



W.H. Ireland Group plc

**Placing
and
Admission to the
Alternative Investment Market**

**Nominated Adviser
Altium Capital Limited**

This document is important and requires your immediate attention. If you are in any doubt about the contents of this document or what action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, solicitor, accountant or other independent financial adviser who specialises in advising on the acquisition of shares and other securities and is authorised under the Financial Services Act 1986.

This document, which comprises an admission document drawn up in accordance with the AIM Rules, has been issued in connection with the application for admission to trading of the Ordinary Shares on AIM. A copy of this document (which comprises a prospectus drawn up in accordance with the Public Offers of Securities Regulations 1995) (as amended) (the "Regulations") has been delivered to the Registrar of Companies in England and Wales for registration in accordance with regulation 4(2) of the Regulations.

Application has been made for the Ordinary Shares to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. Further, the London Stock Exchange has not itself approved the contents of this document. The Ordinary Shares are not traded on any other recognised investment exchange and no other such applications have been made. Investment in an unquoted company is speculative and involves a higher degree of risk than an investment in a quoted company, as well as the opportunity of reward. Your attention is drawn to the section headed 'Risk and other factors' on page 15 of this document.



W.H. Ireland Group plc

(Incorporated in England and Wales with registered number 3870190)

Placing of 1,739,130 Ordinary Shares at 115p per share and Admission to the Alternative Investment Market

**Nominated Adviser
Altium Capital Limited**



**Nominated Broker
W.H. Ireland Limited**

SHARE CAPITAL IMMEDIATELY FOLLOWING THE PLACING

Authorised		Issued and fully paid		
Amount	Number	Amount	Number	
£1,500,000	30,000,000	£697,994.90	13,959,898	Ordinary Shares of 5p each

The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States of America or any province or territory of Canada, Australia, South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan.

Altium Capital Limited ("Altium Capital") is acting as the Company's nominated adviser and W.H. Ireland Limited ("W.H. Ireland") is acting as the Company's nominated broker in connection with the Placing and the proposed admission of the Ordinary Shares to trading on AIM. Both Altium Capital and W.H. Ireland are regulated in the United Kingdom by The Securities and Futures Authority Limited. Their responsibilities as the Company's nominated adviser and nominated broker respectively under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Altium Capital or W.H. Ireland as to any of the contents of this document. Neither Altium Capital nor W.H. Ireland will be offering advice and they will not otherwise be responsible for providing customer protection to recipients of this document in respect of the Placing or any acquisition of Ordinary Shares.

Altium Capital does not accept responsibility for any part of this document for the purposes of Regulation 13 (1) (g) of the Regulations or otherwise and no liability whatsoever is accepted by Altium Capital for the accuracy of any information or opinions contained in this document, for which the Directors are solely responsible, or for the omission of any information.

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DEFINITIONS

The following words and expressions have the following meanings in this document, unless the context requires otherwise:

“Admission”	the admission of the Ordinary Shares to trading on AIM
“Act”	the Companies Act 1985, as amended
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the AIM Rules set out in Chapter 16 of the Rules of the London Stock Exchange
“Altium Capital”	Altium Capital Limited
“Board” or “Directors”	the directors of the Company
“Company” or “W.H. Ireland Group”	W.H. Ireland Group plc
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo Limited
“Group”	W.H. Ireland Group and its subsidiary undertakings
“London Stock Exchange”	London Stock Exchange Plc
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 5p each in W.H. Ireland Group
“Placing”	the conditional placing by W.H. Ireland of the Placing Shares, pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 12 July 2000 between (1) Altium Capital, (2) W.H. Ireland, (3) the Company, (4) the Directors and (5) the Selling Shareholders relating to the Placing and Admission, further details of which are set out in paragraph 12(e) of Part V of this document
“Placing Price”	115p per Placing Share
“Placing Shares”	the Sale Shares and the Subscription Shares
“Readycount”	Readycount Limited whose shareholders are Sir David Trippier, Laurie Beevers and David Youngman
“Sale Shares”	the 521,740 existing Ordinary Shares to be sold by the Selling Shareholders under the Placing
“Selling Shareholders”	certain of the existing shareholders of the Company who are parties to the Placing Agreement and who are selling the Sale Shares
“SFA”	The Securities and Futures Authority Limited
“Share Option Scheme”	the W.H. Ireland Group plc Unapproved Share Option Scheme
“Subscription Shares”	the 1,217,390 new Ordinary Shares being issued by the Company under the Placing
“W.H. Ireland”	W.H. Ireland Limited

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Admission Document	12 July 2000
Admission and dealings in the Ordinary Shares commence and Ordinary Shares credited to CREST accounts	27 July 2000
Despatch of definitive share certificates (where applicable)	3 August 2000

PLACING STATISTICS

Placing Price	115p
Number of new Ordinary Shares being placed on behalf of the Company	1,217,390
Number of Ordinary Shares being placed on behalf of the Selling Shareholders	521,740
Net proceeds of the Placing receivable by the Company	£1.1 million
Number of Ordinary Shares in issue following the Placing	13,959,898
Market capitalisation of the Company at the Placing Price	£16.05 million

DIRECTORS AND ADVISERS

Directors	Sir David Trippier* R.D., J.P., D.L. Wilfrid Laurie Beevers David William Youngman Derek Francis Ashford F.C.A. Mohammed Ibrahim Marafie* John Edward Lawrence* MBE Richard Elliot Michael Lee*	<i>Chairman</i> <i>Chief Executive</i> <i>Managing Director</i> <i>Finance Director</i>
	*Non-Executive	
	all of 11 St James's Square, Manchester M2 6WH	
Company secretary	Derek Francis Ashford F.C.A.	
Registered office	11 St James's Square Manchester M2 6WH	
Nominated adviser	Altium Capital Limited 30 St James's Square London SW1Y 4AL	
Nominated broker	W.H. Ireland Limited 11 St James's Square Manchester M2 6WH	
Reporting accountants and auditors	KPMG Audit Plc 1 The Embankment Neville Street Leeds LS1 4DW	
Solicitors to the Company	Halliwell Landau St James's Court Brown Street Manchester M2 2JF	
Solicitors to Altium Capital	Laytons 22 St John Street Manchester M3 4EB	
Principal bankers	Bank of Scotland Teviot House 41 South Gyle Crescent Edinburgh EH12 9DR	
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA	

KEY INFORMATION

The following information is derived from, and should be read in conjunction with, the full text of this document, particularly the section headed Risk and other factors on page 15.

History

W.H. Ireland has a long history of stockbroking in Manchester and can trace its founders back to the nineteenth century. It now also has offices in London, Blackburn, Colwyn Bay, Fareham, Malvern and Thorpe Bay. It offers a range of stockbroking and investment management services to a diverse and growing client base of private individuals, corporates and professionals.

Business and Markets

W.H. Ireland offers a comprehensive range of stockbroking services including discretionary portfolio management, advisory portfolio management and a professional intermediary service, together with advisory and execution only dealing services. It also provides a range of financial services and its corporate finance department currently acts as broker to 8 companies either listed on the London Stock Exchange or traded on AIM.

W.H. Ireland and its employees seek to provide a personal service tailored to the needs of each client. It has eschewed setting up an independent execution-only dealing service preferring instead to position itself as an advisory broker with a range of products and services to offer its clients.

Reasons for Admission

The Directors believe that Admission will assist the Group by raising its profile and enabling it to grow its business, both organically and through acquisition, with the use of quoted shares.

The Directors believe that the higher profile will not only attract additional clients but will also encourage high calibre personnel.

Details of the Placing

W.H. Ireland, as agent for the Company and the Selling Shareholders, has undertaken to use its reasonable endeavours to conditionally place 1,739,130 Ordinary Shares with institutional and other investors at the Placing Price.

The Placing will raise approximately £1.4 million for the Company, before expenses.

Financial Information

The trading record of W.H. Ireland, which is extracted without material adjustment from the Accountants' Report set out in Part III of this document, is briefly summarised below:

	Year ended 31 December 1997 £	Year ended 31 December 1998 £	Eleven months ended 30 November 1999 £n
Turnover	2,640,973	4,981,872	5,969,259
Profit on ordinary activities before taxation	91,711	225,690	660,738

Prospects and Strategy

The areas within the financial services field where the Group is least well represented, namely corporate finance, corporate broking and fund management, have been identified as areas which the Directors consider to have high growth potential and, consequently, these areas will feature strongly in future development. In particular, the Group is looking to build a specialisation in corporate finance and corporate broking for natural resource companies. W.H. Ireland already has expertise and substantial connections in this area both in the UK and Australia.

PART I – INFORMATION ON THE GROUP

History

W.H. Ireland has a long history of stockbroking in Manchester and can trace its founders back to the nineteenth century. It now also has offices in London, Blackburn, Colwyn Bay, Fareham, Malvern and Thorpe Bay. It offers a range of stockbroking and investment management services to a diverse and growing client base of private individuals, corporates and professionals.

The present Group has resulted from the consolidation of a number of Manchester stockbroking firms throughout the last century. In May 1996, W.H. Ireland was the subject of a management buyout from Davenham Trust Plc by Readycount Limited, a vehicle formed for this purpose by Sir David Trippier, Laurie Beevers and David Youngman. In July 1997, it acquired the client base of a regional stockbroker which initially increased funds under management by £35 million. This acquisition brought to the Group premises in London and three other branch operations. In February 1998, it expanded further with the establishment of an office in Colwyn Bay and, in April 1998, doubled the turnover of its London office by the employment of a team of private client advisers. Most recently, in September 1999, W.H. Ireland opened its seventh office in Blackburn.

Business

W.H. Ireland offers a comprehensive range of stockbroking services including discretionary portfolio management, advisory portfolio management and a professional intermediary service, together with advisory and execution only dealing services. It also provides a range of financial services and its corporate finance department currently acts as broker to 8 companies either listed on the London Stock Exchange or traded on AIM.

The Group's aim is to provide a high level of customer service, combining quality individual stockbroking and investment advice with an efficient administration. W.H. Ireland undertakes its own back office administration which it believes is a major factor in being able to provide a personal service for its clients. The Directors believe that W.H. Ireland's administration costs per bargain compare favourably with outsourced administration services.

Two types of Personal Equity Plan ("PEP") are administered by W.H. Ireland – a managed PEP and a self-select PEP. It also offers two types of Individual Savings Account ("ISA") – Broker Choice or Client Choice. As a result of flexibility of investment and charging structure, the funds under management in this area have grown significantly and now stand in excess of £65 million.

W.H. Ireland's activities concentrate on five main areas:

- The private client investment management service provides investment management expertise to individuals, corporates and professionals. The primary objective is to preserve and enhance the personal wealth of clients over the long term through an individual investment service, based on personal circumstances and objectives. The services provided include the management of client portfolios on a discretionary and advisory basis, frequently using W.H. Ireland's structured methodology for portfolio investment. Its professional intermediary service is tailored to meet the needs of an intermediary in dealing with its clients' investment matters.
- W.H. Ireland is an authorised PEP manager and is a registered ISA provider, offering a service which allows clients to make the most of these products through a wide range of qualifying investments.
- Its dealing services are designed to accommodate those clients not requiring investment management services. By using the latest technology, including the automated pricing services of the London Stock Exchange and leading market-makers, it offers clients an effective dealing facility operating in many of the world's stockmarkets.

- W.H. Ireland is broker to a number of publicly quoted companies in both the UK and overseas. It specialises in smaller companies, both fully listed and trading on AIM, advising on flotations, fundraisings, acquisitions and disposals.
- A comprehensive financial planning service is provided which includes advice on pensions, life assurance, inheritance tax, capital gains tax, health insurance, employment protection and retirement, with totally independent confidential advice.

Markets

In the view of the Directors, in recent years a number of its competitors have moved to a position whereby they only offer asset and portfolio management or an execution-only dealing service. Accordingly, the investing public has been offered a reduced number of services and products, and advisory services in particular have been withdrawn.

W.H. Ireland and its employees seek to provide a personal service tailored to the needs of each client. It has eschewed setting up an independent execution-only dealing service, preferring instead to position itself as an advisory broker with a range of products and services to offer its clients.

The markets in which the Group operates are competitive, with a number of small and medium sized stockbrokers able to offer similar services to their clients. In addition, the Group's businesses are dependent upon stock market and economic conditions and, as a consequence, future profitability will depend upon the buoyancy of these factors.

However, in the latter months of 1999 and the first quarter of 2000, when the levels of trading globally increased greatly, partially as a result of the easier access of investors to the equity markets and to research through the internet, W.H. Ireland found an increasing number of new clients sought advice about potential investments. The Directors believe that this heightened awareness of stockmarkets will continue in the future, providing a favourable climate for the Group's business.

Administration and information technology

The Directors consider that efficient administration, settlement and communication procedures are prime requirements for a successful stockbroking business. W.H. Ireland has its own dedicated administration personnel but it is also backed by the latest technology and electronic settlement systems.

W.H. Ireland utilises administration and portfolio systems software from Consort. It uses Microsoft Exchange, which is integrated with internet electronic messaging, for firm-wide e-mail and has integrated its intranet with the internet to allow staff to browse the web for the latest research and other information.

Virtual Private Networking technology is used to link the main offices within the Group; the remaining offices are linked through ISDN technology. W.H. Ireland makes extensive use of Microsoft technology and predominantly utilises hardware from Dell and Intel. Final testing of W.H. Ireland's website is taking place which will show details of the Group and its personnel, services, research, news items, and similar matters. W.H. Ireland also utilises Primark software, a core element of the front office systems, for the delivery of prices, indices and other data that are key to its business.

Directors and senior management

Directors

Sir David Trippier, aged 54, Non-executive Chairman

Sir David Trippier was a partner in his family firm of Pilling Trippier & Co., stockbrokers in Manchester. Sir David became an MP in 1979 and was subsequently Minister for Smaller Businesses from 1983 to 1987, and remained a Minister in various departments until 1992.

Formerly Deputy Chairman of the Conservative Party, he is currently a director of a number of public and private companies including Chairman of Murray VCT.

Laurie Beevers, aged 53, Chief Executive

Laurie Beevers read Economics and Politics at Bristol University and commenced his stockbroking career in 1972 with Orme & Eykyn in London. Following three years in South Wales with Lyddon & Co., he moved to Manchester in 1976 to join the stockbroking firm of Charlton Seal Dimmock & Co. He became a member of the Stock Exchange in 1978 and a partner of that firm in 1980. Upon incorporation, he was appointed a director of Charlton Seal Limited with responsibility for institutional sales. He joined W.H. Ireland as Chief Executive in May 1995. His areas of investment specialisation include smaller companies, both in the UK and Australia, and over a period of 15 years has been a director of a number of Australian companies.

David Youngman, aged 50, Managing Director

David Youngman began his stockbroking career, as Head of Investment Research, with Charlton Seal Dimmock & Co. in October 1975. He became a partner of the same firm in 1980 and, upon incorporation in 1987, was appointed investment research director. Upon the acquisition of Charlton Seal Limited by Benchmark Group, he was appointed a main board director of Benchmark Group plc and chief operating officer of Charlton Seal Limited.

He joined W.H. Ireland in June 1995, shortly after Laurie Beevers, and is Managing Director of W.H. Ireland.

Derek Ashford, aged 44, Finance Director

Derek Ashford qualified as a chartered accountant with a regional practice in 1980, becoming a partner of the same firm in 1983 with responsibility for the audit of a number of stockbroking clients. He moved to Jersey in 1994 to take up the position of financial controller of the Cater Allen Offshore Investment Division (“CAOID”) which included traditional stockbroking, asset management and safe custody businesses. He played a significant role in the setting up of an execution-only stockbroking service for CAOID. 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 take up the position as Finance Director of W.H. Ireland.

Mohammed Marafie, aged 54, Non-executive Director

Mohammed Marafie is a Kuwaiti businessman who was formerly a director of both the Gulf Bank and the United Bank of Kuwait. He is, at present, chairman and managing director of Al-Nour International Holdings Ltd., deputy chairman of Gulf Cement Ltd. and Bayan Investment Company Ltd. and a director of First International Merchant Bank Ltd.

John Lawrence MBE, aged 55, Non-executive Director

John Lawrence has wide experience as an industrialist at Chief Executive, Managing Director and Chairman levels. This experience was gained in engineering, manufacturing and consulting businesses. He has worked closely with various venture capital companies. He is also a Freeman of the City of London and is actively involved with a number of charitable organisations.

Richard Lee, aged 54, Non-executive Director

Richard Lee is a corporate strategy consultant and has wide experience as a director of various public companies in a variety of industries. In the financial arena, he was a corporate finance consultant to Charlton Seal Dimmock & Co. He was a member of the investment committee of the Lazard managed North West Unit Trust and, for 13 years until May 2000, was a non-executive director of The Intercare Group plc.

Richard joined the Company as a non-executive Director in July 2000. He is also the non-executive chairman of Prime People plc and Bon Appetit direct.com plc and a director of a number of private companies.

Senior Management

Douglas Barlow, aged 47, Safe Custody Director

Douglas Barlow has in excess of 28 years' experience in stockbroking administration. Between 1975 and 1990 he was employed by Charlton Seal Dimmock & Co. and its successor companies with Laurie Beevers and David Youngman. He was appointed Administration Manager of W.H. Ireland in 1996, becoming a director in December 1997. In April 2000, he was given specific responsibility for the Safe Custody and Nominee Departments.

Trevor Davies, aged 64, London Office Director

Trevor Davies has had a career in private client stockbroking and fund management for over 40 years. In 1984 he joined the partnership of Charlton Seal Dimmock & Co. and subsequently became a director of Charlton Seal Limited. He was appointed a director of W.H. Ireland in April 1998 and heads the Group's growing London office which currently has 22 employees.

Michael Frame, aged 34, Operations Director

Michael Frame is a graduate of the University of Birmingham and qualified as a chartered accountant in 1990 with Touche Ross. He spent a total of four years with John Siddall & Son as Finance Director, part of that time as Senior Executive Officer and Compliance Officer before leaving to help establish the Vital Group in June 1997. He joined W.H. Ireland in March 2000, becoming Operations Director in April 2000.

Alan Freeman, aged 32, Blackburn Office Director

Alan Freeman joined W.H. Ireland in April 1987. In 1997, he was appointed an associate director of W.H. Ireland and became a director in April 2000 with responsibility for the Blackburn office.

Thomas Hatton, aged 52, Settlements/Compliance Director

Thomas Hatton has had considerable experience in administration management with stockbroking firms. Prior to joining W.H. Ireland as compliance director in March 1996, he was involved in a senior executive position in Ashworth Sons & Barratt, Central Stockbrokers and John Siddall & Son. He was appointed settlements director in April 2000.

Geoff Lord, aged 44, Dealing Director

Geoff Lord joined the Company in July 1972 and has had 28 years' experience of both stockbroking administration and client dealing. He became Office Manager in January 1987 and, in 1991, was appointed a director of W.H. Ireland before assuming responsibility for all aspects of dealing in 1997.

Nigel Mills, aged 38, Client Director

Nigel Mills has been a stockbroker since 1979 and is the third generation of his family in the profession. Having joined the firm in 1991, he was appointed a director of W.H. Ireland in 1993 and is principally involved in private client stockbroking.

John Molyneux, aged 53, London Office Director

John Molyneux joined the London Stock Exchange in 1967, transferring to merchant banking and ultimately becoming Investment Director of English Trust in 1980. He returned to stockbroking in 1990 as an associate director of Greig Middleton & Co. Limited, prior to his appointment as director responsible for investment management and stockbroking of Seymour Pierce Butterfield. He joined W.H. Ireland in April 1998, becoming a director in March 2000.

Derek Osborne, aged 56, London Office Director

Derek Osborne has worked for London Stock Exchange firms since 1963 as an employee, partner and director. He was in partnership with Trevor Davies from 1981 to 1983 before ultimately becoming a partner of Charlton Seal Dimmock & Co. and subsequently a director of Charlton Seal Limited. He joined W.H. Ireland in April 1998 and was appointed a director in March 2000.

Paul Weston, aged 41, Colwyn Bay Office Director

Paul Weston started work in stockbroking in July 1977 for Grieveson, Grant & Co., gaining experience in all areas of the business. He became a dealer on the floor of the London Stock Exchange in 1981. He returned to North Wales, subsequently joining W.H. Ireland in February 1998 and becoming a director in May 1999.

Associates and employees

The Group currently has 97 employees of whom 30 are employed in a client advisory or dealing role, 4 in client support, 5 in compliance and 58 in administration and other areas. In June 1995 the total number of employees was just 19 people. Over the last five years, W.H. Ireland has endeavoured to employ quality, experienced staff. Employees are remunerated through salaries, discretionary and salary related bonuses, pension contributions and share option schemes. Awards under the bonus and option schemes are based on the Company's results and individual performance levels. All current members of staff who were employed as at 30 November 1999 are shareholders in the Company.

W.H. Ireland has 13 associates who are self-employed brokers advising upon and managing portfolios for private, corporate and institutional clients. Each of these associates is attached to W.H. Ireland under an agreement whereby the associate receives a share of the commission generated by the transactions undertaken. Some of these associates are existing shareholders in the Company and others will become shareholders under the Placing.

The Directors believe that good communication amongst its staff is essential for the development of its business. Management meetings are held regularly by senior staff, and departmental heads are encouraged to keep all staff fully informed of progress. W.H. Ireland operates a social club and employees receive a number of benefits, including private medical insurance and a voluntary contributory pension scheme. All personnel work within an open plan office environment and have access to intranet and internet services. The Directors believe that the ethos and culture which W.H. Ireland has developed over recent years is responsible for the high level of staff retention.

The Group recognises that its continued success is dependent on its ability to attract and retain highly qualified professionals. The loss of the services of key employees or the inability to attract qualified staff as the Group grows may have an effect on the Group's business. One of the reasons for the Company seeking admission to trading on AIM is so that it can offer meaningful share and option packages to existing and potential employees.

Share ownership

The Directors consider that employee share ownership is an important aspect of incentivising employees. The majority of the Group's employees currently hold shares in the Company. Immediately following Admission, the Board and directors, associates and employees of W.H. Ireland (including their spouses, minor children and family trusts) will together hold in aggregate approximately 86.8 per cent. of the enlarged issued share capital of the Company. Of these, the holders of approximately 81.7 per cent. of the enlarged issued share capital are subject to sale restrictions following Admission, as described in paragraph 7.9 of Part V of this document. The Company has also established the Share Option Scheme which is summarised in paragraph 11 of Part V of this document. Conditional upon Admission taking place, certain Directors and employees of the Group have been granted options over 639,129 Ordinary Shares under this scheme. In addition, W.H. Ireland has an employee benefit trust which was

established in October 1998 for the purpose of holding and distributing shares in, originally, W.H. Ireland (but now the Company), for the benefit of the employees. All costs of the trust are borne by W.H. Ireland.

Corporate governance

An audit committee, a remuneration committee and a regulatory compliance committee (each consisting of the non-executive Directors) will be established with effect from Admission. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored and reported on. This committee will also be responsible for meeting the auditors and reviewing their reports relating to accounts and internal controls. The remuneration committee will review the performance of the executive Directors, set their remuneration, determine the payment of bonuses to executive Directors and consider the allocation of share options to Directors and employees. The regulatory compliance committee will meet to ensure that the Group meets all its regulatory compliance responsibilities and that the internal compliance procedures are properly monitored and controlled.

The Board has also considered the guidance published by the Institute of Chartered Accountants in England and Wales (commonly known as the Turnbull Report) concerning the internal requirements of the Combined Code. In line with the Turnbull Report, the Board intends regularly to review key business risks in addition to the financial risks facing the Group in the operation of its business.

Financial information

The trading record of W.H. Ireland, which is extracted without material adjustment from the Accountants' Report set out in Part III of this document, is summarised below:

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Turnover	2,640,973	4,981,872	5,969,259
Commissions payable and settlement fees	(802,092)	(1,572,948)	(1,479,421)
Administrative expenses	(1,781,545)	(3,340,877)	(3,979,088)
Operating profit	<u>57,336</u>	<u>68,047</u>	<u>510,750</u>
Interest receivable	160,967	201,036	235,694
Interest payable and similar charges	(126,592)	(43,393)	(85,706)
Profit on ordinary activities before taxation	<u>91,711</u>	<u>225,690</u>	<u>660,738</u>
Tax on profit on ordinary activities	(30,780)	(59,546)	(215,521)
Profit for the financial year	<u><u>60,931</u></u>	<u><u>166,144</u></u>	<u><u>445,217</u></u>

Detailed financial information in respect of W.H. Ireland is set out in Part III of this document

The acquisition in July 1997 of a regional stockbroker substantially boosted turnover in the second half of the year ended 31 December 1997 but the costs of the acquisition and its integration also lead to a higher level of expenditure. In the following year, the expansion of the office in London increased turnover further but the costs of transferring clients' securities into nominee name and higher infrastructure costs combined to limit the level of operating profits. In the period ended 30 November 1999, growth in costs and overheads have been limited, leading to enhanced profitability within the Group.

London Stock Exchange 'B' share

W.H. Ireland originally held one 'B' share in the capital of the London Stock Exchange which is carried in its balance sheet at negligible value. Following a capital reorganisation approved in March 2000, each 'B' shareholder now holds 100,000 ordinary shares in the London Stock Exchange, equivalent to approximately 0.34 per cent of its issued ordinary share capital. When the documentation relating to the London Stock Exchange's Scheme of Arrangement has been posted, shares in the London Stock Exchange will become tradeable under an off-market, matched bargain dealing facility provided by Cazenove & Co.

On 3 May 2000, the London Stock Exchange announced a proposed merger with Deutsche Börse to create a new company to be named iX. Under the terms of the proposed merger, the London Stock Exchange shareholders will receive new iX shares amounting in aggregate to 50 per cent of iX's issued share capital. At the date of this document, the formal documentation relating to the proposed merger had not been despatched to London Stock Exchange shareholders. As the transaction is conditional upon approval by the shareholders of both the London Stock Exchange and Deutsche Börse, with a 75 per cent majority vote required in each case, it is by no means certain that the proposed merger will take effect.

In any event, the Directors believe that W.H. Ireland's investment in the London Stock Exchange is a valuable asset and will eventually enhance substantially the net asset value of the Group.

Current trading

The unaudited management accounts for W.H. Ireland for the six months to 31 May 2000 show turnover for the period of approximately £5.9 million as against £2.8 million for the six months ended 31 May 1999. The number of daily bargains during this period averaged 538 as against 262 in the comparable period.

Trading for the four months to March 2000 reflected a particularly buoyant level of stockmarket activity and, although the daily volume of business transacted since then has retreated, the Directors are satisfied with the level of current trading. Furthermore, corporate finance fees for the current financial year are expected to exceed those for the 11 month period ended 30 November 1999.

Dividend policy

The Board will seek to adopt a progressive dividend policy taking into account growth in earnings and future expansion plans and expect to cover any dividend by at least three times earnings. It is the Directors' intention, in the absence of unforeseen circumstances, that the first dividend will be a final dividend in respect of the year ending 30 November 2000. The Company intends in future years to pay an interim and final dividend in respect of each financial year.

Reasons for Admission

The Directors believe that Admission will assist the Group by raising its profile and enabling it to grow its business, both organically and through acquisition, with the use of quoted shares.

The Directors believe that the higher profile will not only attract additional clients but will also encourage high calibre personnel. Similarly, the majority of W.H. Ireland's employees are already shareholders and Admission will enable them to place a market valuation on their shareholdings. The Directors will also look to use Ordinary Shares to fund acquisitions in both the Group's existing area of business and other finance-related areas. No such acquisition is currently under review.

Details of the Placing

W.H. Ireland, as agent for the Company, has undertaken to use its reasonable endeavours to conditionally place 1,739,130 Ordinary Shares with institutional and other investors at the Placing Price. The Placing Shares represent approximately 12.46 per cent. of the enlarged issued share capital of the Company, following Admission. Of these Ordinary Shares, 521,740 are being sold by W. L. Beevers, D. W. Youngman together with members of their families and a senior employee of the Group, representing approximately 3.74 per cent. of the enlarged issued share capital of the Company, following Admission.

The Placing is intended to raise approximately £1.4 million for the Company, before expenses. The net proceeds receivable by the Company on flotation will be approximately £1.1 million which will initially be used to provide additional working capital for the existing business, particularly in the provision of new networking infrastructure to provide a foundation for future information technology development. The balance of the new monies will be used to fund the Company's future growth and investment strategy.

The Placing, which is not underwritten, is conditional, *inter alia*, upon Admission taking place by 27 July 2000, or such later time as Altium Capital and the Company agree, being not later than 10 August 2000.

It is expected that the proceeds of the Placing will be received on 27 July 2000. In the case of placees requesting Placing Shares in uncertificated form, it is expected that the appropriate CREST stock accounts of placees will be credited with the Placing Shares comprising their Placing participation with effect from 27 July 2000. In the case of placees requesting Placing Shares in certificated form, it is expected that certificates in respect of the Placing Shares will be despatched by post, within 7 days of the date of Admission.

Pending despatch of share certificates or crediting of CREST accounts, the Company's registrars will certify any instruments of transfer against the register.

The Placing Shares will, on Admission, rank *pari passu* with the existing Ordinary Shares, including the right to receive all dividends and distributions declared, paid or made after the date of this document.

Further details of the Placing Agreement are set out in paragraph 12(e) of Part V of this document.

Prospects and strategy

The areas within the financial services field where the Group is least well represented, namely corporate finance, corporate broking and fund management, have been identified as areas which the Directors consider to have high growth potential and, consequently, these areas will feature strongly in future development. In particular, the Group is looking to build a specialisation in corporate finance and corporate broking for natural resource companies. W.H. Ireland already has expertise and substantial connections in this area both in the UK and Australia.

In addition, the Company will look to use its quoted shares to grow the business by acquisition in both stockbroking and other finance-related activities. There are in excess of 250 stockbroking firms conducting business on the London Stock Exchange. It is estimated that, of these, less than 10 per cent. by number account for in excess of 80 per cent. of the daily volume of business transacted as reported by the London Stock Exchange. Stockbroking is, therefore, highly fragmented and the Directors believe that this will enable W.H. Ireland to continue to grow its traditional business by way of acquisition. Similarly, the Directors believe that there are a number of opportunities in related areas which would diversify the business activities within the Group and reduce the volatility of its earnings.

The Board recognises that the nature of the Group's business makes forecasting singularly difficult and seasonally the summer months are the quieter months of the year. However, based upon the unaudited management accounts for W.H. Ireland to date, the Directors view the prospects for the year ending 30 November 2000 with confidence.

PART II – RISK AND OTHER FACTORS

In addition to the other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

There are various risk and other factors associated with an investment of the type described in this document. In particular:

- Potential investors should be aware that there may not be proper information available for determining the market value of an investment in the Company at all times.
- The Company's performance is sensitive to variations in the level of activity on the London Stock Exchange and, in particular, in the level of activity in the smaller company sector.
- W.H. Ireland is dependent to a substantial degree upon its personnel for the continued success of its business. Its ability to attract, motivate and retain high calibre individuals is a key factor. There can be no guarantee that this will be achieved. However, the spread of equity ownership within the Company, the options granted to key personnel and the commission sharing and bonus arrangements should mitigate this risk.
- The business of W.H. Ireland, which is regulated by the SFA, could be affected by changes in the current regulatory framework in the UK.
- Potential investors should be aware that the value of shares can rise or fall and an investment in a share traded on AIM may be less liquid and carry a higher risk than an investment in a share listed on the Official List. In addition, the past performance of the Group is not necessarily a guide to its future performance. Prospective investors should be aware that an investment in the Company should be considered as a long term investment.
- As indicated in Part V of this document, following Admission the Directors, certain employees of the Group and members of their respective families and family trusts will hold in aggregate 11,405,140 Ordinary Shares, representing approximately 81.7 per cent. of the enlarged issued share capital of the Group, subject to the sale restrictions outlined in Part V. This may have a significant impact on the liquidity of the remaining Ordinary Shares in issue in addition to the usual lack of liquidity experienced by many smaller publicly quoted companies.

PART III – ACCOUNTANTS’ REPORT ON W.H. IRELAND LIMITED



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

The Directors
W.H. Ireland Group plc
11 St James’s Square
Manchester
M2 6WH

and

The Directors
Altium Capital Limited
30 St James’s Square
London SW1Y 4AL

12 July 2000

Dear Sirs

W.H. Ireland Limited

We report on the financial information set out below. This financial information has been prepared for inclusion in the Admission Document dated 12 July 2000 of W.H. Ireland Group plc (“the Group”).

Basis of preparation

The financial information set out in paragraphs 1 to 4 is based on the audited financial statements of W.H. Ireland Limited (“the Company”) for the two years ended 31 December 1998 and the eleven month period to 30 November 1999 prepared on the basis described in note 4.1 after making such adjustments as we considered necessary.

Responsibility

Such financial statements are the responsibility of the directors of the Company who approved their issue.

The directors of the Group are responsible for the contents of the Admission Document dated 12 July 2000 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial

information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error. However, the counterparty debtor and creditor balances within the balance sheet as at 31 December 1998 and 31 December 1997, which relate to the settlement of transactions for the sale and purchase of securities, are incorrectly disclosed because these balances are netted instead of being shown gross, as required by FRS 5 "Reporting the Substance of Transactions". The evidence available to us was limited because the Company was unable to obtain sufficient information from its accounting records in order retrospectively to restate the balances as at 31 December 1998 and 31 December 1997, as required by FRS 3 "Reporting Financial Performance" and the Companies Act 1985.

Qualified opinion arising from a disagreement about disclosure within the financial information

Except for the adjustments that would have been necessary had we been able to obtain sufficient evidence concerning the disclosure of gross debtor and creditor balances as at 31 December 1998 and 31 December 1997, in our opinion the financial information gives, for the purpose of the prospectus, a true and fair view of the state of the Company as at the dates stated and of its profits and cash flows for the periods then ended.

1. Profit and loss accounts

		Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	Note	£	£	£
Turnover	4.2	2,640,973	4,981,872	5,969,259
Commissions payable and settlement fees		(802,092)	(1,572,948)	(1,479,421)
Administrative expenses		(1,781,545)	(3,340,877)	(3,979,088)
		<u>57,336</u>	<u>68,047</u>	<u>510,750</u>
Operating profit		57,336	68,047	510,750
Interest receivable	4.4	160,967	201,036	235,694
Interest payable and similar charges	4.5	(126,592)	(43,393)	(85,706)
		<u>91,711</u>	<u>225,690</u>	<u>660,738</u>
Profit on ordinary activities before taxation	4.6	91,711	225,690	660,738
Tax on profit on ordinary activities	4.8	(30,780)	(59,546)	(215,521)
		<u>60,931</u>	<u>166,144</u>	<u>445,217</u>
Profit for the financial year	4.18	<u>60,931</u>	<u>166,144</u>	<u>445,217</u>

There is no material difference between the results as described in the profit and loss account and the results on an unmodified historical cost basis. A statement of total recognised gains and losses has not been prepared as the total recognised gains in each year equate to the profit for the year.

All turnover relates to continuing operations.

2. Balance sheets

		At 31 December 1997	At 31 December 1998	At 30 November 1999
	Note	£	£	£
Fixed assets				
Intangible assets	4.9	238,523	214,671	192,806
Tangible assets	4.10	242,318	415,883	381,315
Investments	4.11	4	72,005	27,582
		<u>480,845</u>	<u>702,559</u>	<u>601,703</u>
Current assets				
Investments	4.12	46,277	70,283	54,328
Debtors	4.13	12,750,266	10,017,519	84,766,654
Cash at bank and in hand	4.14	–	963,995	1,618,540
		<u>12,796,543</u>	<u>11,051,797</u>	<u>86,439,522</u>
Creditors: amounts falling due within one year	4.15	(12,178,153)	(10,173,606)	(84,740,278)
Net current assets		<u>618,390</u>	<u>878,191</u>	<u>1,699,244</u>
Total assets less current liabilities		1,099,235	1,580,750	2,300,947
Creditors: amounts falling due after one year	4.16	(302,029)	(466,201)	(444,820)
Net assets		<u>797,206</u>	<u>1,114,549</u>	<u>1,856,127</u>
Capital and reserves				
Called up share capital	4.17	388,889	457,500	550,112
Share premium account	4.18	161,111	243,699	447,448
Profit and loss account	4.18	247,206	413,350	858,567
Equity shareholders' funds	4.19	<u>797,206</u>	<u>1,114,549</u>	<u>1,856,127</u>

3. Cash flow statements

		Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	Note	£	£	£
Net cash (outflow)/inflow from operating activities				
Returns on investments and servicing of finance	4.21(a)	(2,888,988)	1,958,052	606,289
Taxation	4.21(b)	34,375	157,643	115,403
Capital expenditure and financial investment	4.21(c)	(24,951)	(26,546)	(53,521)
	4.21(d)	<u>(229,536)</u>	<u>(299,324)</u>	<u>(134,021)</u>
Cash (outflow)/inflow before management of liquid resources and financing		(3,109,100)	1,789,825	534,150
Financing	4.21(e)	352,089	397,798	214,381
(Decrease)/increase in cash in the period	4.21(f)	<u>(2,757,011)</u>	<u>2,187,623</u>	<u>748,531</u>

4. Notes to the financial information

4.1 Basis of preparation

The financial information has been drawn up in accordance with the applicable accounting standards.

Binder Hamlyn, of Bank House, 9 Charlotte Street, Manchester were the auditors of the Company for the years ended 31 December 1997 and 1998. KPMG Audit Plc, of 1 The Embankment, Neville Street, Leeds were auditors of the Company for the period ended 30 November 1999.

4.2 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

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.

Tangible fixed assets and depreciation

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 of each asset on a straight-line basis over its expected useful life, as follows:

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

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired and is amortised over its useful economic life of 10 years.

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.

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.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting

purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Current asset investments

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

Employee benefit trust

The accounts of W.H. Ireland Trustees Limited are included in these accounts in accordance with UITF13. The investment in the Company’s shares is shown as a fixed asset at cost less provision for any permanent diminution in value.

Client money

The Company holds money on behalf of clients in accordance with the Client Money Rules of The Securities and Futures Authority. This client money represents balances which are not held in respect of the settlement of transactions (i.e. free money).

Prior to the period ended 30 November 1999, this free money was included in the total for cash at bank and in hand with the corresponding liability in trade creditors. The Company has changed its accounting policy in respect of client money and now excludes it from its balance sheet, although disclosure of the amounts held is still made in note 4.15. This change in policy has had no effect on reported profit nor net current assets but has led to a restatement of the cash flow statement and its associated notes for the year ended 31 December 1998 and 31 December 1997. In addition, note 4.14 has been reworded and note 4.15 has been restated.

4.3 Restatement of cash flow statement

The removal of client money from the balance sheet as described in note 4.2 has led to a significant decrease in the figure previously reported in the financial statements for the increase in cash in the years ended 31 December 1998 and 31 December 1997.

Monies held on behalf of clients at 31 December 1996, 31 December 1997 and 31 December 1998 were £645,101, £6,818,946 and £11,480,024 respectively. The increases in cash of 1998: £6,848,701; 1997: £3,416,834 as previously reported therefore included an amount of £4,661,078 and £6,173,845 respectively which represented the increase in client monies held over that period.

4.4 Interest receivable

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Bank interest	160,967	201,036	235,694

4.5 Interest payable

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
On bank overdrafts	117,433	28,706	65,653
Hire purchase interest	9,159	14,687	20,053
	<u>126,592</u>	<u>43,393</u>	<u>85,706</u>

4.6 Profit on ordinary activities before taxation

Profit on ordinary activities is stated after charging:

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Depreciation and amounts written off tangible fixed assets			
– owned	29,984	61,400	83,875
– held under finance leases and hire purchase contracts	45,720	64,358	76,512
Amortisation of goodwill	–	23,852	21,865
Land and buildings lease rentals	54,038	88,616	89,721
Other operating lease rentals	65,669	138,634	260,098
Auditors' remuneration			
– audit fees	15,600	30,000	35,000
– other	10,661	7,462	20,591
Staff costs (see note 4.7)	886,876	1,303,140	2,120,254
Exceptional costs			
– re: acquisition of business of John Siddall & Son Limited	56,897	–	–
– re: office move	76,026	–	–
	<u>1,100,876</u>	<u>1,505,792</u>	<u>2,607,926</u>

4.7 Staff costs

Employee costs during the period amounted to:

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Wages and salaries	812,002	1,176,146	1,961,195
Social security costs	74,874	111,064	137,666
Other pension costs	–	15,930	21,393
	<u>886,876</u>	<u>1,303,140</u>	<u>2,120,254</u>

The average number of persons (including directors) employed by the Company during the period was as follows:

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	Number	Number	Number
Administration	<u>35</u>	<u>80</u>	<u>84</u>

Directors' remuneration was paid in respect of directors of the Company as follows:

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Emoluments	162,259	258,850	326,376
Company contributions to money purchase schemes	–	6,306	7,135
	<u>162,259</u>	<u>265,156</u>	<u>333,511</u>

The above amounts for remuneration included the following in respect of the highest-paid director:

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Emoluments	41,655	80,086	84,842
Company contributions to money purchase schemes	–	–	–
	<u>41,655</u>	<u>80,086</u>	<u>84,842</u>

The number of directors who were members of pension schemes was as follows:

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	Number	Number	Number
Money purchase schemes	–	4	6

Management charges of £136,857 (1998: £137,568; 1997: £121,236) were paid to Readycount Limited in respect of services provided to the Company by directors of both undertakings.

4.8 Taxation on ordinary activities before taxation

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
UK Corporation tax at 30.27% (1998: 31%; 1997: 21.7%)	20,000	53,000	215,521
Adjustment of corporation taxation in respect of prior year	10,780	6,546	–
	<u>30,780</u>	<u>59,546</u>	<u>215,521</u>

4.9 Intangible assets

	Goodwill £
Cost	
As at 1 January 1997	–
Additions in year	238,523
As at 31 December 1997, 31 December 1998, 30 November 1999	<u>238,523</u>
Amortisation	
At 1 January 1997	–
Charge for the year	–
At 31 December 1997	–
Charge for the year	23,852
At 31 December 1998	23,852
Charge for the period	21,865
At 30 November 1999	<u>45,717</u>
Net book values	
At 31 December 1997	<u>238,523</u>
At 31 December 1998	<u>214,671</u>
At 30 November 1999	<u>192,806</u>

4.10 Tangible fixed assets

	Motor vehicles £	Computers, fixtures and fittings £	Total £
Cost			
At 1 January 1997	38,157	230,603	268,760
Additions	10,583	115,536	126,119
At 31 December 1997	48,740	346,139	394,879
Additions	63,869	235,454	299,323
At 31 December 1998	112,609	581,593	694,202
Additions	60,793	128,672	189,465
Disposals	(64,337)	(26,090)	(90,427)
At 30 November 1999	109,065	684,175	793,240
Depreciation			
At 1 January 1997	1,603	75,254	76,857
Charge for the year	10,400	65,304	75,704
At 31 December 1997	12,003	140,558	152,561
Charge for the year	19,400	106,358	125,758
At 31 December 1998	31,403	246,916	278,319
Charge for the period	34,762	125,625	160,387
On disposals	(22,992)	(3,789)	(26,781)
At 30 November 1999	43,173	368,752	411,925
Net book values:			
At 31 December 1997	36,737	205,581	242,318
At 31 December 1998	81,206	334,677	415,883
At 30 November 1999	65,892	315,423	381,315
Net book value of leased assets included in the above:			
At 31 December 1997	36,737	76,594	113,331
At 31 December 1998	81,206	84,486	165,692
At 30 November 1999	65,892	37,261	103,153

4.11 Fixed asset investments

(a) Summary

	At 31 December 1997 £	At 31 December 1998 £	At 30 November 1999 £
Subsidiary undertakings			
Brought forward	4	4	5
Additions	–	1	–
Carried forward	4	5	5
Investment in own shares	–	72,000	27,577
	4	72,005	27,582

The Company owns the whole of the issued share capital of two £1 ordinary shares of Fitel Nominees Limited, and two £1 shares of W.H. Ireland Nominees Limited and one £1 ordinary share in W.H. Ireland Trustees Limited.

All of the companies are incorporated in England and Wales.

(b) Employee benefit trust

	£
Cost	
At 1 January 1998	–
Additions	126,000
Transfer to participants	(54,000)
At 31 December 1998	72,000
Additions	–
Transfer to participants	(44,423)
At 30 November 1999	27,577
Amounts written off	
Beginning and end of periods	–
Net book value	
31 December 1998	72,000
30 November 1999	27,577

The W.H. Ireland Benefit 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 the Company.

At 30 November 1999, the Trust held 30,641 shares in the Company (*31 December 1998: 80,000; 1997: Nil*). No dividend has been paid by W.H. Ireland Limited in the year hence no dividend is due on the shareholding of the Trust. The historical cost of the shares is 90p, the market value of the shares based on the most recent issue price is £2.00

4.12 Current asset investments

	At 31 December 1997 £	At 31 December 1998 £	At 30 November 1999 £
Listed investments	46,277	70,283	54,328

4.13 Debtors

	At 31 December 1997 £	At 31 December 1998 £	At 30 November 1999 £
Amount falling due within one year:			
Trade debtors	12,463,497	9,321,463	84,264,113
Amount owed by group undertaking	11,200	–	–
Other debtors	36,611	104,587	45,475
Prepayments and accrued income	238,958	591,469	457,066
	<u>12,750,266</u>	<u>10,017,519</u>	<u>84,766,654</u>

The trade debtors figures above are distorted by the counterparty debtor balances being shown net in 1998 and 1997.

4.14 Cash at bank

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 disclosed in the note below. As described in note 4.2, this represents a change in accounting policy. The cash at bank figure as previously reported in the financial statements of £12,444,019 at 31 December 1998 and £6,038,474 at 31 December 1997 included client money of £11,480,024 and £6,818,946 respectively.

4.15 Creditors: amounts falling due within one year

	At 31 December 1997 £	At 31 December 1998 £	At 30 November 1999 £
Trade creditors	16,927,137	20,475,377	99,888,067
Less: monies held on behalf of clients	(6,818,946)	(11,480,024)	(16,277,962)
	<u>10,108,191</u>	<u>8,995,353</u>	<u>83,610,105</u>
Bank overdrafts	1,326,391	102,763	8,777
Amounts owed to group undertakings	–	80,502	–
UK corporation tax payable	20,000	53,000	215,000
Social security and PAYE	69,249	45,130	52,991
Other creditors	148,630	135,597	132,801
Hire purchase creditors	41,808	97,712	37,113
Accruals and deferred income	463,884	663,549	683,491
	<u>12,178,153</u>	<u>10,173,606</u>	<u>84,740,278</u>

The trade creditors figures above are distorted by the counterparty creditors balances being shown net in 1998 and 1997.

4.16 Creditors: amounts falling due after more than one year

	At 31 December 1997 £	At 31 December 1998 £	At 30 November 1999 £
Subordinated loans	200,000	400,000	400,000
Other creditors	26,523	–	–
Hire purchase creditors	75,506	66,201	44,820
	<u>302,029</u>	<u>466,201</u>	<u>444,820</u>

The subordinated loans are to be repaid 7 years from the agreement date. The subordinated loans, each of £200,000 commenced in August 1997 and August 1998 respectively. After 3 years of the agreement date a sinking fund is to be created into which W.H. Ireland Limited will deposit a sum sufficient to meet one fifth of the original amount of the loan. The same amount will be lodged in subsequent years to enable payment of the capital element of the loan in 7 years' time. Interest is payable on the balances at 2.75 per cent. over base rate. See also note 4.24.

4.17 Called up share capital

	At 31 December 1997 £	At 31 December 1998 £	At 30 November 1999 £
Authorised			
2,000,000 Ordinary shares of 50p each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Allotted and fully paid			
1,100,225 (1998: 914,999; 1997: 777,777)			
Ordinary shares of 50p each	<u>388,889</u>	<u>457,500</u>	<u>550,112</u>

During the year ended 31 December 1997, the Company increased its authorised share capital to 2,000,000 shares from 700,000 shares and allotted 77,777 of these shares at a premium of £2.07 each. The shares were allotted to provide the increased capital requirements required when the company acquired certain of the assets of John Siddall & Son Limited.

During the period ended 30 November 1999, the Company issued 185,226 shares and 137,222 shares in the year ended 31 December 1998 to inject additional capital into the Company to meet the increasing Capital Adequacy Requirements of the Securities and Futures Authority.

4.18 Reserves

	At 31 December 1997 £	At 31 December 1998 £	At 30 November 1999 £
Distributable			
– profit and loss account	247,206	413,350	858,567
Non distributable			
– share premium account	161,111	243,699	447,448
	<u>408,317</u>	<u>657,049</u>	<u>1,306,015</u>

	Share premium account £	Profit and loss account £	Total £
At 1 January 1997	–	186,275	186,275
Premium on issue of shares (nominal value £38,889)	161,111	–	161,111
Retained profit for the year	–	60,931	60,931
At 31 December 1997	161,111	247,206	408,317
Premium on issue of shares (nominal value £68,611)	82,588	–	82,588
Retained profit for the year	–	166,144	166,144
At 31 December 1998	243,699	413,350	657,049
Premium on issue of shares (nominal value £92,612)	203,749	–	203,749
Retained profit for the financial period	–	445,217	445,217
At 30 November 1999	447,448	858,567	1,306,015

4.19 Reconciliation of movements in equity shareholders' funds

	Year ended 31 December 1997 £	Year ended 31 December 1998 £	Eleven months ended 30 November 1999 £
Retained profit for the financial period	60,931	166,144	445,217
New share capital allotted	200,000	151,199	296,361
Net increase in equity shareholders' funds	260,931	317,343	741,578
Opening equity shareholders' funds	536,275	797,206	1,114,549
Closing equity shareholders' funds	797,206	1,114,549	1,856,127

4.20 Guarantees and other financial commitments

(a) Capital commitments

At the end of the periods, capital commitments were:

	At 31 December 1997 £	At 31 December 1998 £	At 30 November 1999 £
Contracted but not provided for	–	20,505	–

(b) *Lease commitments*

At the period ends, the Company had annual commitments under non-cancellable operating leases as follows:

	At 31 December 1997		At 31 December 1998		At 30 November 1999	
	Land and buildings	Other	Land and buildings	Other	Land and buildings	Other
	£	£	£	£	£	£
Operating leases which expire:						
– within 1 year	–	42,052	–	193,459	–	219,425
– within 2-5 years	29,475	7,590	38,675	118,957	52,575	48,868
– greater than 5 years	53,520	–	53,618	–	53,618	–
	<u>82,995</u>	<u>49,642</u>	<u>92,293</u>	<u>312,416</u>	<u>106,193</u>	<u>268,293</u>

4.21 Notes to cash flow statement

(a) *Reconciliation of operating profit to net flow from operating activities*

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Operating profit	57,336	68,047	510,750
Depreciation	75,704	125,758	160,387
Profit on sale of fixed assets	–	–	(5,550)
Amortisation	–	23,852	21,865
(Increase)/decrease in debtors	(8,683,253)	2,732,747	(74,742,532)
Increase/(decrease) in creditors	5,674,144	(896,346)	74,600,991
(Increase)/decrease in investments	(12,919)	(96,006)	60,378
Net cash (outflow)/inflow from operating activities	<u>(2,888,988)</u>	<u>1,958,052</u>	<u>606,289</u>

The increase in debtors and creditors shown in the reconciliation above are distorted by the counterparty debtor and creditor balances being shown net in 1998 and 1997. The net cashflow is unaffected.

(b) *Returns on investments and servicing of finance*

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Interest received	160,967	201,036	165,862
Interest paid	(117,433)	(28,706)	(30,406)
Interest element of finance lease rental payments	(9,159)	(14,687)	(20,053)
Net cash inflow	<u>34,375</u>	<u>157,643</u>	<u>115,403</u>

(c) *Taxation*

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Corporation tax paid	24,951	26,546	53,521
Net cash outflow	<u>24,951</u>	<u>26,546</u>	<u>53,521</u>

(d) *Capital expenditure and financial investment*

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Payment to acquire investments	114,000	1	–
Payment to acquire tangible fixed assets	115,536	299,323	189,465
Proceeds from sale of tangible fixed assets	–	–	(55,444)
Net cash outflow	<u>229,536</u>	<u>299,324</u>	<u>134,021</u>

(e) *Financing*

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Issue of share capital	200,000	151,199	296,361
Loans received	200,000	200,000	–
Net (decrease)/increase in hire purchase loans	(47,911)	46,599	(81,980)
Net cash inflow	<u>352,089</u>	<u>397,798</u>	<u>214,381</u>

(f) *Analysis of reconciliation of net cash*

Year ended 31 December 1997

	1 January 1997	Cashflow	Other movement	31 December 1997
	£	£	£	£
Cash at bank and in hand	1,455,470	(1,455,470)	–	–
Overdrafts	(24,850)	(1,301,541)	–	(1,326,391)
	<u>1,430,620</u>	<u>(2,757,011)</u>	<u>–</u>	<u>(1,326,391)</u>
Debt due after one year	–	(200,000)	–	(200,000)
Hire purchase agreements	(154,642)	47,911	(10,583)	(117,314)
Net cash	<u>1,275,978</u>	<u>(2,909,100)</u>	<u>(10,583)</u>	<u>(1,643,705)</u>

Year ended 31 December 1998

	1 January 1998 £	Cashflow £	Other movement £	31 December 1998 £
Cash at bank and in hand	–	963,995	–	963,995
Overdrafts	(1,326,391)	1,223,628	–	(102,763)
	<u>(1,326,391)</u>	<u>2,187,623</u>	<u>–</u>	<u>861,232</u>
Debt due after one year	(200,000)	(200,000)	–	(400,000)
Hire purchase agreements	(117,314)	(46,599)	–	(163,913)
Net cash	<u>(1,643,705)</u>	<u>1,941,024</u>	<u>–</u>	<u>297,319</u>

Eleven months ended 30 November 1999

	1 January 1999 £	Cashflow £	Other movement £	31 December 1999 £
Cash at bank and in hand	963,995	654,545	–	1,618,540
Overdrafts	(102,763)	93,986	–	(8,777)
	<u>861,232</u>	<u>748,531</u>	<u>–</u>	<u>1,609,763</u>
Debt due after one year	(400,000)	–	–	(400,000)
Hire purchase agreements	(163,913)	81,980	–	(81,933)
Net cash	<u>297,319</u>	<u>830,511</u>	<u>–</u>	<u>1,127,830</u>

(g) Reconciliation of net cash flow to movement in net debt

	Year ended 31 December 1997 £	Year ended 31 December 1998 £	Eleven months ended 30 November 1999 £
(Decrease)/increase in cash in period	(2,757,011)	2,187,623	748,531
Cash inflow from increase in debt and lease financing	(152,089)	(246,599)	81,980
New hire purchase agreements	(10,583)	–	–
Movement in the period	<u>(2,919,683)</u>	<u>1,941,024</u>	<u>830,511</u>
Net cash/(debt) at beginning of period	1,275,978	(1,643,705)	297,319
Net cash at end of period	<u>(1,643,705)</u>	<u>297,319</u>	<u>1,127,830</u>

4.22 Parent undertaking

In 1997 and 1998 W.H. Ireland Limited regarded Readycount Limited, a company registered in England and Wales, as its ultimate holding company.

During the course of the period ended 30 November 1999 the holding of Readycount Limited in the shares of the company reduced to the extent that at 30 November 1999 its holding had dropped to 41.14 per cent. of the issued share capital. In the opinion of the directors, Readycount Limited is no longer the ultimate parent company of W.H. Ireland Limited.

4.23 Related party transactions

At 30 November 1999, Readycount Limited held 41 per cent. (31 December 1998: 49 per cent.; 31 December 1997: 64 per cent.) of the Company's shares, and had three common directors.

During the period the following transactions were undertaken with Readycount Limited during the normal course of business.

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Commission paid	95,483	169,940	40,325
Management charges	121,234	137,568	136,857
	<u>216,717</u>	<u>307,508</u>	<u>177,182</u>

Management charges were paid by the Company to Sir David Trippier during the period that amounted to £11,310 (1998: £12,318; 1997: £12,096).

At 30 November 1999, M I Marafie held 27 per cent. (31 December 1998: 19 per cent.; 31 December 1997: 10 per cent.) of the shares in W.H. Ireland Limited. During the period the following material transactions were undertaken with related parties during the normal course of business.

	Year ended 31 December 1997	Year ended 31 December 1998	Eleven months ended 30 November 1999
	£	£	£
Commissions received from:			
Readycount Limited Pension Scheme	4,529	4,107	7,336
M I Marafie	3,594	33,616	21,981
N P Mills	2,144	3,692	8,849
T B Davies	–	2,057	9,039
	<u>10,267</u>	<u>43,472</u>	<u>47,205</u>

N P Mills has been a director of the Company throughout the two years and eleven months. T B Davies has been a director of the Company since 6 May 1998.

The following material balances were outstanding to (from) W.H. Ireland Limited at the period end:

	At 31 December 1997	At 31 December 1998	At 30 November 1999
	£	£	£
Readycount Limited Pension Scheme	35,068	10,668	(11,667)
M I Marafie	331,775	171,037	60,953
N P Mills	–	(4,850)	20,139
T B Davies	–	(14,961)	15,691
	<u>366,843</u>	<u>161,894</u>	<u>85,116</u>

4.24 Post balance sheet events

On 11 February 2000, the Company signed two new subordinated loan agreements with the Bank of Scotland and The Securities and Futures Authority Limited for £500,000 each, one a fixed long term loan of 7 years' duration and the other a short term loan with a 2 year life span. At the same time it was agreed that the two existing loans of £200,000 each would be repaid.

On 18 February 2000, the Company reached agreement to buy the business known as the Davies Osborne Partnership with effect from 1 December 1999 for consideration of 140,000 shares in W.H. Ireland Limited.

Yours faithfully

KPMG Audit Plc

PART IV – ACCOUNTANTS’ REPORT ON W.H. IRELAND GROUP PLC



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

The Directors
W.H. Ireland Group plc
11 St James’s Square
Manchester
M2 6WH

and

The Directors
Altium Capital Limited
30 St. James’s Square
London
SW1Y 4AL

12 July 2000

Dear Sirs

W.H. Ireland Group plc

We report on the financial information set out below. This financial information has been prepared for inclusion in the prospectus dated 12 July 2000 of W.H. Ireland Group plc (“the Group”).

Basis of preparation

The financial information set out in paragraphs 1 and 2 is based on the financial statements of the Group from incorporation to 30 June 2000 prepared on the basis described in notes 2.1 and 2.2 to which no adjustments were considered necessary.

Responsibility

Such financial statements are the responsibility of the directors of the Group.

The Directors of the Group are responsible for the contents of the Admission Document dated 12 July 2000 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of the evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the

financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purposes of the prospectus, a true and fair view of the state of affairs of the Group at 30 June 2000. We consent to the inclusion in the Admission Document dated 12 July 2000 of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 of the Public Offers of Securities Regulations 1995.

1 Balance sheet

	Note	At 30 June 2000 £
Called up share capital not paid		2
Net assets		<u>2</u>
Capital and reserves		
Called up share capital		<u>2</u>
Equity shareholders' funds		<u><u>2</u></u>

2 Notes to the financial information

2.1 Incorporation

The Group was incorporated on 2 November 1999. The Group has not yet commenced business, no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.2 Basis of preparation

The financial information has been drawn up in accordance with applicable accounting standards, based on the information provided by the Directors of the Group.

2.3 Called up share capital

	At 30 June 2000 £
Authorised	
50,000 Ordinary shares of £1 each	<u>50,000</u>
Allotted	
2 Ordinary shares of £1 each	<u><u>2</u></u>

None of the shares have been paid for.

2.4 Reconciliation of movements in shareholders' funds

	Period from incorporation to 30 June 2000 £
New share capital allotted	2
Opening equity shareholders' funds	—
Closing equity shareholders' funds	<u>2</u>

2.5 Post balance sheet events

Since 30 June 2000 the following have occurred:

Change of company name

On 4 July 2000, the Group changed its name from Hallco 353 PLC to W.H. Ireland Group plc.

Conversion of ordinary shares

On 7 July 2000, the Group's authorised share capital was sub-divided into 1,000,000 ordinary shares of 5p each.

Increase in authorised share capital

On 7 July 2000, the Group's authorised share capital was increased from 1,000,000 5p ordinary shares to 30,000,000 ordinary shares of 5p each.

Share exchange/acquisition of W.H. Ireland Limited

On 7 July 2000, the Company effected a share for share exchange with the shareholders of W.H. Ireland Limited, resulting in the Group owning all of W.H. Ireland Limited's issued share capital.

Yours faithfully

KPMG Audit Plc

PART V – ADDITIONAL INFORMATION

1. Responsibility

The Directors of the Company, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered in England and Wales on 2 November 1999 under the Act as a public company limited by shares with the name Hallco 353 plc and with registered number 3870190. On 4 July 2000, the Company changed its name to W.H. Ireland Group plc.
- 2.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 2.3 The Company's registered office and principal place of business is at 11 St James's Square, Manchester M2 6WH.
- 2.4 On 7 July 2000, the Registrar of Companies issued a certificate under section 117 of the Act to enable the Company to commence business.

3. Share capital

- 3.1 On incorporation, the authorised share capital of the Company was £50,000 divided into 50,000 ordinary shares of £1 each of which 2 were in issue, nil paid.
- 3.2 On 7 July 2000 by or pursuant to a resolution of the Company passed on that date:
 - 3.2.1 each issued and unissued ordinary share of £1 was divided into 20 Ordinary Shares;
 - 3.2.2 the authorised share capital of the Company was increased from £50,000 to £1,500,000 by the creation of an additional 29,000,000 new Ordinary Shares;
 - 3.2.3 the Directors were generally and unconditionally authorised pursuant to section 80(1) of the Act to exercise all and any powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal value of £1,499,998 (such authority to expire (unless previously renewed, varied, or revoked by the Company in general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from that date, provided that the Company may, at any time prior to the expiry of this authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired);
 - 3.2.4 the Directors were authorised to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority referred to in paragraph 3.2.3 above as if section 89(1) of the Act did not apply to the allotment (on the terms that the Company may make an offer or agreement which would might require equity securities to be allotted after the expiry of the relevant period) provided that such power, which expires on the earlier of the date falling 15 months after the date on which the resolution was passed and the next annual general meeting of the Company, is limited to the allotment of equity securities (aa) pursuant to the Placing; (bb) in connection with the share exchange agreement referred to in paragraph 12(b) below; (cc) in connection with an offer of such securities to the holders of ordinary shares on the register of members on a record date or dates

fixed by the Directors in proportion (as nearly as practicable) to their respective holdings but subject to such exclusions or other entitlements or legal or practicable problems under the law of, or the requirements of any regulatory body or stock exchange in, any territory; and (dd) (otherwise than pursuant to paragraphs (aa), (bb) and (cc) above) up to a maximum aggregate nominal value of £35,000;

- 3.2.5 the Company adopted new articles of association in substitution for its existing articles of association.
- 3.3 Immediately following the Placing, the authorised share capital of the Company will be £1,500,000 divided into 30,000,000 Ordinary Shares of which 13,959,898 will have been issued and will be fully paid or credited as fully paid and 16,040,102 will remain unissued.
- 3.4 Upon Admission, there will be 1,639,129 Ordinary Shares under option and warrants to subscribe for up to 155,990 Ordinary Shares as described in paragraphs 3.5 and 3.6 below. Save as disclosed in this paragraph 3, no capital of the Company or of any subsidiary of the Company is under option or agreed conditionally or unconditionally to be put under option.
- 3.5 As at the date of this document:
- 3.5.1 conditional upon Admission taking place, the three executive Directors and 16 of the Group's other employees have been granted options over 639,129 Ordinary Shares in aggregate under the Share Option Scheme. The Base Price in respect of these options for the purposes of paragraph 11(iv)(A) below is the Placing Price;
- 3.5.2 W L Beevers, D W Youngman and D F Ashford hold options to subscribe for 40,000, 40,000 and 20,000 ordinary shares of 50p each in W.H. Ireland respectively at an exercise price of 300p per share. These options were granted in December 1999. Conditional upon Admission taking place, each of these Directors have surrendered these options in exchange for the following options granted by the Company;
- | Name | No. of Ordinary Shares |
|--------------|-------------------------------|
| W L Beevers | 400,000 |
| D W Youngman | 400,000 |
| D F Ashford | 200,000 |
- The exercise price is 30p per Ordinary Share. The options referred to in paragraph 3.5.1 above and this paragraph 3.5.2 are exercisable between the third and tenth anniversaries of their dates of grant.
- 3.6 By a deed of instrument dated 11 July 2000, the Company constituted warrants to subscribe for up to 155,990 Ordinary Shares at 115p per share. The warrants are exercisable between the date of Admission and the third anniversary of Admission. Conditional upon Admission, all of these warrants have been issued to Altium Capital.
- 3.7 The provisions of section 89(1) of the Act (which confer on shareholders' rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 743 of the Act) will apply to the authorised but unissued share capital of the Company to the extent not disapplied as described in paragraph 3.2.4 above.

4. Accounting

The Company's accounting reference date is the end of November each year. The Company's first accounting reference period will end on 30 November 2000.

5. Subsidiaries

5.1 The Company is the holding company of the Group. The subsidiaries of the Company (all of which are wholly-owned and incorporated in England and Wales) are listed below:

Name	Principal activity	Issued and fully paid share capital
W.H. Ireland Limited	Stockbroking and financial services	£633,862.50
W.H. Ireland Trustee Limited	Employee benefit trustee	£1
W.H. Ireland Nominees Limited	Nominee shareholder	£2
Fitel Nominees Limited	Nominee shareholder	£2

5.2 The registered office of all the subsidiaries is 11 St James's Square, Manchester M2 6WH.

6. Memorandum and articles of association

6.1 The Company's principal objects are set out in clause 4 of its memorandum of association and include the carrying on of the business as a general commercial company.

6.2 The articles of association of the Company (the "Articles") contain provisions, *inter alia*, to the following effect:

6.2.1 *Voting of members*

Subject to any special terms as to voting upon which any shares may have been issued or may for the time being be held or any suspension or abrogation of voting rights pursuant to the Articles, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member shall have one vote for every share of which he is the holder;

6.2.2 *Variation of rights*

Subject to the provisions of the Statutes (as defined in the Articles) if at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to such class of shares may be varied or abrogated in such manner as may be provided by such rights or (in the absence of such provision) with the written consent of the holders of at least 75 per cent. in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares validly held in accordance with the Articles. Unless otherwise expressly provided by the rights attached to the shares of the issued shares of that class, the creation or allotment of other shares which rank either *pari passu* with or after the shares of any class as regards participation in profits or assets of the Company shall not be deemed to be a variation or abrogation of the rights of the holders of shares of that class nor shall any reduction of capital or any purchase by the Company of its own shares.

6.2.3 *Variation of capital*

The Company may, by ordinary resolution, increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amounts than its existing shares, sub-divide its existing shares or any of them into shares of smaller amount and cancel any shares not taken or agreed to be taken and diminish the amount of its share capital by the nominal amount of the shares so cancelled. The Company may, by special resolution, and subject to the provisions of the Statutes, reduce its share capital, any capital redemption reserve and any share premium account in any way. Subject to the provisions of the Statutes and the Articles, the Company may purchase its own shares.

Subject to the provisions of the Statutes. The Company may by special resolution create shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder in accordance with the terms of issue.

6.2.4 *Transfer of shares*

- (i) A transfer of any share in certificated form may be effected in writing in any usual or common form or in any other form acceptable to the Directors and shall be signed by and on behalf of the transferor and, save in relation to fully paid shares, by or on behalf of the transferee. The transferor shall remain the holder until the transferee's name is entered in the register of members.
- (ii) A share in uncertificated form may be transferred in accordance with the Statutes or any sub-ordinate legislation made from time to time under the Statutes and the Directors may implement any arrangements they think fit for such transfer in accordance with such statutes.
- (iii) The Directors may in their absolute discretion and without giving any reason refuse to register the transfer of any share unless all of the following are satisfied:
 - (a) it is in respect of a fully paid share;
 - (b) it is in respect of a share on which the Company does not have a lien;
 - (c) it is in favour of not more than four transferees;
 - (d) it is in respect of only one class of share;
 - (e) it is duly stamped or duly certified or shown to be exempt from stamp duty; and
 - (f) it is lodged at the registered office of the Company and is accompanied by the relevant share certificate and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.
- (iv) The Directors may also in their absolute discretion and without giving any reason refuse to register the transfer of a share if a notice has been duly served in respect of the share transferred pursuant to any provisions of the Statutes concerning the disclosure of interests in voting shares, the share or shares the subject of such notice represent in aggregate at least 0.25 per cent. of that class of shares and the person(s) on whom the notice was served failed to comply in full to the satisfaction of the Directors with such notice within the time specified in the notice (unless the transfer in question was a sale of all certificated shares held by the member concerned to a bona fide third party who is not connected with the member concerned or any person appearing to be interested in such shares).
- (v) The Articles do not contain any pre-emption rights.

6.2.5 *Directors*

- (i) Unless determined otherwise by ordinary resolution the number of Directors (other than alternate Directors) shall not be less than 2. There shall be no maximum number of Directors unless the Company in general meeting otherwise determines.
- (ii) Any Director may appoint another Director or any other person approved by the Board to be his alternate Director and may remove from office an alternate Director so appointed.

- (iii) No person is ineligible for appointment as a Director and no Director shall vacate or be required to vacate his office as a Director on or by reason of his attaining any specified age nor is it necessary to give special notice of a resolution appointing such a Director.
- (iv) The Directors shall not be required to hold any qualification shares. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings and meetings of any class of members.
- (v) The non-executive Directors shall be paid such fees as the Directors determine provided that such fees do not exceed in aggregate the amount of £250,000 per annum (exclusive of value added tax, if applicable) or such other greater amount as the Company may, in general meeting, determine.
- (vi) The Directors (including alternate Directors) shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in performance of their duties as Directors, including their expenses of travelling to and from meetings of the Directors, committees of Directors or general meetings.
- (vii) Subject to the provisions of the Statutes, the Directors or any committee of Directors may appoint one or more of their number to any executive office or employment. The remuneration of a Director who holds executive office or employment under the Company shall be fixed by the Directors or a committee of Directors.
- (viii) The Company may provide benefits whether by the payment of pensions, incentives, share options, health insurance and life assurance benefits and schemes or may by on such other terms as the Directors determine for any executive Director and his widow or other dependants.
- (xi) A Director shall not vote in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement in which he has to his knowledge an interest which (together with any interest of any person who is connected with him within the meaning of the Statutes) is a material interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company). A Director shall not be counted in relation thereto in the quorum present at the meeting. This provision does not apply to:
 - (a) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
 - (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (c) any proposal concerning an offer of securities of or by the Company or any of its subsidiaries in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting thereof;
 - (d) any proposal concerning any other company in which he or any person connected with him is interested, provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as nominee for the Company or any of its subsidiaries) of or beneficially interested in one per cent., or more of any class of the

equity share capital of such company or of the voting rights available to be members of the relevant company;

- (e) any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not generally award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (f) any proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of the Directors or for the benefit of persons including Directors.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such cases each of the Directors concerned shall, subject to the provision stated in subparagraph (xi)(d) above, be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

- (x) Subject to the provisions of the Statutes, a Director may, *inter alia*, be a party to any contract with the Company and may be a director or other officer of or otherwise interested in any company in which the Company may be interested and shall not by reason of his office be accountable to the Company for any benefit which he derives from any such office or from any such contract or arrangement but the Director shall disclose his interest in accordance with the Statutes.

6.2.6 *Borrowing powers*

Subject as provided in the Articles, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital or any part thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any subsidiary of the Company or of any third party. The Directors shall restrict the borrowing of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate amount for the time being owing by the Company and its subsidiary undertakings (the "Group") (exclusive of borrowing wholly within the group) shall not without the previous sanction of the Company in general meeting exceed the greater of £10,000,000 and five times the aggregate of:

- (i) the nominal capital of the Company for the time being issued and paid up or credited as paid up; and
- (ii) the amount standing to the credit of the consolidated reserves of the Group (whether distributable or undistributable), including (without limitation) share premium account and capital redemption reserve and the amount standing to the credit of the consolidated profit and loss account,

as shown in a consolidation of the most recent audited balance sheets of the Company and its subsidiary undertakings adjusted in accordance with the Articles.

6.2.7 *Dividends and return of capital*

- (i) Subject to the provisions of the Statutes, the Directors may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Directors to be justified by the profits of the Company

available for distribution. If at any time the share capital of the Company is divided into different classes, the Directors may pay such interim dividends on shares which rank after shares conferring preferential dividend rights, unless at the time of payment any preferential dividend is in arrears. Subject to any rights or provisions attached to any class of shares having special rights relating to dividends, all dividends shall be declared and paid according to the amount paid up on the shares, otherwise than in advance of calls, on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid pro-rata according to the portion or portions of the period in respect of which the dividend is paid during which any such amount or amounts were paid up. However, if any share is issued on terms that it carries any particular rights as to dividend it shall rank for dividend accordingly.

- (ii) Any dividend may, with the prior authority of an ordinary resolution, be paid and satisfied wholly or in part by the distribution of specific assets including paid up shares or debentures of any other company.
- (iii) The Directors may, if authorised by an ordinary resolution, offer Ordinary Shareholders in respect of any dividend the right to elect to receive new ordinary shares credited as fully paid instead of cash.
- (iv) The Directors may deduct from any dividend or other moneys payable to any member on or in respect of a share all such sums as may be due from him to the Company on account of calls or otherwise in relation to shares of the Company.
- (v) The Directors may withhold any dividend or other moneys payable to any member on or in respect of shares representing at least 0.25 per cent. of the issued shares of the relevant class if such member or any person appearing to be interested in any such shares has been duly served with, but is in default in complying with, a notice pursuant to any provision of the Statutes concerning the disclosure of interests in voting shares.
- (vi) Any dividends which remain unclaimed for 12 years from the date they become due for payment shall be forfeited and shall revert to the Company absolutely.
- (vii) If the Company is wound up, the liquidator may with the sanction of an extraordinary resolution and any other sanction required by law, divide among the members in kind the whole or any part of the assets of the Company and may for such purpose set such value as he deems fair on the assets and determine how the division shall be carried out as between the members or classes of members. The liquidator may, with like sanction, vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as he with like sanction determines but no member shall be compelled to accept any assets in respect of which there is a liability.

6.2.8 *Untraced shareholders*

The Company may, after advertising its intention, sell any shares in the Company if during a period of twelve years no cheque, warrant or money order sent by the Company by post in respect thereof has been cashed and during that period at least three cash dividends have become payable on such shares and have not been claimed or satisfied and the Company has not received any communication during the relevant period from the holder of the shares or any person entitled to them by transmission. Upon any such sales the Company will become indebted to the former holder of the shares or the person entitled to them by transmission for an amount equal to the net proceeds of sale. The Company may also cease to send

notices of meetings to shareholders if such documents have been returned by the Post Office on at least two consecutive occasions.

6.2.9 *Non-United Kingdom shareholders*

Members with registered addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices may be served.

7. **Directors' and other interests**

7.1 Other than directorships of the Company, the directorships and partnerships held during the five years preceding the date of this document by the Directors are as follows:

	Current directorships	Previous directorships
Sir David Trippier	Vector Investments Ltd Murray VCT PLC Precise Communications Ltd St Modwen Properties plc Murray Income Investment Trust PLC Nord Anglia PLC Camfil Air Filters Ltd Lawrence Barnett & Associates Sir David Trippier & Associates Ltd Readycount Ltd Manchester Chamber of Commerce and Industry Ltd W.H. Ireland Limited	Interlotto UK Ltd Dunlop Heywood Ltd Manchester Commonwealth Games 2002 Ltd Marketing Manchester Ltd EnviroSystems Ltd
Laurie Beevers	Fitel Nominees Ltd W.H. Ireland Nominees Ltd W.H. Ireland Trustees Ltd Readycount Ltd W.H. Ireland Limited	Coldstream Australia Ltd Metals Exploration Ltd Biotech International Ltd (all non UK)
David Youngman	Fitel Nominees Ltd W.H. Ireland Nominees Ltd W.H. Ireland Trustees Ltd Readycount Ltd W.H. Ireland Limited	–
Derek Ashford	Fitel Nominees Ltd W.H. Ireland Nominees Ltd W.H. Ireland Trustees Ltd W.H. Ireland Limited	Cater Allen Offshore Nominees Ltd (non UK)

	Current directorships	Previous directorships
Mohammed Marafie	Al-Noor International Holdings Ltd (non UK) Gulf Cement Ltd (non UK) I H Marafie and Sons for Contracting and Trading Ltd (non UK) M I Marafie and Sons for Trading and Real Estate Ltd (non UK) Bayan Investment Company Ltd W.H. Ireland Limited First International Merchant Bank Limited	Gulf Bank Ltd (non UK) United Bank of Kuwait Ltd (non UK)
Richard Lee	Cameron (UK) Ltd Grandheron Limited (dormant) Prime People PLC Richard E M Lee & Partners Limited Wilmslow Financial Services Limited Bon Appetit direct.com. plc	Deanes Holdings plc The Intercare Group plc
John Lawrence	Business and Market Research Ltd Dynamic Controls Ltd The Lowry Centre Development Company Ltd The Lowry Centre Ltd Solent & Pratt Engineering Ltd W.H. Ireland Limited	Data Acquisition Ltd EnviroSystems Ltd Light & Sound Design Ltd March Consulting Group Ltd

7.2 As at 11 July 2000, the latest practicable date prior to the publication of this document, and on Admission, the interests of the Directors and their families, all of which are beneficial, in the share capital of the Company (other than in respect of options) as notified to the Company pursuant to section 324 or 328 of the Act, as they appear or will appear in the register of directors' interests required pursuant to section 325 of the Act, are and will be as follows:

	Pre-Admission		Post Admission	
	Number of Ordinary Shares	Percentage of issued Ordinary Share capital	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
Sir David Trippier*	—	—	—	—
W L Beevers*	257,800	2.04	88,360	0.63
D W Youngman*	328,340	2.59	88,340	0.63
D F Ashford	154,020	1.21	154,020	1.10
J E Lawrence	522,000	4.12	522,000	3.74
M I Marafie**	3,000,000	23.66	3,130,000	22.42
R E M Lee	—	—	—	—

* In addition, Readycount beneficially owns 4,526,666 Ordinary Shares representing approximately 32.4 per cent. of the issued Ordinary Shares following Admission. Sir David Trippier, W L Beevers and D W Youngman hold 10 per cent., 45 per cent. and 45 per cent., respectively, of Readycount's issued share capital.

** M I Marafie and a company connected with him will be acquiring 130,000 Ordinary Shares under the Placing.

- 7.3 Save as disclosed above, the Directors are not aware of any interests of persons connected with them which would, if such connected person were a Director, be required to be notified to the Company pursuant to section 324 or section 328 of the Act and would be required to be entered in the register of directors' interests pursuant to section 325 of the Act.
- 7.4 The Company is not aware of any person, other than the Directors and their immediate families who immediately following Admission will be interested (within the meaning given to that expression in Part VI of the Act), directly, or indirectly, in three per cent. or more of the relevant share capital (as defined in section 198(2) of the Act) of the Company or who directly or indirectly jointly or severally exercise or could exercise control over the Company other than those set out below (all of whom are employees of the Group):

	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital
T B Davies*	680,000	4.87
N R Lawrence*	470,000	3.37
J F Molyneux	470,000	3.37
G R T Lord	458,260	3.28
D L Osborne	450,000	3.22

*Includes family trusts

- 7.5 Conditional upon Admission taking place, W L Beevers, D W Youngman and D F Ashford have been granted those options over Ordinary Shares described in paragraph 3.5.2 above. In addition and conditional upon Admission taking place, those Directors have been granted options over Ordinary Shares under the Share Option Scheme as follows:

Name	No. of Ordinary Shares
W L Beevers	86,956
D W Youngman	78,260
D F Ashford	65,217

These options are part of the options referred to in paragraph 3.5.1 above.

- 7.6 Save as disclosed above, none of the Directors has any interest, beneficial or non-beneficial, in the share or loan capital of the Company.
- 7.7 Save as disclosed herein, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, any member of the Group and no contract or arrangement exists in which a Director is materially interested and which is significant in relation to the business of the Group.
- 7.8 There are no outstanding loans granted by any member of the Group to any of the Directors, nor are there any guarantees provided by any member of the Group for any Director's benefit.
- 7.9 The Directors, certain employees of the Group and members of their respective families and family trusts who hold Ordinary Shares have each undertaken not to dispose of any interest in the shares of the Company, for a period of one year from the date of Admission, save in the event of an acceptance of a recommended takeover offer, signing an irrevocable undertaking to accept a recommended takeover offer and certain other limited circumstances. Immediately following Admission, such persons will hold 11,405,140 Ordinary Shares in aggregate, representing approximately 81.7 per cent. of the Company's issued share capital.

- 7.10 Save as disclosed in paragraph 7.11 below, none of the Directors:
- (i) has any unspent convictions in relation to indictable offences;
 - (ii) has been declared bankrupt or been subject to an individual voluntary arrangement;
 - (iii) has been involved in any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors of any company where he was a director at the time of or within the 12 months preceding such event;
 - (iv) has been involved in any compulsory liquidation, administration or partnership voluntary arrangement of any partnership where he was a partner at the time of such event or in the 12 months preceding such event;
 - (v) has been involved in any receivership of any personal asset or partnership where he was a partner at the time of such event or in the 12 months preceding such event;
 - (vi) has been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies) and has never been disqualified by a court from acting as a director of the company or from acting in the management or conduct of the affairs of any company; and
 - (vii) has had a name other than his present name.
- 7.11 (i) R E M Lee was a non-executive director of Response Group Limited, which went into receivership in 1991, and of Gaynor Group plc, which went into receivership in 1993.
- (ii) J E Lawrence was a non-executive director of Data Acquisition Ltd which went into receivership in 1998.

8. Directors' service contracts

- 8.1 On 25 April 2000, each of the executive Directors entered into a new service agreement with W.H. Ireland. Each executive Director's service agreement is for a fixed period of 2 years from 1 April 2000, and is thereafter terminable by either him or W.H. Ireland on giving no less than 12 months' prior written notice. W.H. Ireland may, at its discretion, terminate the service agreements forthwith at any time by making a payment in lieu of notice.

In addition, the service agreements provide for the following:

Director	Annual salary	Position
W L Beevers	£100,000	Chief Executive
D W Youngman	£90,000	Managing Director
D F Ashford	£60,000	Finance Director

The annual salaries of the executive Directors will be subject to review by the Remuneration Committee of the Board.

The executive Directors are also entitled to membership (including spouse and dependent children) of the Group's private medical insurance and life assurance schemes, and to participate in the discretionary bonus schemes awarded by the Remuneration Committee. W.H. Ireland will also contribute a sum equivalent to five per cent. of the annual salary to a personal pension scheme on behalf of each the executive Directors. The executive Directors will also be entitled to a fully expensed company car.

Each service contract contains a confidentiality clause and restrictive covenants on the part of the director that, during the agreement and for a period of six months thereafter,

the Director shall not, without prior board approval, be concerned with any business that competes with W.H. Ireland nor solicit any clients or employees of W.H. Ireland.

- 8.2 Save as set out in paragraph 8.1 above, on Admission there will be no existing or proposed service agreements between the executive Directors and any member of the group.
- 8.3 Under the terms of their appointments as non-executive Directors, Sir David Trippier, J E Lawrence and R E M Lee are entitled to an annual fee of £15,000, £10,000 and £10,000 respectively. Their appointments are terminable by either the Company or the relevant non-executive Director giving to the other not less than three months written notice, subject to the Company's articles of association.
- 8.4 M I Marafie has waived his rights to any remuneration relating to his position as a non-executive Director. Other than Mr Marafie, there is no other arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial period preceding the date of this document.
- 8.5 In the 11 month financial period ended 30th November 1999, the aggregate remuneration paid and benefits in kind granted to the Directors by all members of the Group was approximately £209,938. The aggregate remuneration payable by any member of the Group (including estimated bonuses and benefits in kind) to the Directors in respect of the financial year ending 30 November 2000 is estimated to be approximately £340,000. No reliance may be placed on this estimate as regards the financial performance of the Group for the year ending 30 November 2000. The amount of the executive Directors' bonuses will vary depending on the financial performance of the Group and other factors during this period.

9. Premises

- 9.1 The principal premises occupied by the Group (all of which are leasehold) are as follows:

Premises	Expiry date of current leases	Current annual rental
4th Floor 11 St James's Square Manchester M2 6WH	20 June 2005	£55,200
Part 2nd Floor 11 St James's Square Manchester M2 6WH	20 March 2005	£15,588
Part basement and ground floor 3/4 Royal Exchange Buildings and 81/82 Cornhill London EC3	29 September 2002	£29,475
Ground floor 4/6 Preston New Road Blackburn	29 September 2002	£7,000

10. Taxation

The following summary is based on the law and practice currently in force in the United Kingdom. The comments are of a general nature only, are not a full description of all relevant tax considerations and may not be applicable to persons who do not hold their Ordinary Shares as investments. Any person who is in any doubt as to his tax position should consult a professional adviser concerning his tax position in respect of or relating to the acquisition, holding or disposal of Ordinary Shares.

10.1 *Taxation of dividends*

Under the current UK taxation legislation, no tax will be withheld from dividend payments by the Company.

An individual resident in the UK for tax purposes who receives (or is treated as receiving) a dividend from the Company will generally receive a credit against his or her UK tax liability in respect of such dividend equal to one-ninth of the cash dividend. For example, on a cash payment of £90, such an individual holder will receive a credit of £10 against his or her tax liability. Holders of Ordinary Shares (“Shareholders”) who are UK resident individuals and who are not liable to income tax in respect of the gross dividend will not, save in the case of person holding the relevant Ordinary Shares through a Personal Equity Plan or Individual Savings Account (for which special rules apply), be entitled to repayment of the tax credit. In the case of UK resident individual Shareholders who are liable to income tax at only the lower or basic rate, the tax credit will satisfy in full such holders’ liability to income tax on the dividend. UK resident individual Shareholders who are liable to income tax at the rate of 32.5 per cent. of the gross dividend, will be able to set the tax credit off against part of this liability.

A UK resident corporate Shareholder will generally not be liable to UK corporation tax on any dividend received. Such Shareholders will not be able to claim repayment of the tax credits attaching to dividends.

A UK resident pension fund will not be entitled to reclaim the tax credit on dividends paid by the Company.

Individual Shareholders who are resident for tax purposes outside of the United Kingdom, but who are Commonwealth citizens, European Economic Area nationals, residents of the Isle of Man or the Channel Islands or certain other persons will normally be entitled to a tax credit, as if they were resident for tax purposes in the United Kingdom, which they may set off against their total United Kingdom income tax liability. Such Shareholders will generally not be able to claim repayment of the tax credit from the Inland Revenue.

Other Shareholders who are resident for tax purposes in countries other than the United Kingdom should consult their own tax advisers concerning their tax liabilities on dividends received. They should note that, following the reductions in the rate of the United Kingdom tax credit to one-ninth of the dividend received with effect from 6 April 1999, they are unlikely to be entitled to any payment from the Inland Revenue under any double tax treaty agreement.

10.2 *Taxation of capital gains (“CGT”)*

Individual Shareholders who are resident or ordinarily resident in the UK will be liable to CGT on any disposal of the Shares, subject to any allowances, reliefs or exemptions that may be available to them. Special rules apply to individuals who dispose of Ordinary Shares at a time when they are temporarily not resident or ordinarily resident in the UK. UK resident corporate Shareholders are liable to CGT on any disposal or deemed disposal of their Ordinary Shares, subject to certain reliefs and exemptions.

10.3 *Inheritance tax*

Ordinary Shares beneficially owned by an individual will be subject to UK inheritance tax on the death of the individual or, in certain circumstances, if the Ordinary Shares are subject to a gift (including a transfer at less than full market value) by such individual. Inheritance tax is not generally chargeable on gifts to individuals or to certain types of settlement made more than seven years before the death of the donor. Special rules apply to Ordinary Shares held in a settlement.

10.4 *Stamp duty and stamp duty reserve tax (“SDRT”)*

Subject to certain exemptions, a transfer on sale of Ordinary Shares in registered form will attract ad valorem UK stamp duty at the rate of 0.5 per cent. (rounded up to the nearest £5) of the amount or value of the consideration for the transfer. Generally, *ad valorem* stamp duty applies neither to gifts nor to a transfer from a nominee to the

beneficial owner, although in cases in transfers where no *ad valorem* stamp duty arises, a fixed UK stamp duty of £5 may be payable. SDRT at a rate of 0.5 per cent. of the amount or value of the consideration for the transfer may be payable on an unconditional agreement to transfer Ordinary Shares. If, within, six years of the date of such an agreement, an instrument transferring the Ordinary Shares is executed and stamped, SDRT paid may be repaid or, if it has been paid, the liability to pay such tax (but not necessarily interest and penalties) would be cancelled. SDRT is chargeable whether the agreement is made or effected in the UK or elsewhere and whether or not any party is resident or situated in the UK.

Paperless transfers of Ordinary Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST systems. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is made for consideration.

Special rules apply in connection with clearance services and depository receipts.

11. Share option scheme

The following is a summary of the Rules of the W.H. Ireland Group plc unapproved share option scheme (the “Unapproved Scheme”) which was adopted on 11 July 2000;

(i) Eligibility and grant of options

Options to subscribe for Ordinary Shares may be granted by the Board at its discretion but only to the extent determined by the Remuneration Committee to any full-time employee or Director of the Company or any subsidiary of the Company.

No option may be granted after the tenth anniversary of date of adoption of the Unapproved Scheme. No consideration is payable for the grant of an option.

(ii) Share limits

On any date of grant, the total number of Ordinary Shares issued or issuable pursuant to the grants made within the preceding ten years under the Unapproved Scheme and all other share schemes of the Company (which shall not, for this purpose, include the options referred to in paragraph 3.5.2 above) shall not exceed 10 per cent. of the issued ordinary share capital of the Company on that date.

(iii) Performance conditions

Upon the grant of an option, the Remuneration Committee may impose one or more objective conditions to be satisfied before options may be exercised.

(iv) Exercise price

The exercise price is determined by the Remuneration Committee not later than the date of an option and shall not in any event be less than the aggregate of (A) the higher of the nominal value of an Ordinary Share and the market value of an Ordinary Share for the last dealing day before the date of the grant (provided that that day does not fall on or immediately before the date of announcement of the Company’s interim or final results) (the “Base Price”) and (B) (unless the Board waives all or part of such amount prior to the exercise of the option) the additional amount calculated in accordance with the following paragraph.

The additional amount referred to in the preceding paragraph shall, in respect of each Ordinary Share which is the subject to an option to be exercised, be calculated by (a) subtracting the relevant Base Price from the market value of such Ordinary Share at the time of exercise of the option (the resultant amount being the “Gain”) and subtracting from the Gain an amount equal to the Gain divided by 1.122 and (b) netting the resultant figures by the tax relief obtainable by the Company.

The exercise price and the number of shares subject to an option may be adjusted in the event of a rights issue, capitalisation issue, sub-division, consolidation or reduction of the ordinary share capital of the Company.

(v) *When options may be exercised*

In normal circumstances, options may be exercised at any time between the third and tenth anniversaries of their date of grant. Options will cease to be exercisable upon an option holder ceasing to be a full-time Director or full-time employee of the Company or any subsidiary of the Company over which the Company has control save that they may be exercised within six months following a cessation by reason of death or critical illness. Rights of exercise will also arise within specified periods on a change of control or reconstruction of the Company.

(vi) *Administration and amendment*

The Unapproved Scheme is administered by the Remuneration Committee. The Remuneration Committee may amend the rules of the Unapproved Scheme by resolution. Amendments to the benefit of existing or prospective option holders require prior approval of the Company in general meeting (save that such amendments which are of a minor nature and of benefit to the administration of the Unapproved Scheme or which are necessary to desirable to comply with or take account of the requirements of the London Stock Exchange, any guidelines published by any organisation representing institutional investors or any other legal or regulatory requirement do not require such approval).

12. Material contracts

The following contracts (being contracts otherwise than in the ordinary course of business) have been entered into by the Group within the two years immediately preceding the date hereof and are or may be material:

- (a) an asset sale agreement dated 27 March 2000 between J F Molyneux, D L Osborne, N R Lawrence and T B Davies (the “Sellers”) and W.H. Ireland whereby W.H. Ireland acquired the goodwill and customer information of the stockbroking business known as the Davies Osborne Partnership in consideration for the issue to the Sellers of 140,000 ordinary shares of 50p each in W.H. Ireland;
- (b) a share exchange agreement dated 7 July 2000 between Readycount and others and the Company pursuant to which the Company acquired the entire issued share capital of W.H. Ireland on the basis of ten new Ordinary Shares for each ordinary share of 50p in W.H. Ireland;
- (c) a letter dated 11 July 2000 from Altium Capital, to the Company under which Altium Capital agreed to act as the Company’s nominated adviser for its admission to trading on AIM;
- (d) a deed of instrument dated 11 July 2000 made by the Company under which the Company constituted warrants to subscribe for 155,990 Ordinary Shares at 115p per share. The warrants may be exercised at any time from Admission up to the third anniversary of Admission.

If the Company issues Ordinary Shares or convertible securities by way of capitalisation of profits or reserves or by way of capital distribution or there is any re-organisation of the ordinary share capital of the Company, the warrants may be adjusted in such manner as is, in the opinion of the Company’s auditors for the time being, fair and reasonable in all the circumstances.

- (e) a placing agreement dated 12 July 2000 between (1) Altium Capital, (2) W.H. Ireland, (3) the Company (4) the Directors and (5) the Selling Shareholders (“the Placing Agreement”) under which it was agreed, *inter alia*, conditional upon Admission that:

- (i) the Company would agree to allot, and W.H. Ireland would as agent for the Company seek to procure subscribers for, 1,217,390 Ordinary Shares at the Placing Price;
 - (ii) W.H. Ireland would, as agent for the Selling Shareholders seek to procure purchasers for 521,740 Ordinary Shares at the Placing Price;
 - (iii) Altium Capital would receive corporate finance fees of £75,000, net of applicable VAT, which will be satisfied by the issue of 65,218 Ordinary Shares at the Placing Price;
 - (iv) the Company would issue to Altium Capital the warrants referred to in paragraph 12(d) above; and
 - (v) the Company and the Directors would give certain warranties and indemnities to Altium Capital with regard to, *inter alia*, the Company and the accuracy of this document.
- (f) an agreement dated 5 July 2000 between Readycount and W.H. Ireland pursuant to which an agreement for services dated 25 August 1996 was terminated in consideration of a payment of £110,000 in cash by W.H. Ireland to Readycount.

Save as disclosed above, there are no contracts (not being in the ordinary course of business) entered into by the Group in the two years immediately preceding the date of this document which are or may be material.

13. Litigation

The Group is not engaged in any legal or arbitration proceedings, nor, so far as it is aware, are any such proceedings pending or threatened against the Group which are having or may have a significant effect on the Group's financial position.

14. Working capital

The Company is of the opinion that, having made due and careful enquiry and having taken into account the bank and other facilities available to the Group and the net proceeds of the Placing receivable by the Company, the working capital available to the Group at Admission will be sufficient for its present requirements, that is, for at least the next twelve months.

15. Consents

- 15.1 KPMG Audit Plc has given and has not withdrawn its written consent to the inclusion in Parts III and IV of this document of its reports in the form and context in which they appear and has authorised the contents of its reports in these parts for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Regulations.
- 15.2 Altium Capital has given and not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
- 15.3 W.H. Ireland has given and not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.

16. General information

- 16.1 The total cash expenses payable in connection with the Placing and Admission are expected to amount to approximately £300,000 (exclusive of any applicable VAT) which are payable by the Company. In addition, corporate finance fees of £75,000 (exclusive of any applicable VAT) payable to Altium Capital are to be satisfied by the issue of 65,218 Ordinary Shares at the Placing Price.
- 16.2 Altium Capital is registered as a private limited company incorporated in England and Wales under the Act with registered number 107267 and is regulated by The Securities

and Futures Authority Limited. Its registered office is at 30 St James's Square, London SW1Y 4AL.

- 16.3 KPMG Audit Plc were auditors of W.H. Ireland for the period ended 30 November 1999. Binder Hamlyn, Bank House, 9 Charlotte Street, Manchester were auditors for the years ended 31 December 1997 and 1998.
- 16.4 Other than as set out in this document, there are no investments in progress which are significant.
- 16.5 Other than as described in this document, there has been no significant change in the trading, financial position or prospects of the Company or any member of the Group since 30 November 1999, the date to which the most recent statutory audited accounts were prepared.
- 16.6 Statutory accounts for W.H. Ireland for the period ended 30 November 1999 have been delivered to the Registrar of Companies for registration. These accounts have been prepared in accordance with the law and the directors of W.H. Ireland accept responsibility for them.
- 16.7 In the Directors' opinion, the minimum amount to be raised pursuant to the Placing for the purposes set out in paragraph 21(a) of Schedule 1 to the Regulations is £1.4 million which will be applied as follows:
- | | |
|--|------------|
| (a) purchase price of property | £nil |
| (b) commissions and expenses payable under the Placing | £300,000 |
| (c) repayment of monies borrowed | £nil |
| (d) working capital | £1,100,000 |
- 16.8 The Subscription Shares are being placed at a price of 115p per share representing a premium of 110p per share over the nominal value of 5p.
- 16.9 The period within which placing participants may be accepted pursuant to the Placing and arrangements for the payment and holding of subscription monies pending Admission are set out in the placing letters being sent to prospective investors.
- 16.10 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Group's recent activities.
- 16.11 Other than the proposed application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, and there is not intended to be made any other arrangements for dealings in the Ordinary Shares on any such exchange.
- 16.12 Other than as set out herein there are no patents or intellectual property rights, licences, or particular contracts which are of fundamental importance to the Group's business.
- 16.13 On 12 June 2000, W.H. Ireland was reprimanded by the SFA and ordered to pay costs of £3,000 following certain breaches of the SFA Rules relating to the calculation, maintenance and reporting of its financial resources and counterparty risk requirement calculations.
- 16.14 If the Ordinary Shares are admitted to trading on AIM, copies of this document will be available free of charge to the public at the offices of Altium Capital, 30 St James's Square, London SW1Y 4AL, during normal business hours on any weekday (Saturdays and public holidays excepted) for a period of 14 days from the date of Admission.
- 16.15 The date of publication of this document is 12 July 2000.

