,512	484,512
Finance lease and hire purchase contracts	17, 18	(32,315)	(32,315)
Bank loans and overdrafts	17, 18	(4,520,432)	(4,520,432)
Deferred consideration	17, 18	(561,560)	(561,560)
		12,329,421	12,329,421

The Group has taken advantage of the exemption available under FRS 13 'Derivatives and Other Financial Instruments – Disclosure' to exclude short term debtors and creditors from this disclosure.

Repayment of the above financial liabilities at 30 November 2004 is due as follows:

	Book value £
Within one year	464,741
Between one and two years	691,707
Between two and five years	1,043,082
More than five years	2,914,777
	5,114,307

Notice of Annual General Meeting

Notice is hereby given that the fourth Annual General Meeting of WH Ireland Group plc will be held at 11 St James's Square, Manchester, M2 6WH on 12 April 2005 at 9.30 am.

1. To receive and adopt the report of the Directors and the audited financial statements for the year ended 30 November 2004.
2. To declare a final dividend of 1.5p per ordinary share for the year ended 30 November 2004.
3. To declare a special dividend of 2.0p per share for the year ended 30 November 2004.
4. To re-elect DW Youngman as a Director of the Company.
5. To re-elect DF Ashford as a Director of the Company.
6. To re-appoint KPMG Audit Plc as auditors of the Company and to authorise the Directors to fix their remuneration.
7. To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution.

"That the Directors be generally authorised for the purposes of Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in Section 80) up to £481,920. This authority shall expire at the close of the Annual General Meeting of the Company held in 2006, except that the Company may before then make an offer or agreement which would or might require relevant securities to be allotted after that date and the Directors may allot relevant securities in pursuance of that offer or agreement as if this authority had not expired."

8. Subject to the passing of Resolution 7 to consider and, if thought fit, pass the following Resolution as a Special Resolution:

"That the Directors be generally empowered pursuant to Section 95 of the Companies Act 1985 (the "Act") to allot equity securities (within the meaning of Section 94(2) of the Act) for cash, pursuant to the authority conferred by the Resolution numbered 7 in the Notice of the Annual General Meeting, as if Section 89(1) of the Act did not apply to the allotment.

This power:

(a) shall expire at the close of the Annual General Meeting of the Company held in 2006 but the Company may before then make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement if this power had not expired; and

(b) shall be limited to:

(i) the allotment of equity securities of the Company in proportion (as nearly as may be) to existing holdings of ordinary shares of 5p each in the capital of the Company, but subject to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of a regulatory body or stock exchange; and

(ii) the allotment of equity securities for cash otherwise than pursuant to paragraph (i) up to an aggregate nominal value of £157,232."

9. To consider and, if thought fit, pass the following Resolution as a Special Resolution:

“That the Company be unconditionally and generally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 5p each in the capital of the Company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be acquired is 786,160;
- (b) the minimum price which may be paid for any such share is 5p;
- (c) the maximum price which may be paid for any such share is an amount equal to 105% of the average of the middle market values of the ordinary shares in the capital of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased;
- (d) the authority shall expire at the close of the Annual General Meeting of the Company held in 2006; and
- (e) a contract to purchase shares under this authority may be made prior to the expiry of this authority, and concluded in whole or in part after the expiry of this authority.”

10. To consider and, if thought fit, pass the following resolution as a special resolution:

“That:

- (a) the appropriation of distributable profits of the Company (as shown in the audited accounts of the Company made up to 30 November 2004) to the payment of the interim dividend on the Company’s ordinary shares of 0.75p per share paid on 29 October 2004 to shareholders on the register at the close of business on 10 September 2004 (the “Record Date”) be and is hereby authorised, confirmed and ratified;
- (b) any and all claims which the Company may have in respect of the payment of the said interim dividend on the Company’s ordinary shares (the “interim dividend”) against its ordinary shareholders who appeared on the register on the Record Date be released and a deed of release in favour of such shareholders be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purpose of identification;
- (c) any distribution involved in the giving of such release in relation to the interim dividend be made out of the profits appropriated to the interim dividend as aforesaid by reference to a record date identical to the Record Date; and
- (d) any and all claims which the Company may have against its Directors arising out of the payment of the interim dividend be released and that a deed or release in favour of the Directors be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purpose of identification.”

11. To discuss any other business that is allowed at an Annual General Meeting.

By Order of the Board

DF Ashford
Company Secretary
21 February 2005

Notice of Annual General Meeting cont...

NOTES

A Member of the Company may appoint one or more proxies (whether Members or not) to attend and, on a poll, to vote instead of the Member. The form of proxy and the power or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, must be deposited to the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR, not less than 48 hours before the time for holding the Meeting.

The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specified that only those shareholders registered in the Register of Members of the Company at 10.30 am on 8 April 2005 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after 10.30 am on 8 April 2005 will be disregarded in determining the rights of any person to attend or vote at the Meeting.

Copies of the Directors service contracts and the Register of Directors' Share Interests and a copy of the WH Ireland Group plc Unapproved Share Option Scheme, may be inspected at the registered office of the Company at any time during normal business hours on week days (Saturdays and public holidays excepted) up to and including the day of the Annual General Meeting.

Company Advisers

NOMINATED ADVISER

Altium Capital Limited
5 Ralli Court
Manchester M3 5FT

BROKER

WH Ireland Limited
11 St James's Square
Manchester M2 6WH

AUDITORS

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds LS1 4DW

SOLICITORS

Halliwells
St James's Court
Brown Street
Manchester M2 2JF

BANKERS

Bank of Scotland
New Uberior House
11 Earl Grey Street
Edinburgh EH3 9BN

REGISTRARS

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands B63 3DA

COMPANY SECRETARY

AND REGISTERED OFFICE

Derek Francis Ashford FCA
11 St James's Square
Manchester M2 6WH

COMPANY NUMBER

3870190



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