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This document has been drawn up in accordance with the Public Offers of Securities Regulations 1995 (as amended) but has not been registered with the Registrar of Companies in England and Wales in accordance with such regulations and is not a prospectus.

**APPLICATION WILL BE MADE FOR THE ISSUED ORDINARY SHARES TO BE ADMITTED TO TRADING ON THE ALTERNATIVE INVESTMENT MARKET OF THE LONDON STOCK EXCHANGE. IT IS EXPECTED THAT ADMISSION WILL BECOME EFFECTIVE AND THAT DEALINGS IN THE ORDINARY SHARES WILL COMMENCE ON 30 MARCH 2000. 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 THESE SECURITIES TO THE OFFICIAL LIST. FURTHER, THE LONDON STOCK EXCHANGE HAS NOT ITSELF APPROVED THE CONTENTS OF THIS DOCUMENT.**

Fiske, which is regulated by the SFA, is not acting for, nor offering advice to, or treating any person as its customer (unless other arrangements apply between Fiske and any such person) in relation to the Placing and Admission and will not be responsible for providing protections afforded to its customers in relation thereto.

The Directors, whose names are set out on page 3 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Admission Rules. To the best of the knowledge and belief of the Directors, (who have taken all reasonable care to ensure that such is the case), all such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

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# **FISKE plc**

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 2248663)*

**PLACING**  
of  
**500,000 ORDINARY SHARES OF**  
**25p EACH**  
**AT A PRICE OF 135P PER SHARE**  
**PAYABLE IN FULL UPON APPLICATION**  
and  
**ADMISSION TO THE ALTERNATIVE INVESTMENT MARKET**

**Nominated Adviser**  
**GRANT THORNTON**

**Nominated Broker**  
**FISKE plc**

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## **SHARE CAPITAL** (immediately following the Placing)

<i>Authorised</i>			<i>Issued and Fully Paid</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
8,800,000	£2,200,000	in ordinary shares of 25p each	6,500,000	£1,625,000

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Grant Thornton, which is regulated by the Institute of Chartered Accountants in England and Wales, is the Company's Nominated Adviser for the purposes of the AIM Admission Rules. Persons receiving this document should note that, for the purposes of the Placing and Admission, Grant Thornton is acting for the Company and is not acting for any recipient of this document. Grant Thornton will not be responsible to anyone other than the Company for providing either protections afforded to customers of Grant Thornton or for providing advice relevant to the Placing and Admission.

## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Act”	the Companies Act 1985 (as amended from time to time)
“Admission”	the admission of all the issued Ordinary Shares (including the Placing Shares) to trading on AIM becoming effective in accordance with the AIM Admission Rules
“AIM”	The Alternative Investment Market of the London Stock Exchange
“AIM Admission Rules”	The rules set out in Chapter 16 of the Rules of the London Stock Exchange
“Board” or “Directors”	the Board of Directors of the Company
“Company” or “Fiske”	Fiske plc
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by CRESTCo Limited
“Company ESOP”	The Discretionary Share Option Scheme established by the Company on 30 March 1998
“London Stock Exchange”	London Stock Exchange Limited
“Nominated Adviser”	Grant Thornton
“Official List”	the Official List of the London Stock Exchange
“Ordinary Shares”	Ordinary shares of 25p each in the capital of the Company
“Placing”	the placing of 500,000 Placing Shares by the Company upon the terms and subject to the condition contained in Part I of this document
“Placing Price”	the price at which the Placing Shares are to be issued pursuant to the Placing being 135p per Placing Share
“Placing Shares”	the 500,000 Ordinary Shares to be issued by the Company pursuant to the Placing subject to Admission
“POS Regulations”	Public Offers of Securities Regulations 1995 (as amended)
“Admission Document”	this document
“Regulations”	the Uncertificated Securities Regulations 1995 (SI 1995 No. 95/3272)
“SFA”	The Securities and Futures Authority Limited
“Shareholders”	Holders of Ordinary Shares
“Share Options”	the options granted by the Company over an aggregate of 440,000 unissued Ordinary Shares to directors, employees and certain Associates of the Company (other than pursuant to the Company ESOP), further details of which are set out in paragraphs 4(b) and 6(b) of Part III of this document

## DIRECTORS, SECRETARY AND ADVISERS

Directors	<p><b>Geoffrey Maitland Smith, FCA</b> (Non-Executive Chairman) <b>Clive Fiske Harrison</b> (Chief Executive) <b>David Ernest Fitzgerald</b> (Executive Director) <b>Francis Gerard Luchini</b> (Compliance Director) <b>Alan Dennis Meech</b> (Dealing Director) <b>Sylvia June Ellen Earp</b> (Finance Director) <b>Stephen John Cockburn</b> (Non-Executive Director)</p> <p>all of Salisbury House, London Wall, London EC2M 5QS</p>
Company Secretary and Registered Office	<p><b>Sylvia Earp</b> Salisbury House, London Wall London EC2M 5QS</p>
Nominated Adviser	<p><b>Grant Thornton</b> Grant Thornton House Melton Street Euston Square London NW1 2EP</p>
Nominated Broker	<p><b>Fiske plc</b> Salisbury House London Wall London EC2M 5QS</p>
Solicitors to the Company	<p><b>Titmuss Sainer Dechert</b> 2 Serjeants' Inn London EC4Y 1LT</p>
Auditors and Reporting Accountants	<p><b>Deloitte &amp; Touche</b> Chartered Accountants and Registered Auditors Stonecutter Court 1 Stonecutter Street London EC4A 4TR</p>
Bankers	<p><b>National Westminster Bank Plc</b> International Banking Group 1 Princes Street London EC2R 8PB</p>
Registrars	<p><b>IRG plc</b> Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU</p>

## PART I

### Information on Fiske

#### History and Business

Fiske was founded as a partnership in 1973 as a traditional London stockbroker with private client, institutional and corporate business. It has grown steadily over the years but has retained its character and mix of business although private client stockbroking now accounts for some 75-85% of turnover. The Company is primarily an agency broker.

Of a total complement of 47 personnel, there are 7 directors, 20 Associates and 20 employees. The Associates are remunerated by way of a share of the commission on the turnover which they generate. The directors and employees are principally remunerated by a combination of salaries and bonuses. This pattern is expected to continue.

In 1988 the partnership of Fiske was incorporated with an initial issued share capital of 1,287,842 fully paid ordinary shares of £1 each. In June 1999 Jove Investment Trust PLC, which is managed by Aberdeen Asset Management Group, took a 20% equity shareholding principally by subscribing for new shares and the issued share capital was increased to 1,500,000 fully paid ordinary shares of £1 each.

Since 1975, the offices of Fiske have been at Salisbury House, London Wall in the City of London. All back office settlement functions are performed in-house. There are no branch offices.

The overwhelming majority of clients' funds are on an advisory rather than a discretionary basis. The directors believe this to be in the best interests of both the clients and the Company.

The balance sheet of the Company contains no gearing and has not done so since the Company's incorporation.

#### Directors, Associates and Employees

**Chairman.** Geoffrey Maitland Smith F.C.A. aged 67 joined the Board in March 2000. After 12 years as a partner in Thornton Baker & Co (now Grant Thornton), he moved into commerce in 1971 joining Sears plc as an Executive Director, becoming Chief Executive in 1978 and Chairman in 1985 until he retired in 1995. He is currently Non-Executive Chairman of Bonhams, the fine art auction house. Past non-executive directorships include Midland Bank plc (1986-96), serving as Deputy Chairman from 1992 to 1996, HSBC Holdings plc (1993-96) and more recently Hammerson plc (1990-99) serving as Chairman from 1993 to 1999.

**Chief Executive.** Clive Fiske Harrison, aged 60, founded Fiske in 1973 and has been Senior Partner and latterly Chief Executive since that time. He started his career with Panmure Gordon in 1961 and moved to Hodgson & Baker (subsequently renamed Sandelson & Co) in 1965. He is responsible for the overall day to day management of Fiske and also heads the corporate finance unit.

**Executive Director.** David Fitzgerald, aged 63, joined Fiske in 1983. He was previously a partner at Laurence Prust before leaving to join Sandelson & Co in 1974. He started his stockbroking career on the Stock Exchange floor in 1955. He is principally involved in institutional sales.

**Compliance Director.** Gerard Luchini, aged 58, joined Fiske as Compliance Officer in July 1997 and became a director in January 1998. He was formerly at the Royal Bank of Canada as a Compliance Officer.

**Dealing Director.** Alan Meech, aged 47, joined Fiske as a dealer in 1985 and became Director in charge of the dealing desk in May 1989. He was previously with J.M. Finn. His role also includes part of the credit control function.

**Finance Director.** Sylvia Earp, aged 45, joined Fiske in 1994 as assistant to the then Finance Director who had filled that role since 1973. She succeeded him as Finance Director in 1997. Previously she had worked for James Capel and Quilter Goodison in their finance and systems departments.

**Non Executive Director.** Stephen Cockburn, aged 60, joined the Board in 1999. He is a director of Jove Investment Trust PLC which owns 1,200,000 Ordinary Shares (which will represent 18.46% of the issued Ordinary Shares following the Placing). After four years at stockbrokers Simon & Coates, he joined the investment management department of Ionian Bank in 1966 and became a director in 1971. Since that time he has been a director of a number of investment trusts and other quoted companies.

Fiske has some 20 Associates most of whom are self-employed brokers handling business principally for private clients. They are mainly remunerated by a share of the commission produced from the business which they generate. This arrangement has been prevalent within the London Stock Exchange for a great number of years and it is the Company's intention that it should continue. Many of these Associates are Shareholders and option holders over Ordinary Shares.

There are some 20 salaried employees of the Company principally engaged in settlement functions. The Board sets great store on retaining the handling of settlement within the Company as opposed to outsourcing it. They believe that this provides a better level of service and greater client satisfaction and they intend to continue this policy. Many of the staff are Shareholders or indirectly hold the rights to Ordinary Shares through the Company ESOP. Both the Company ESOP and the Share Options have restrictions on their exercise to help retain key personnel.

Fiske Nominees Limited, a wholly-owned subsidiary, holds stock on behalf of clients.

### **Recent history and current trading**

A significant proportion of the Company's business is in the smaller company sector of the London Stock Exchange. In the calendar years 1997 and 1998 this sector materially under-performed the FTSE 100 Index and the level of activity in this area was at a correspondingly lower level. This impacted adversely upon the Company's turnover. In addition, the steps which the Company was obliged to take following disciplinary proceedings taken by the SFA in May 1997 (see paragraph 5(e) of Part III of this document) cost the Company approximately £300,000 over the two years ended 31 May 1998.

Following the problems highlighted by the SFA, the Company undertook a total re-assessment of its systems, controls, staff and Associates. This was conducted with the assistance of consultants and professional advisers. As a result, the Directors believe that the compliance culture of the Company and the controls and management systems now in place are appropriate for its needs in the current regulatory environment.

Furthermore, in 1998 the Company moved its settlement procedures from EDX Citymax Bureau to ACT Financial Systems. This move, which the Directors believe has enabled the Company to deliver a superior settlement service to clients, together with associated information technology costs, also adversely impacted on the results for the year ended 31 May 1998.

With these costs behind it and with better systems and management controls in place the Company began to show improved profitability in 1999. Market conditions for stockbrokers like Fiske which are significantly involved in the smaller company sector improved steadily during the calendar year 1999 and accelerated in the last quarter of the year. That improvement is reflected in the audited figures for the seven months ended 31 December 1999. Management figures for the first two months of 2000 indicate that the trend of the previous quarter has continued.

Whilst the Board recognises that the nature of the Company's business makes forecasting singularly difficult, they view the prospects for the current financial year ending 31 May 2000 with confidence.

### **Business Strategy**

The Board intends to continue to expand the Company's business by building on its existing strengths in agency stockbroking for private and institutional clients and also in corporate finance based upon the Company's distribution abilities. The Company does not currently intend to become involved with derivatives, discount stockbroking, market making or dealing as principal. As many of its competitors continue to move away from their core stockbroking business, the Directors consider that this should enlarge the opportunities for the Company's activities in its chosen niche.

At the same time the Board recognises the need to keep close control of overhead costs, a factor which is in the forefront of the Company's strategy.

### **Risk Factors**

In the opinion of the Directors the following risks should be taken into account when considering an investment in the Company:

1. 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.

2. Fiske 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, the Company ESOP and the commission sharing and bonus arrangements should mitigate this risk.
3. The business of Fiske, which is regulated by the SFA, could be affected by changes in the current regulatory framework in the UK.
4. 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 Company 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.

#### **Dividend Policy**

The Company has recently paid an interim dividend in respect of the year ending 31 May 2000 of 1.25p per Ordinary Share, which equals the total dividend for the previous financial year. A final dividend will be considered when the results for the full year are available and would be payable in September 2000 immediately following the Company's Annual General Meeting.

The Directors intend to pursue a dividend policy whereby distributions would be in line with the underlying performance of the Company, would be adequately covered by earnings and would ensure that the Company retained sufficient working capital to meet its present and future requirements.

#### **The Placing and use of the Proceeds**

The Placing comprises 500,000 Ordinary Shares placed at £1.35 per share. These comprise entirely new shares issued by the Company and will bring its issued ordinary share capital up to £1,625,000 divided into 6,500,000 Ordinary Shares. The gross proceeds of the Placing amount to £675,000 and the net proceeds after expenses excluding VAT are estimated at approximately £483,000. The net proceeds will be used to supplement the Company's working capital and to finance the investment of £75,000 being made in equity shares in CRESTCo Ltd. The Placing is conditional only on Admission.

The Placing Shares will rank *pari passu* in all respects with all the existing issued Ordinary Shares and in particular will rank in full for all dividends and other distributions declared, paid or made on the issued Ordinary Shares after Admission.

C F Harrison has undertaken, subject to certain exceptions, not to dispose of any of his Ordinary Shares until publication of the Company's report and accounts for the year ending 31 May 2001 other than Ordinary Shares equivalent to up to 1% of his present holding of Ordinary Shares in the period up to and including 30 September 2000 and Ordinary Shares equivalent to up to a further 1% of his present holding of Ordinary Shares in the period up to and including 30 September 2001.

#### **Fiske's Investment in the London Stock Exchange B shares**

Since the capital reorganisation of the London Stock Exchange at the time of "Big Bang" in 1986, Fiske has owned one B share in the capital of the London Stock Exchange. This is carried in the Company's balance sheet at nil value. It is currently proposed that this share will be exchanged for 100,000 ordinary shares in the London Stock Exchange PLC under the terms of its proposed capital reorganisation. The Directors believe this should become a valuable asset and intend to hold it as an investment until its underlying value is recognised in the market place.

#### **Corporate Governance**

The Company intends to continue to adhere to the principles of best practice set out in the "Principles of Good Governance and Code of Best Practice" as published by the Committee on Corporate Governance (commonly known as the "Combined Code") and proposes to follow the recommendations on corporate governance of the City Group for Smaller Companies.

The Company has two non-Executive Directors, one of whom one acts as independent Chairman, the roles of Chairman and Chief Executive having been split. The Board has established an audit committee and a remuneration committee with formally delegated duties and responsibilities. The audit committee consists solely

of the two non-Executive Directors, while they and the Chief Executive constitute the remuneration committee. The audit committee will monitor the Company's half year and full year profit and loss accounts and balance sheets and examine them and the management and financial controls of the business with the auditors. The remuneration committee will set board remuneration levels and supervise the granting and exercise of options and the operation of the Company ESOP.

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 control requirements of the Combined Code. The Board regularly reviews and manages key business risks in addition to financial risks facing the Company in the operation of its business.

#### **CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if a relevant Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

#### **Further Information**

Your attention is drawn to the Accountants' Report covering the three financial years and seven month period ended 31 December 1999 on the Company set out in Part II of this document and the Additional Information on Fiske set out in Part III of this document.

## PART II

### Accountants' Report on Fiske

The Directors  
Fiske plc  
Salisbury House  
London Wall  
EC2M 5QS

**Deloitte &  
Touche**



Grant Thornton (as Nominated Advisor)  
Grant Thornton House  
Melton Street  
Euston Square  
London NW1 2EP

15 March 2000

Dear Sirs

#### **Fiske plc**

We report on the financial information set out below. This financial information has been prepared for inclusion in the Admission Document dated 22 March 2000 ("the Admission Document") relating to the proposed admission of Fiske plc to the Alternative Investment Market of the London Stock Exchange ("AIM") and the issue and placing of new Ordinary Shares in Fiske plc.

#### **Basis of preparation**

The financial information set out in this report is based on the audited financial statements of Fiske plc ("the Company") for the three financial years ended 31 May 1997, 1998 and 1999 and for the seven month period ended 31 December 1999 ("the periods under review") to which no adjustments were considered necessary.

The Company has one subsidiary, Fiske Nominees Ltd. However, consolidated accounts are not prepared as the inclusion of the subsidiary is not considered material for the purpose of showing a true and fair view. We have acted as auditors of the Company throughout the period covered by this report. No audited financial statements have been prepared for submission to the members of the Company in respect of any period subsequent to 31 December 1999.

On 14 March 2000, the Company re-registered as a public company.

#### **Responsibility**

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

The directors of the Company are responsible for the contents of the document 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. 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 Company'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 set out below gives, for the purposes of the document in which it is included a true and fair view of the profits and cash flows of the Company for each of the three financial years ended 31 May 1997, 1998 and 1999 and for the seven month period ended 31 December 1999 and of the state of affairs of the Company at the end of each of those periods.

We consent to the inclusion of this report in this document and take responsibility for this report for the purposes of paragraph 45 (1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

## Profit and Loss Accounts

	<i>Year to 31 May</i>			<i>7 months to</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Turnover</b>				
Gross commission receivable	2,701	2,836	3,330	2,874
Commission payable	(1,249)	(1,172)	(1,287)	(1,209)
Other income	648	357	316	226
	<u>2,100</u>	<u>2,021</u>	<u>2,359</u>	<u>1,891</u>
Staff costs	(828)	(864)	(950)	(661)
Depreciation	(16)	(29)	(84)	(50)
Other operating charges	(1,224)	(1,217)	(1,189)	(754)
	<u>(2,068)</u>	<u>(2,110)</u>	<u>(2,223)</u>	<u>(1,465)</u>
<b>Operating profit/(loss)</b>	<u>32</u>	<u>(89)</u>	<u>136</u>	<u>426</u>
Interest receivable and similar income	84	98	74	53
Interest payable and similar charges	(4)	(1)	(4)	(20)
	<u>80</u>	<u>97</u>	<u>70</u>	<u>33</u>
<b>Profit on ordinary activities before taxation</b>	<u>112</u>	<u>8</u>	<u>206</u>	<u>459</u>
Tax on profit on ordinary activities	(35)	(8)	(56)	(165)
<b>Profit on ordinary activities after taxation</b>	<u>77</u>	<u>—</u>	<u>150</u>	<u>294</u>
Dividends paid and proposed	(39)	—	(63)	(74)
<b>Retained profit for the financial year</b>	<u>38</u>	<u>—</u>	<u>87</u>	<u>220</u>
<b>Retained profit brought forward</b>	<u>61</u>	<u>99</u>	<u>99</u>	<u>186</u>
<b>Retained profit carried forward</b>	<u>99</u>	<u>99</u>	<u>186</u>	<u>406</u>
<b>Earnings per ordinary share of 25p each – basic and diluted</b>	<u>1.5p</u>	<u>—</u>	<u>3.0p</u>	<u>5.0p</u>

All activities relate to continuing operations. There were no recognised gains or losses or other movements in shareholders' funds other than the profit shown for the three financial years to 31 May 1997, 1998 and 1999 and the seven month period to 31 December 1999.

## Balance Sheets

	<i>As at 31 May</i>			<i>As at</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
<b>Fixed assets</b>				
Tangible assets	20	114	242	236
Investments	—	—	—	—
	<u>20</u>	<u>114</u>	<u>242</u>	<u>236</u>
<b>Current assets</b>				
Short term investment	—	—	—	28
Market and client debtors	10,337	17,107	15,002	28,250
Other debtors	174	262	281	338
Cash at bank and in hand	2,474	1,719	2,815	1,624
	<u>12,985</u>	<u>19,088</u>	<u>18,098</u>	<u>30,240</u>
<b>Creditors: amounts falling due within one year</b>				
Market and client creditors	10,945	17,292	16,267	27,515
Other creditors	673	522	591	1,009
	<u>11,618</u>	<u>17,814</u>	<u>16,858</u>	<u>28,524</u>
<b>Net current assets</b>	<u>1,367</u>	<u>1,274</u>	<u>1,240</u>	<u>1,716</u>
<b>Total assets less current liabilities</b>	<u>1,387</u>	<u>1,388</u>	<u>1,482</u>	<u>1,952</u>
<b>Provision for liabilities and charges</b>	—	(1)	(8)	(46)
	<u>1,387</u>	<u>1,387</u>	<u>1,474</u>	<u>1,906</u>
<b>Capital and reserves</b>				
Called up share capital	1,288	1,288	1,288	1,500
Share premium account	—	—	—	—
Profit and loss account	99	99	186	406
	<u>1,387</u>	<u>1,387</u>	<u>1,474</u>	<u>1,906</u>
<b>Equity shareholders' funds</b>	<u>1,387</u>	<u>1,387</u>	<u>1,474</u>	<u>1,906</u>

## Cash Flow Statement

### Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities

	<i>Year to 31 May</i>			<i>7 months to</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating profit/(loss)	32	(89)	136	426
Depreciation charges	16	29	84	50
Decrease/(increase) in debtors	12,571	(6,848)	2,086	(13,345)
(Decrease)/increase in creditors	(11,693)	6,215	(1,047)	11,523
<b>Net cash inflow/(outflow) from operating activities</b>	<b>926</b>	<b>(693)</b>	<b>1,259</b>	<b>(1,346)</b>

## Cash Flow Statement

	<i>Year to 31 May</i>			<i>7 months to</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net cash inflow/(outflow) from operating activities	926	(693)	1,259	(1,346)
Returns on investments and servicing of finance	80	97	70	33
Taxation	(61)	(36)	(21)	13
Capital expenditure	(17)	(123)	(212)	(44)
	928	(755)	1,096	(1,344)
Equity dividends paid	(39)	—	—	(63)
Financing	—	—	—	212
Increase/(decrease) in cash	889	(755)	1,096	(1,195)

### Reconciliation of Net Cash Flow to Movement in Net Funds

	<i>Year to 31 May</i>			<i>7 months to</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Increase/(decrease) in cash in the period	889	(755)	1,096	(1,195)
Change in net cash	889	(755)	1,096	(1,195)
Net funds at start of financial period	1,585	2,474	1,719	2,815
Net funds at end of financial period	2,474	1,719	2,815	1,620

## Notes to the Cash Flow Statement

### 1. Gross cash flows

	Year to 31 May		7 months to 31 December	
	1997 £'000	1998 £'000	1999 £'000	1999 £'000
<b>Returns on investments and servicing of finance</b>				
Interest received	84	98	74	53
Interest paid	(4)	(1)	(4)	(20)
	<u>80</u>	<u>97</u>	<u>70</u>	<u>33</u>
<b>Capital expenditure</b>				
Payments to acquire tangible fixed assets	(17)	(123)	(212)	(44)
	<u>(17)</u>	<u>(123)</u>	<u>(212)</u>	<u>(44)</u>
<b>Financing</b>				
Issue of ordinary share capital	—	—	—	212
	<u>—</u>	<u>—</u>	<u>—</u>	<u>212</u>

### 2. Analysis of changes in net cash

	At 1 June	Cash flows	At 31 December
	1999		1999
	£	£	£
Cash at bank and in hand	2,815	(1,191)	1,624
Overdraft	—	(4)	(4)
	<u>2,815</u>	<u>(1,195)</u>	<u>1,620</u>
	At 1 June	Cash flows	At 31 May
	1998		1999
	£	£	£
Cash at bank and in hand	1,719	1,096	2,815
	<u>1,719</u>	<u>1,096</u>	<u>2,815</u>
	At 1 June	Cash flows	At 31 May
	1997		1998
	£	£	£
Cash at bank and in hand	2,474	(755)	1,719
	<u>2,474</u>	<u>(755)</u>	<u>1,719</u>
	At 1 June	Cash flows	At 31 May
	1996		1997
	£	£	£
Cash at bank and in hand	1,585	889	2,474
	<u>1,585</u>	<u>889</u>	<u>2,474</u>

### Accounting Policies

The financial information set out in this report has been prepared in accordance with applicable accounting standards under the historical cost convention. The particular accounting policies adopted are described below.

#### *Basis of accounts preparation*

The financial information set out in this report represents the accounts of Fiske plc.

The Company is the beneficial owner of 100% of the share capital of Fiske Nominees Limited, a company registered in England and Wales. However, group accounts are not prepared as the inclusion of Fiske Nominees Limited is not material for the purpose of showing a true and fair view. Fiske Nominees Limited does not trade and therefore made neither a profit nor a loss during the periods under review. The aggregate amount of the capital and reserves of Fiske Nominees Limited as at 31 December 1999 was £5 (31 May 1999, 1998 and 1997 – £5).

#### *Turnover*

Turnover comprises:

- i) gross commission from acting as agent in investment business, less commissions shared and paid away to external introducers of business and associates;
- ii) dealing profits and losses; and
- iii) invoiced fee income from corporate advisory services.

Turnover is stated after deduction of value added tax.

#### *Balances with clients and counterparties*

In accordance with market practice certain balances with clients, Stock Exchange member firms and settlement offices, are included in debtors and creditors gross for their unsettled bought and sold transactions respectively.

#### *Foreign currency translation*

Transactions in foreign currencies are recorded in sterling at the ruling rates of exchange on the dates of the transactions. Assets and liabilities are translated into sterling at the rates ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

#### *Tangible fixed assets and depreciation*

For all tangible fixed assets, depreciation is calculated to write down their cost or valuation to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives, which are considered to be as follows:

Office furniture and equipment	4 years
Computer equipment	3-5 years

#### *Leased assets*

The costs of operating leases are charged to the profit and loss account as they accrue.

#### *Short term investments*

Short term investments are valued at directors' valuation.

#### *Deferred taxation*

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial information to the extent that it is probable that a liability or asset will crystallise in the future.

#### *Clients' money*

The Company holds money on behalf of clients in accordance with the Clients' Money Rules of the Securities and Futures Authority. With the exception of money arising in the course of clients' transactions, as disclosed in Note 17, such monies and the corresponding liability to clients are not shown on the face of the balance sheet. The amounts so held on behalf of clients at the period and years ends are stated in Note 26.

### 3. Turnover

Turnover comprises:

	<i>Year to 31 May</i>		<i>7 months to 31 December</i>	
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Commission receivable	2,603	2,682	3,149	2,709
PEP commission	98	154	181	165
	<u>2,701</u>	<u>2,836</u>	<u>3,330</u>	<u>2,874</u>
Commission payable to third parties	(37)	(25)	(18)	(12)
Commission payable to associates	(1,212)	(1,147)	(1,269)	(1,197)
	<u>(1,249)</u>	<u>(1,172)</u>	<u>(1,287)</u>	<u>(1,209)</u>
Net agency dealing commissions	1,452	1,664	2,043	1,665
Corporate finance	453	130	34	13
Profit on foreign exchange dealing	—	2	—	—
Other income	195	225	282	213
	<u>2,100</u>	<u>2,021</u>	<u>2,359</u>	<u>1,891</u>

In the statutory accounts to 31 May 1998, a reclassification within the Company's turnover to 31 May 1997 of £187,723 was made between commissions receivable and other income. In the audited accounts to 31 December 1999, a reclassification within the Company's turnover to 31 May 1999 of £171,985 was made between commissions payable to third parties and commissions payable to associates.

### 4. Staff costs

The average number of employees employed by the Company within each category of persons was:

	<i>Year to 31 May</i>		<i>7 months to 31 December</i>	
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>1999</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Dealing and sales staff	9	9	7	7
Settlement staff	9	10	10	10
Administration staff	5	7	9	9
	<u>23</u>	<u>26</u>	<u>26</u>	<u>26</u>

Employee costs comprise:

	<i>Year to 31 May</i>		<i>7 months to 31 December</i>	
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Wages, salaries and other staff costs	751	779	856	553
Social security costs	77	85	94	108
	<u>828</u>	<u>864</u>	<u>950</u>	<u>661</u>

## 5. Directors

### a) Directors' emoluments comprise:

	Year to 31 May			7 months to 31 December
	1997 £ 000	1998 £ 000	1999 £ 000	1999 £ 000
Emoluments	374	308	372	216
Highest paid director's remuneration: Emoluments	101	94	103	60

One director, F.G. Luchini, had share options granted under an agreement dated 3 December 1999 in respect of 37,500 Ordinary Shares of £1 each which are exercisable in two equal tranches at 115p for every Ordinary Share of £1 on 1 January 2003 and 1 January 2005.

Two directors, A D Meech and S J Earp, had share options granted under an agreement dated 24 February 2000 in respect of 5,000 Ordinary Shares of £1 each per director, which are exercisable at 150p for every Ordinary Share of £1 on 1 January 2003.

No director received any pension contributions or awards under long-term incentive schemes during the periods under review.

Supplementary in respect of other directors' emoluments:

	Number of directors Year to 31 May			7 months to 31 December
	1997	1998	1999	1999
£0 – £5,000	—	—	—	2
£10,001 – £15,000	—	—	1	—
£15,001 – £20,000	—	1	—	1
£20,001 – £25,000	—	2	1	—
£25,001 – £30,000	—	1	—	1
£30,001 – £35,000	1	—	—	1
£35,001 – £40,000	—	—	—	1
£40,001 – £45,000	—	—	—	1
£45,001 – £50,000	—	1	—	—
£50,001 – £55,000	—	—	1	—
£55,001 – £60,000	3	1	2	—
£65,001 – £70,000	—	—	1	—
£80,001 – £85,000	1	—	—	—
£85,001 – £90,000	—	1	—	—

### b) Directors' balances

The directors' trading balances have been included within client debtors and creditors and directors' current account balances are included in other debtors and creditors as appropriate. Directors' dealings are on the same terms as with third parties (reduced rates of commission applied in 1997 and 1998).

At the period ends, there were balances on a director's account which required disclosure as a loan, in accordance with schedule 6 of the Companies Act 1985, as follows:

#### C F Harrison – current account/trading account

	Dr	Dr	Dr
	Balance at	Maximum	Balance at
	31 May 1999	balance	31 December
	£'000	in year	1999
	£'000	£'000	£'000
	55	60	37

(Cr)	Dr	Dr
<i>Balance at</i>	<i>Maximum</i>	<i>Balance at</i>
<i>31 May</i>	<i>balance</i>	<i>31 May</i>
<i>1998</i>	<i>in year</i>	<i>1999</i>
<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
(27)	55	55
Dr	Dr	(Cr)
<i>Balance at</i>	<i>Maximum</i>	<i>Balance at</i>
<i>31 May</i>	<i>balance</i>	<i>31 May</i>
<i>1997</i>	<i>in year</i>	<i>1998</i>
<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
8	29	(27)
Dr	Dr	Dr
<i>Balance at</i>	<i>Maximum</i>	<i>Balance at</i>
<i>31 May</i>	<i>balance</i>	<i>31 May</i>
<i>1996</i>	<i>in year</i>	<i>1997</i>
<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
35	48	8

C F Harrison has confirmed that his current account is offsettable against his trading account with the Company. Subsequent to the period end the balance outstanding has been repaid.

*c) Related party transactions*

Other than as disclosed in this note, there were no transactions with related parties during the periods under review requiring disclosure under Financial Reporting Standard 8.

**6. Operating Profit/(Loss)**

	<i>Year to 31 May</i>			<i>7 months to</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
<b>Operating profit/(loss) is arrived at after charging:</b>				
Auditors' remuneration	44	47	58	25
Other fees payable to auditors	8	14	11	11
Operating lease rentals				
– Land and buildings	81	93	93	93
– Other	4	7	9	16

**7. Interest Receivable and Similar Income**

	<i>Year to 31 May</i>			<i>7 months to</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
<b>Interest receivable:</b>				
Banks	69	74	60	53
Clients	15	24	14	—
	84	98	74	53



## 8. Interest Payable and Similar Charges

	<i>Year to 31 May</i>			<i>7 months to</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
<b>Interest payable:</b>				
Bank loans, overdrafts and other interest payable	4	1	4	20

## 9. Tax on Profit on Ordinary Activities

	<i>Year to 31 May</i>			<i>7 months to</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
United Kingdom corporation tax at 30% (year to 31 May 1999 – 20%, years to 31 May 1998 and 1997 – 21% ) based on the profit for the year	37	(17)	49	167
Deferred taxation	—	1	5	(2)
Adjustment in respect of prior periods	(2)	24	2	—
	<u>35</u>	<u>8</u>	<u>56</u>	<u>165</u>

The disproportionately high tax charge was due to items of expenditure which are non-deductible for tax purposes.

## 10. Dividends Paid and Proposed

	<i>Year to 31 May</i>			<i>7 months to</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
Dividend: 7 months to 31 December 1999, proposed interim dividend – 1.25 pence (year to 31 May 1999 – 1.25 pence, 1998 – nil, 1997 – 0.75 pence)	39	—	63	74

Dividends per share reflect the share split effected on 13 March 2000 (Note 28).

The Fiske Employee Benefit Trust, holding 80,000 Ordinary Shares of 25p each, waived its entitlement to both the interim dividend in respect of the year to 31 May 2000 and the final dividend in respect of the year to 31 May 1999.

## 11. Earnings per Ordinary Share

The basic earnings per Ordinary Share have been calculated by dividing the profit after taxation by 5,920,000 (year to 31 May 1999 – 5,071,368, year to 31 May 1998 – 5,138,035, and year to 31 May 1997 – 5,151,368) being the weighted average number of Ordinary Shares of the Company in issue during the period, after adjustment for the Company ESOP, and as calculated after taking into account the share split effected in March 2000.

## 12. Tangible Fixed Assets

	<i>Office furniture and equipment £'000</i>	<i>Computer equipment £'000</i>	<i>Total £'000</i>
<b>Cost</b>			
At 1 June 1996	95	33	128
Additions	4	13	17
At 31 May 1997	99	46	145
Additions	8	115	123
At 31 May 1998	107	161	268
Additions	37	175	212
Disposals	(1)	(6)	(7)
At 31 May 1999	143	330	473
Additions	7	37	44
At 31 December 1999	150	367	517
<b>Accumulated depreciation</b>			
At 1 June 1996	(88)	(21)	(109)
Charge for the year	(5)	(11)	(16)
At 31 May 1997	(93)	(32)	(125)
Charge for year	(5)	(24)	(29)
At 31 May 1998	(98)	(56)	(154)
Charge for year	(13)	(71)	(84)
Disposals	1	6	7
At 31 May 1999	110	121	231
Charge for 7 months	8	42	50
At 31 December 1999	118	163	281
<b>Net book value</b>			
At 31 December 1999	32	204	236
At 31 May 1999	33	209	242
At 31 May 1998	9	105	114
At 31 May 1997	6	14	20

## 13. Investments

The Company is the beneficial owner of one London Stock Exchange ordinary £1 "B" share which has been included at nil value as at 31 December 1999 (31 May 1999, 1998 and 1997 – nil).

#### 14. Short Term Investments

	<i>As at 31 May</i>			<i>As at 31</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
Investments – listed on OFEX, an unrecognised investment exchange in Great Britain at directors' valuation (market value, £36,750)	—	—	—	28

#### 15. Market and Client Debtors

	<i>As at 31 May</i>			<i>As at 31</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
Market balances	5,023	7,327	6,512	16,485
Clients' balances	5,314	9,780	8,490	11,765
	10,337	17,107	15,002	28,250

#### 16. Other Debtors

	<i>As at 31 May</i>			<i>As at 31</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
Sundry debtors	29	39	67	60
Prepayments	135	203	194	271
Corporation tax recoverable	10	20	20	7
	174	262	281	338

#### 17. Cash at Bank and in Hand

Cash at bank includes £1,320,688 (31 May 1999 – £2,280,750, 1998 – £710,528 and 1997 – £1,963,936) received in the course of settlement of client bargains. This amount is held by the Company in trust on behalf of clients but may be utilised to complete settlement of outstanding bargains.

#### 18. Market and Client Creditors

	<i>As at 31 May</i>			<i>As at</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
Market balances	6,295	9,924	5,611	16,467
Clients' balances	4,650	7,368	10,656	11,048
	10,945	17,292	16,267	27,515

## 19. Other Creditors

	<i>As at 31 May</i>			<i>As at</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
Bank overdraft	—	—	—	4
Sundry creditors	332	234	268	422
Corporation tax	30	21	48	215
Other taxation and social security	28	33	2	—
Accruals	235	234	208	294
Proposed dividend	39	—	63	74
Advanced corporation tax payable	9	—	—	—
	<u>673</u>	<u>522</u>	<u>591</u>	<u>1,009</u>

## 20. Provisions for Liabilities and Charges

	<i>As at 31 May</i>			<i>As at</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
Employer's NI on share options	—	—	—	40
Deferred taxation	—	1	8	6
	<u>—</u>	<u>1</u>	<u>8</u>	<u>6</u>

The amounts of deferred taxation liability provided and unprovided in the accounts are:

	<i>Provided</i>			
	<i>As at 31 May</i>			<i>As at</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
Capital allowances in excess of depreciation	—	1	8	6
	<u>—</u>	<u>1</u>	<u>8</u>	<u>6</u>

	<i>Unprovided</i>			
	<i>As at 31 May</i>			<i>As at</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
Capital allowances in excess of depreciation	(4)	—	—	—
	<u>(4)</u>	<u>—</u>	<u>—</u>	<u>—</u>

## 21. Called Up Share Capital

	<i>As at 31 May</i>			<i>As at</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
Authorised				
1,750,000 (31 May 1999, 1998, 1997 – 1,500,000)				
Ordinary Shares of £1 each	1,500	1,500	1,500	1,750
	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,750</u>
Allotted and fully paid				
1,500,000 (31 May 1999, 1998, 1997 – 1,287,842)				
Ordinary Shares of £1 each	1,288	1,288	1,288	1,500
	<u>1,288</u>	<u>1,288</u>	<u>1,288</u>	<u>1,500</u>

During the year 212,158 Ordinary Shares of £1 each were issued to provide additional working capital. On 21 September 1999 the authorised share capital of the Company was increased by 250,000 Ordinary Shares of £1 each as a result of general interest by further parties wishing to buy shares in the Company.

## 22. Share Options

At 31 December 1999 there were options over 57,500 Ordinary Shares of £1 each (31 May 1999, 1998 and 1997 – £nil) which are exercisable in two equal tranches at 115p for every Ordinary Share of £1 on 1 January 2003 and 1 January 2005.

On 24 February 2000 the Company issued options over 52,500 Ordinary Shares of £1 each to directors and employees of the Company. These are exercisable at 150p for every £1 Ordinary Share on 1 January 2003.

## 23. Equity Shareholders' Funds

The movement on equity shareholders' funds during the year/period was as follows:

	<i>Share Capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
Balance at 1 June 1996	1,288	61	1,349
Retained profit for the year	—	38	38
Balance at 31 May 1997	1,288	99	1,387
Retained profit for the year	—	—	—
Balance at 31 May 1998	1,288	99	1,387
Retained profit for the year	—	87	87
Balance at 31 May 1999	1,288	186	1,474
Retained profit for the period	—	220	220
Increase in share capital	212	—	212
Balance at 31 December 1999	1,500	406	1,906

As at 31 December 1999 the Company had a share premium account of £8 (31 May 1999, 1998, 1997 – £8).

## 24. Contingent Liabilities

In the ordinary course of business, the Company has given letters of indemnity in respect of lost certificated stock transfers and share certificates. The contingent liability arising therefrom cannot be quantified, but it is not believed that any material liability will arise under these indemnities.

## 25. Financial Commitments

### Operating leases

The Company had annual commitments under non-cancellable operating leases as set out below.

	<i>Year to 31 May</i>			<i>7 months to</i>
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>31 December</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>1999</i>
				<i>£'000</i>
Operating leases which expire in the second to fifth years:				
Land and buildings	81	91	93	93
Other	4	8	16	16

**26. Clients' Money**

At 31 December 1999 amounts held by the Company on behalf of clients in accordance with the Client Money Rules of The Securities and Futures Authority amounted to £11,079,571 (31 May 1999 – £9,160,503 1998 – £5,763,019 and 1997 – £4,266,165). The Company has no beneficial interest in these amounts and accordingly they are not included in the balance sheet.

**27. Employee Benefit Trust**

The Fiske Employee Benefit Trust was established as an employees' share scheme within the meaning of section 743 of the Companies Act 1985. The Trust has a holding of 20,000 Ordinary Shares of £1 each which has been deemed immaterial for balance sheet disclosure and which has been previously expensed in the profit and loss account.

**28. Post Balance Sheet Events**

On 13 March 2000 the Company resolved to sub-divide each £1 Ordinary Share into four 25p Ordinary Shares, thus increasing the number of Ordinary Shares in issue to 6,000,000. On 13 March 2000 the Company increased, conditional upon Admission, the authorised share capital from £1,750,000 to £2,200,000 by the creation of 1,800,000 new Ordinary Shares of 25p.

Yours faithfully

Deloitte & Touche

## PART III

### Additional Information

#### 1. The Company's incorporation and share capital

- (a) The Company was incorporated and registered in England and Wales on 21 April 1988 under the Act with the name Fiske & Co. with registered number 2248663 as an unlimited private company. Pursuant to a special resolution passed on 22 April 1988, the Company re-registered as a company limited by shares with the name "Fiske & Co. Ltd". It re-registered as a public limited company and changed its name to Fiske plc pursuant to a special resolution passed on 13 March 2000. The liability of the members of the Company is limited.
- (b) The registered office of the Company is at Salisbury House, London Wall, London EC2M 5QS.
- (c) At the date of incorporation, the Company had an authorised share capital of £100,000 divided into 100,000 ordinary shares of £1 each of which two shares were issued to the subscribers of the Memorandum of Association. By a special resolution passed on 22 April 1988 the authorised share capital of the Company was increased from £100,000 to £1,500,000 by the creation of 1,400,000 new ordinary shares of £1 each. By a special resolution passed on 21 September 1999 the authorised share capital of the Company was increased from £1,500,000 to £1,750,000 by the creation of 250,000 ordinary shares of £1 each.
- (d) (i) By a special resolution passed on 13 March 2000, each ordinary share of £1 each (both issued and unissued) was sub-divided into four ordinary shares of 25p each.
- (ii) By a special resolution of the Company conditional upon Admission passed on 13 March 2000 the authorised share capital of the Company was increased from £1,750,000 to £2,200,000 by the creation of 1,800,000 new Ordinary Shares of 25p.
- (iii) By an ordinary resolution of the Company conditional upon Admission passed on 13 March 2000 the Directors were authorised to allot relevant securities (as defined in section 80(2) of the Act) pursuant to section 80 of the Act up to a maximum nominal amount of £700,000 such authority to expire, unless sooner revoked or varied by the Company in general meeting, at the conclusion of the first annual general meeting of the Company held next after the passing of the resolution.
- (iv) By a special resolution of the Company conditional upon Admission passed on 13 March 2000, the Directors were empowered until the conclusion of the next annual general meeting of the Company to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority referred to in paragraph (d)(iii) above as if section 89(1) of the Act did not apply to such allotment but that such power be limited to:-
- (1) the allotment of Placing Shares in connection with the Placing;
  - (2) the allotment of equity securities in connection with rights issues or other pre-emptive offers;
  - (3) the allotment of equity securities pursuant to the terms of the Share Options in respect of 230,000 Ordinary Shares; and
  - (4) the allotment (other than as described in sub-paragraphs (1), (2) and (3) above) of equity securities having a nominal value not exceeding in aggregate 5 per cent. of the issued ordinary share capital of the Company immediately following Admission.
- (e) The provisions of section 89(1) of the Act (to the extent not disapplied pursuant to section 95 of the Act), which confer rights of pre-emption on Shareholders 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 employee share scheme as defined in section 743 of the Act) will apply to the balance of the authorised but unissued and unreserved Ordinary Shares.
- (f) At the date of this document, there are no listed or unlisted securities issued by the Company not representing share capital.
- (g) At the date of this document, there are no listed or unlisted convertible securities issued by the Company.
- (h) Except for the Ordinary Shares which are subject to Share Options, details of which options are set out in sub-paragraphs 4(b) and 6(b) below and save as referred to in paragraph 6(a), no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.

- (i) The Ordinary Shares are in registered form. The Articles of Association of the Company permit the holding of its shares through CREST. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission.

## 2. Subsidiaries

The following company is a wholly-owned subsidiary of the Company and it is a private company incorporated in and operating principally in the United Kingdom:

<i>Company name</i>	<i>Registered office</i>	<i>Location of business</i>	<i>Activities</i>	<i>Proportion of voting rights held (%)</i>	<i>Number and class of shares held</i>
Fiske Nominees Limited	Salisbury House London Wall London EC2M 5QD	UK	Nominee for Fiske clients	100	5 Ordinary

## 3. Memorandum and Articles of Association

### (a) Memorandum of Association

The Memorandum of Association of the Company provides that the Company's principal objects are, *inter alia*, to carry on business as a broker-dealer as a corporate member of the London Stock Exchange and to carry on business as a general investment company. The objects of the Company are set out in clause 4 of its Memorandum of Association which is one of the documents referred to in paragraph 14(a) below as being available for inspection.

### (b) Articles of Association

The Articles of Association of the Company ("Articles") a copy of which is available for inspection as stated in paragraph 14(a) below, which were adopted, conditional upon Admission, by a special resolution of the Company dated 13 March 2000 include provisions to the following effect:-

#### (i) Variation of class rights and changes of capital

- (1) The special rights attached to any class of shares may, subject to any applicable law, be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of three fourths in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class.
- (2) The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount.
- (3) The Company may by special resolution reduce its share capital or any capital redemption fund, share premium account or other undistributable reserve subject to authority required by law. Subject to applicable law, the Company may purchase its own shares.

#### (ii) Class Meetings

The provisions of the Articles relating to general meetings apply *mutatis mutandis* to every such meeting but the necessary quorum is two persons holding or representing by proxy one third in nominal amount of the issued shares of the class except where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

#### (iii) Votes of members

Subject to any special rights or restrictions as to voting attached to any class of shares, at any general meeting, on a show of hands, every member who is present in person has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder. No member is entitled to attend or vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a notice under Section 212 of the Act and is in default for the prescribed



period in supplying to the Company the information required thereby or, unless the Directors determine otherwise, if any calls from him have not been paid.

(iv) **Transfer of shares**

All transfers of Ordinary Shares may be effected by transfer in writing in any usual form or in any other form acceptable to the Directors and shall be executed by or on behalf of the transferor and, if the share is partly paid, the transferee. The Directors may in their absolute discretion and without assigning any reason therefore refuse to register any transfer of a share which is not fully paid or a share on which the Company has a lien provided that such refusal is not such as to prevent dealings in partly paid shares taking place on an open and proper basis. The Articles do not contain any restriction on the transferability of fully paid shares, provided that the Company has no lien over the shares, the instrument of transfer is in favour of not more than four transferees and in respect of only one class of shares and is duly stamped (if so required), the provisions in the Articles relating to the deposit of instruments of transfer have been complied with and the member is not in default of any notice duly served under section 212 of the Act as referred to in the Articles.

Shares which are in uncertificated form are to be transferred by means of the relevant system in accordance with the Regulations. The Board may make such arrangements as it thinks fit in relation to transfer of shares in uncertificated form, subject always to the Regulations. The Directors may also refuse to register a transfer of a share in uncertificated form in any case where the company is entitled to refuse (or is excepted from the requirement) under the Regulations to register the transfer, and they may refuse to register any such transfer in favour of more than four transferees.

(v) **Dividends and distribution of assets on liquidation**

The holders of Ordinary Shares are entitled *pari passu* amongst themselves, but in proportion to the numbers of shares held by them and to the amounts paid up or credited as paid up, to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of liquidation of the Company.

(vi) **Unclaimed dividends**

Any dividend unclaimed after a period of 12 years from the date of its declaration shall be forfeited and shall revert to the Company.

(vii) **Forfeiture and Lien**

(1) If a member fails to pay in full any call or instalment of a call on the due date for payment, the Board may at any time serve a notice on him/her requiring payment and stating that in the event of non-payment in accordance with such notice the shares on which the call was made will be liable to be forfeited. Any share so forfeited may be disposed of by the Company within three years, otherwise it shall be cancelled.

(2) The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently or not) called or payable at a fixed time in respect of such share.

(3) The Company may sell in such manner as the Board thinks fit any share on which the Company has a lien fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell.

**4. Directors' interests and other interests**

(a) The interests of the Directors and their immediate families in the issued share capital of the Company (beneficial and non-beneficial) which have been notified to the Company pursuant to sections 324 and 328 of the Act or which are required to be entered in the register of Directors' interests maintained by the Company pursuant to section 325 of the Act, including, so far as the Directors are aware after making due and careful enquiry, interests of persons connected (within the meaning of section 346 of the Act) with the Directors which interests, if such connected persons were Directors, would be required to be disclosed pursuant to the Act, as they will be following the Placing on Admission are as follows:

<i>Name</i>	<i>Number of Ordinary Shares following the Placing</i>	<i>Percentage of the issued Ordinary Shares following the Placing</i>
Geoffrey Maitland Smith	7,500	0.12
Clive Fiske Harrison	2,005,428	30.85
Clive Fiske Harrison & William Lindsay Short A/c Company ESOP	80,000	1.23
Mrs Barbara Gail Harrison (wife of C F Harrison)	216,000	3.32
David Ernest Fitzgerald	556,360	8.56
Francis Gerard Luchini	24,000	0.37
Alan Dennis Meech	298,000	4.58
Sylvia June Ellen Earp	8,000	0.12
Stephen John Cockburn	10,000	0.15

NOTES: All of the above interests are beneficially owned save for 80,000 Ordinary Shares held on trust under the Company ESOP in the name of Clive Harrison and William Short, the beneficiaries of which are employees of the Company unconnected with them.

- (b) The following options over unissued Ordinary Shares have been granted, free of charge, to Directors:-

<i>Directors</i>	<i>Number of Ordinary Shares</i>	<i>Date of Grant</i>	<i>Exercise Price per Ordinary Share</i>	<i>Exercise Date</i>
Francis Gerard Luchini	75,000	3.12.99	28.75p	1.01.2003
Francis Gerard Luchini	75,000	3.12.99	28.75p	1.01.2005
Alan Dennis Meech	20,000	24.02.00	37.5p	1.01.2003
Sylvia June Ellen Earp	20,000	24.02.00	37.5p	1.01.2003

- (c) Save as disclosed in paragraphs 4(a) and (b) above, no Director has any interest, beneficial or non-beneficial, in the share capital of the Company.
- (d) Save for the interests shown below and those of the Directors shown in paragraph 4(a) above, as at 21 March 2000 (being the latest practicable date prior to the publication of this document) the Company has not been informed of any interest (within the meaning of Part VI of the Act) in the issued Ordinary Shares which would amount to 3 per cent or more of the issued Ordinary Shares. Save as disclosed in paragraph 4(a) above and as disclosed below, the Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares following the Placing</i>
Fiske Nominees Limited <sup>(1)</sup>	318,000	4.89
William Lindsay Short <sup>(4)</sup>	400,000	6.15
Talbot Nominees Limited <sup>(2)</sup>	1,200,000	18.46
Alexander Rupert Fiske Harrison <sup>(5)</sup>	222,348	3.42
Byron Antony Fiske Harrison <sup>(5)</sup>	460,000	7.08

Notes

- (1) Fiske Nominees Limited holds its shares as bare nominee on behalf of several clients including B A F Harrison.  
(2) Talbot Nominees Limited holds its shares on trust for Jove Investment Trust PLC.  
(3) All of the above interests are beneficially owned save where otherwise indicated.  
(4) William Lindsay Short is a former Finance Director of the Company who retired from the Board in 1999.  
(5) Alexander Harrison and Byron Harrison are the adult sons of Clive Harrison.

**5. Directors' details including service agreements and remuneration**

- (a) None of the Directors has a contract of employment or letter of appointment with the Company with a notice or contract period of one year or more or with provisions for predetermining compensation on termination of an amount which equals or exceeds one year's salary and benefits in kind.

- (b) The aggregate remuneration and benefits in kind (including bonuses and profit shares) of the Directors for the financial year ended 31 May 1999 totalled £371,928. It is estimated that the aggregate remuneration and benefits in kind (including bonuses and profit shares) to be paid to the Directors for the financial year ending 31 May 2000 will be approximately £480,000.
- (c) Save as set out below, none of the Directors has held any directorships of any company (other than the Company) or has been a partner in any partnership in the last five years:

<i>Director (full name, previous names, age)</i>	<i>Current Directorships (and partnerships)</i>	<i>Directorships (and partnerships) resigned during the past five years</i>
Gcoffrey Maitland Smith (67)	W&FC Bonham & Sons Limited Hammerson Pension Scheme Trustees Limited Sears Trustees Limited	Hammerson plc Sears Limited HSBC Holdings plc HSBC Bank plc (formerly Midland Bank plc) Hammerson Share Option Scheme Trustees Limited Broadstoner Holdings PLC Frogmal Investments Limited SH Services Limited Sears Nominees Limited Sears Property Glasgow Limited Sears Securities PLC Selfridges Retail Limited St. Enoch Centre Management Limited The Retail Corporation PLC
Clive Fiske Harrison (60)	Fiske Nominees Limited Fiske Services Limited Consolidated Coal Plc (in liquidation)	Broadcastle Plc Industrial Securities Limited Mersea Island Securities Limited Nu Steel (Australia) Limited St. Botolphs Securities Limited
David Ernest Fitzgerald (63)	Fiske Nominees Limited Fiske Services Limited	None
Francis Gerard Luchini (58)	Fiske Nominees Limited	Montco Nominees Limited
Alan Dennis Meech (47)	Fiske Nominees Limited	None
Sylvia June Ellen Earp (45)	None	None
Stephen John Cockburn (60)	Abport Limited Archimedes Finance Limited Archimedes Investment Trust Plc Associated British Engineering Plc Brighton College Brighton College Services Limited Bucklersoak Investments Limited Castor Finance Limited Cumnor House School Trust Danae Investment Trust Plc Dartmoor Investment Trust Plc Friends Provident Ethical Investment Trust Plc New Fulcrum Investment Trust Plc New Fulcrum Securities Plc Garro Finance Limited Heblerb Limited Invesco Enterprise Trust Plc Ionian Corporate Finance Limited Ionian Group Limited Ionian Holdings Limited Ionian Investment Management Limited Ionian Nominees Limited Ionian Securities Limited (formerly Ionian Bank Limited)	The Aberystwyth Crematorium Company Limited Cogen Systems Limited Countryman Power Plant Limited Countryman Group Limited (formerly C.T.H. Holdings Limited) Industrial Securities Limited JD Field & Sons Limited Ozotech Limited Templeco 256 Limited The Crematoria Investment Company Limited

*Director*  
*(full name, previous names, age)*  
Stephen John Cockburn (60)  
(continued)

*Current Directorships and*  
*(partnerships)*  
Jove Investment Trust Plc  
Leda Management Limited  
Lightening Graphics Limited  
Magnahurst Investments Limited  
Nesco Investments Limited  
(formerly Nesco Overseas  
Holdings Limited)  
Nigerian Electricity Supply  
Corporation (Nigeria) Limited  
Perseus Finance Limited  
Quartet Books Limited  
Rivermoor Investments Limited  
(formerly I.S.L. (U.K.) Limited)  
Rivermoor Securities Limited  
Stephen Cockburn Limited  
The Investment Company Plc  
The Smaller Companies  
Investment Trust Plc  
The Yehudi Menuhin School  
Limited  
Ionian Nominees Limited  
Fulcrum Investment Trust Plc  
(in members voluntary liquidation)

*Directorships*  
*(and partnerships) resigned during*  
*the past five years*

- (d) Save as set out in paragraph (e) below, none of the Directors has any unspent convictions nor has any of them been personally bankrupt in an individual voluntary arrangement with creditors or been publicly criticised by any statutory or regulatory authority or professional body.
- (e) By Board Notice 424 dated 29 May 1997 the SFA gave notice that disciplinary proceedings brought against an Associate, Fiske and Clive Harrison relating to breaches of the Securities and Investment Board Principles 2 and 9 had been concluded by settlement with the following outcome:
- (i) the Associate was expelled from the Register of General Representatives and fined £10,000.
  - (ii) Fiske was reprimanded, fined £55,000 and ordered to pay costs of £14,000; and
  - (iii) Clive Harrison, as Senior Executive Officer of Fiske, was reprimanded and ordered to pay costs of £2,000.

The SFA took into account that Fiske co-operated fully with SFA in the course of its investigation.

- (f) Other than as referred to in sub-paragraph (g), none of the Directors has been a director of a company or a partner in a partnership at the time or within 12 months preceding the time at which the company or partnership entered into administration, voluntary arrangement, composition or arrangement with creditors generally or any class of creditors, receivership, compulsory liquidation or creditors voluntary liquidation.
- (g) Consolidated Coal plc, of which C F Harrison is a non-executive director, was put into compulsory liquidation on 26 October 1999.
- (h) None of the Directors has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (i) There are no outstanding loans granted by the Company to any of the Directors nor has any guarantee been provided by the Company for the benefit of any Director.
- (j) The Company currently pays Stephen Cockburn Limited £10,000 per annum in respect of Stephen Cockburn's services to the Company as a non-executive director.

## 6. Share options

### (a) *Company ESOP*

- (i) The Company ESOP was adopted by a board resolution of the Company on 30 March 1998. Inland Revenue approval was not sought. The following is a summary of the current rules of the Company ESOP:

#### *Eligibility*

Any director or other employee of any Participating Company (as defined in the rules) is eligible to participate. No eligible person will be entitled to participate as of right and an option may only be granted to an eligible person who is nominated at the discretion of the Company.

#### *Subscription price*

The price per share at which an option may be exercised will be determined by the Board but will not in any event be less than its market value (as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992) and its nominal value.

#### *Timing of grant of options*

Grants of options may be made at any time, but the Company ESOP will terminate ten years after its adoption, or if terminated earlier by the passing of a Board resolution or ordinary resolution of the Company to that effect.

#### *Exercise of options*

- (1) Subject as set out below, an option granted under the Company ESOP may be exercised between the date of grant of the option and the date on which the option lapses. Subject as set out below, an option may only be exercised while the option holder is a director or employee of a Participating Company or an Associated Company (as defined in the rules).
- (2) Options will lapse upon the occurrence of the earliest of the following events:
- (a) the 5th anniversary of the date of grant;
  - (b) the expiry of any of the periods specified in paragraphs (3) to (9) below;
  - (c) the participant ceasing to hold an office or employment with a Participating Company or an Associated Company in any circumstances other than:
    - (i) where the cessation of office or employment arises on any of the grounds specified in paragraphs (3) and (4);
    - (ii) where the cessation of office or employment arises on any ground whatsoever during any of the periods specified in paragraphs (6) to (9);
  - (d) subject to paragraph (7), the passing of an effective resolution or the making of an order by the court for the winding-up of the Company;
  - (e) the participant being deprived (otherwise than on death) of the legal or beneficial ownership of the option by operation of law or doing or omitting to do anything which causes him to be so deprived or becoming bankrupt.
- (3) If a participant leaves the employment of a Participating Company or an Associated Company because of, inter alia, injury, disability, retirement or redundancy, he may exercise the option within six months of the date of cessation of the employment failing which the option will lapse.
- (4) If a participant dies, his personal representatives may exercise the option within twelve months of the date of his death failing which it will lapse.
- (5) If a participant, whilst continuing to hold an office or employment with a Participating Company or an Associated Company, is transferred to work in another country and as a result of that transfer the participant will either:

- (a) become subject to income tax on his remuneration in the country to which he is transferred and the Company is satisfied that as a result he will suffer a tax disadvantage upon exercising an option; or
- (b) become subject to restrictions on his ability to exercise an option or to deal in the Ordinary Shares issuable upon the exercise of that option by reason of or in consequence of the securities laws or exchange control laws of the country to which he is transferred

the participant may exercise the option in the period commencing three months before and ending three months after the transfer takes place.

- (6) If another company acquires control of the Company as a result of making an offer to acquire the whole of the issued share capital of the Company, a participant may exercise the option within six months of the change of control failing which it will lapse. Where the acquiring company becomes bound or entitled to acquire shares in the Company compulsorily, the option may be exercised at any time during which the acquiring company is so bound or entitled.
- (7) If notice is duly given of a resolution for the voluntary winding-up of the Company a participant will be entitled to exercise the option within two months from the date of the resolution failing which it will lapse.
- (8) If, under section 425 of the Act or Article 418 of the Companies (Northern Ireland) Order 1986, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, an option may be exercised within six months of the court sanctioning the compromise or arrangement failing which it will lapse.
- (9) If the Company becomes aware that the Company is or is expected to be affected by any demerger, dividend in specie, super dividend or other transaction which, in the opinion of the Company, would affect the current or future value of any options, the Company acting fairly, reasonably and objectively may, in its absolute discretion, allow some or all options to be exercised. The Company shall specify the period in which such options shall be exercisable and whether such options shall lapse at the end of the specified period.

#### *Variation of capital*

In the event of any capitalisation or rights issue, sub-division, consolidation or reduction of the capital of the Company or any other variation of share capital the subscription price and number of Ordinary Shares subject to an option shall be adjusted in such manner as the Board shall determine, to the extent that the total price payable shall remain unchanged.

#### *General*

The Board may at any time alter or add to all or any of the provisions of the Company ESOP in any respect, but no alteration or addition shall be made which would abrogate or adversely affect the subsisting rights of a participant unless it is made:

- (a) with the consent in writing of such number of participants as hold options under the Company ESOP to acquire 75 per cent. of the shares which would be issued or transferred if all options granted and subsisting under the Company ESOP were exercised; or
- (b) by a resolution at a meeting of participants passed by not less than 75 per cent. of the participants who attend and vote either in person or by proxy.

Subject to the above the Board may, in respect of options granted to participants who are or who may become subject to taxation outside the United Kingdom on their remuneration, amend or add to the provisions of the Company ESOP and the terms of options as it considers necessary or desirable to take account of or to mitigate or to comply with relevant overseas taxation, securities or exchange control laws provided that the terms of options granted to such persons are not overall more favourable than the terms of options granted to other persons.

- (ii) Options over an aggregate of 80,000 issued Ordinary Shares have been allocated under the Company ESOP to eight salaried employees of the Company, none of whom are Directors. 64,000 options are

exercisable by August 2003 and 16,000 are exercisable by March 2005 at a subscription price of 23.125p per Ordinary Share.

- (b) *Share Options granted other than under the Company ESOP and other than those granted to Directors as set out in paragraph 4(b) above*

Share Options have been granted, free of charge upon the following terms to employees and certain Associates of the Company:

<i>Number of Ordinary Shares</i>	<i>Date of Grant</i>	<i>Exercise Price per Ordinary Share</i>	<i>Exercise Date</i>
40,000	3.12.99	28.75p	1.1.2003
40,000	3.12.99	28.75p	1.1.2005
170,000	24.02.00	37.5p	1.1.2003 <sup>(1)</sup>

Note (1): or exercisable within 3 months thereafter.

Exercise of the Share Options is dependent on the grantee being in the full time employment of Fiske on the Exercise Date.

- (c) Following recent changes in legislation which are effective from 6 April 1999, a secondary class one national insurance charge will become payable by the Company following the exercise of options granted on or after 6 April 1999. On the basis of current legislation, the liability of the Company will be calculated at a rate of 12.2 per cent. of the difference between the option exercise price and the market value of the Ordinary Shares issued to the relevant option holders following exercise.

## 7. Premises

The Company has the benefit of the following leases at Salisbury House, Finsbury Circus, London, EC2. All such leases have the benefit of the security of tenure provisions in the Landlord and Tenant Act 1954 ("1954 Act").

<i>Premises</i>	<i>Date of Lease</i>	<i>Term</i>	<i>Current Annual Rent</i>
Rooms 534-539 B inclusive (third floor) and Room 63 (lower ground floor)	28.4.81	20 years from 25.12.80	£45,386
Rooms 531, 532, 533 and 541 (third floor)	7.7.87	20 years from 25.12.80	£24,046
Rooms 526 & 529 (third floor)	22.5.89	20 years from 25.12.80	£16,356
Room 530 (third floor)	20.1.88	20 years from 25.1.80	£6,892

The Company has the benefit of the following licences in respect of strongrooms at Salisbury House. The licences do not have the benefit of the security of tenure provisions in the 1954 Act.

<i>Premises</i>	<i>Date of Licence</i>	<i>Period</i>	<i>Current Annual Licence Fee</i>
Room 541A (third floor)	1.2.99	2 years from 25.12.98	£800
Room 18 (basement)	1.2.99	2 years from 25.12.98	£3,000

## 8. Material contracts

The following contracts (not being contracts in the ordinary course of business) has been entered into by the Company since 1 March 1998 and are or may be material:

- (a) a Nominated Adviser agreement between Grant Thornton and the Company dated 11 February 2000 under which Grant Thornton agreed to act as nominated adviser to the Company in relation to its application for the Ordinary Shares to be admitted to trading on AIM pursuant to which Grant Thornton will receive an initial fee of £50,000 and receives an annual fee of £15,000 (excluding VAT in each case); and
- (b) the undertaking by C F Harrison dated 15 March 2000 not to dispose of any of his holding of ordinary shares as set out in page 6 of this document.

## 9. Litigation

There are no legal or arbitration proceedings in which the Company or its subsidiary is or has been engaged or which are pending or threatened by or against the Company or its subsidiary of which the Directors are aware which may have or have had during the 12 months preceding the date of this document a significant effect on the financial position of the Company.

## 10. Working capital

In the opinion of the Directors, having made due and careful enquiry and taking into account the net proceeds of the Placing, the working capital available to the Company is sufficient for its present requirements (that is to say for at least the next 12 months).

## 11. Taxation

### (a) Dividends

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

A United Kingdom resident individual shareholder is entitled to a tax credit equal to 10 per cent of the gross dividend (i.e. the tax credit is 1/9th of the amount of the dividend). This tax credit will be treated as fully satisfying the income tax liability of a United Kingdom resident individual shareholder liable to pay income tax at the lower or basic rate. The rate of income tax applied to United Kingdom company dividends received by United Kingdom resident individuals liable to income tax at the higher rate has fallen from 40 per cent to 32.5 per cent. The effect of this reduction is that, after taking into account the 10 per cent tax credit, a higher rate taxpayer is still liable to additional income tax equal to 25 per cent of the net dividend. A company resident for tax purposes in the United Kingdom and holding Ordinary Shares as an investment will not normally be liable to corporation tax on the receipt of a dividend.

Tax credits are generally no longer payable to shareholders, subject to transitional relief for charities. However, individual shareholders who hold their shares in an individual savings account or a personal equity plan will be entitled to recover the tax credit on dividends until 5 April 2004.

Tax exempt pension funds can no longer reclaim tax credits from the Inland Revenue.

Whether shareholders in the Company who are resident in countries other than the United Kingdom are entitled to a payment from the Inland Revenue of any part of the tax credit in respect of dividends on such shares depends in general upon the provisions of any double tax convention or agreement which exists between such countries and the United Kingdom. Persons who are not resident in the United Kingdom should consult their own tax advisers as to whether they are entitled to reclaim any part of the tax credit, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax in the jurisdiction in which they are resident.

### (b) Stamp Duty

No liability to stamp duty or Stamp Duty Reserve Tax ("SDRT") arises in relation to the allotment and issue of Ordinary Shares.

Any conveyance or transfer on sale of Ordinary Shares will generally be subject to *ad valorem* stamp duty at the rate of 0.5% of the amount or value of the consideration or to SDRT (if an unconditional agreement to transfer such shares is not completed within a specified time limit by a duly stamped transfer to the transferee under that agreement), at the rate of 0.5 per cent. A transfer of shares effected on a paperless basis through CREST will generally be subject to SDRT at the rate of 0.5 per cent of the value of the consideration.

**Any person who is in doubt as to his taxation position in the United Kingdom and in any other jurisdiction in which he is subject to taxation should consult his professional adviser.**

**The above statements are intended only as a general guide to current United Kingdom law and practice. Certain categories of person are not liable to stamp duty reserve tax, and others may be liable to higher rates or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986. Any person who has any doubt as to his tax position or requires more detailed information than the general outline above should consult his professional adviser. Please note that levels and bases of taxation can change.**



## 12. Consents

- (a) Grant Thornton has given and not withdrawn its written consent to the issue of this document and the references to itself in the form and context in which they appear.
- (b) Deloitte & Touche, Chartered Accountants and Registered Auditors, of Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR, has given and has not withdrawn its written consent to the inclusion of its report in relation to the Company contained in Part II of this document and the references thereto and to it in the form and context in which they appear and accepts responsibility for the contents of such report for the purposes of paragraph 45 (1)(b)(iii) of Schedule 1 of the POS Regulations.

## 13. General information

- (a) Aberdeen Asset Management plc is a significant client of the Company although it is not responsible for more than 5% of the Company's turnover. Jove Investment Trust PLC, which is managed by Aberdeen Asset Management plc, owns 1,200,000 Ordinary Shares. Following the Placing, these shares will represent 18.46% of the issued Ordinary Shares.
- (b) Save as disclosed in paragraph 13(a) above no person (other than the professional advisers named in this document and trade suppliers) has:
  - (i) received, directly or indirectly, from the Company within the 12 months preceding the application for Admission; or
  - (ii) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission,any of the following:
  - (1) fees totalling £10,000 or more;
  - (2) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
  - (3) any other benefit with a value of £10,000 or more at the date of Admission.
- (c) The financial information relating to the Company set out in Part II of this document does not comprise statutory accounts as referred to in section 240 of the Act. Reports under section 235 of the Act on the accounts of the Company for each of the three financial years ended 31 May 1997, 1998 and 1999 and for the seven months period ended 31 December 1999 have been prepared by the Company's auditors Deloitte & Touche. The accounts of the Company in respect of those three financial years and the seven months period each received an unqualified audit opinion, did not contain a statement under section 237(2) or (3) of the Act and the accounts of the Company in respect of those three financial years have been delivered to the Registrar of Companies in England and Wales.
- (d) Application will be made to the London Stock Exchange for the issued Ordinary Shares (including the Placing Shares) to be admitted to trading on AIM. It is expected that dealings in the Ordinary Shares (including the Placing Shares) will commence on 30 March 2000.
- (e) The total costs, charges and expenses (including professional fees, the costs of printing and distribution of documents and the fees referred to in paragraph 8 above) payable by the Company in relation to the Placing and Admission are estimated to amount to £192,000 (excluding VAT).
- (f) The registrars of the Company are IRG plc of Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- (g) The Company is not dependent on any patents or any other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company's business.
- (h) Other than as referred to in Part I of this document, there are no investments in progress which are significant.
- (i) The Company is the nominated broker in relation to the Ordinary Shares.
- (j) The accounting reference date of the Company is 31 May.
- (k) This document was published on 22 March 2000 and copies will be available free of charge to the public at the Company's registered office and at the offices of Titmuss Sainer Dechert, of 2 Serjeants' Inn, London EC4Y 1LT from the date of this document until at least 14 days after Admission.

**14. Documents available for inspection**

Copies of the following documents may be inspected at the offices of Titmuss Sainer Dechert, 2 Serjeants' Inn, London EC4Y 1LT and at the Company's registered office, Salisbury House, London Wall, London EC2M 5QS during usual business hours on any weekday (Saturday and public holidays excepted) until 14 April 2000:

- (a) the Company's Memorandum and Articles of Association;
- (b) the rules of the Company ESOP referred to in paragraph 6(a) above and the terms of the Share Options;
- (c) the material contracts referred to in paragraph 8 above;
- (d) the Accountants' Report set out in Part II of this document;
- (e) the written consents referred to in paragraph 12 above; and
- (f) this document.

22 March 2000

**END OF DOCUMENT**