

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about its contents or the action you should take, you should consult an independent financial adviser authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The Directors of Jarvis Securities plc, whose names appear 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 Rules published by London Stock Exchange plc. 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.

Application has been made for the entire issued ordinary share capital of the Company and for the Ordinary Shares to be issued pursuant to the Placing and the Offer to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not listed on the official list of the United Kingdom Listing Authority ("Official List"). The rules of AIM are less demanding than those of the Official List. A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document. It is expected that trading in the Existing Ordinary Shares and the New Shares will commence on AIM on 23 December 2004.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document or any subscriptions made hereunder shall not, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information contained in this document is correct as of any time subsequent to the date of this document.

A copy of this document, which comprises a prospectus drawn up in accordance with the Public Offers of Securities Regulations 1995, as amended, (the "POS Regulations"), has been delivered to the Registrar of Companies in England and Wales for registration in accordance with regulation 4(2) of the POS Regulations.

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT IN PART II OF THIS DOCUMENT.


Jarvis Securities plc

(Registered in England and Wales with registered number 5107012)

Placing of up to 848,485 new Ordinary Shares and up to 363,636 existing Ordinary Shares, and Offer for Subscription of up to 969,697 Ordinary Shares all at 82.5p per share

Admission to trading on AIM

Nominated Adviser and Broker:

Corporate Synergy Plc 

The Placing and the Offer are conditional, *inter alia*, on Admission taking place on or before 23 December 2004 (or such later date as the Company and Corporate Synergy may agree). The New Shares will on Admission rank in full for all dividends or other distributions hereafter declared, made or paid on the Ordinary Shares and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

The procedure for application and payment under the Offer is set out in Part V of this document and the Application Form is set out at the end of this document. The subscription lists for the Offer Shares will open at 10.00am on 14 December 2004, and may be closed at any time thereafter, but not later than 3.00pm on 21 December 2004. To be valid, Application Forms must be completed and returned with the appropriate remittance so as to be received by the Receiving Agents, Capita IRG Plc, Corporate Actions, PO Box 166, The Registry, 34 Beckenham, Kent BR3 4TH by no later than 3.00pm on 21 December 2004. Neither the Placing nor the Offer has been underwritten.

Corporate Synergy Plc, which is authorised and regulated by The Financial Services Authority, is acting as Nominated Adviser and Broker to the Company (for the purposes of the AIM Rules) and no one else in connection with the proposed admission of the Existing Ordinary Shares and the New Shares to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc 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 Corporate Synergy Plc as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Corporate Synergy Plc will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter.

This document should not be distributed in, into or from the United States of America, Canada, Republic of Ireland, Japan or Australia or any other jurisdiction (together "Prohibited Territories") where to do so would be in breach of any applicable law and/or regulation. Neither the Existing Ordinary Shares nor the New Shares have been, nor will they be, registered under the United States Securities Act of 1933 (as amended). Accordingly, such shares may not be offered, sold, renounced, taken up or delivered, directly or indirectly, in or into the United States of America or to any national, citizen, or resident of the United States of America. Furthermore, such shares have not been and will not be registered under any of the relevant securities laws of Canada, Republic of Ireland, Japan or Australia. Accordingly unless an exception under relevant securities laws is applicable, such shares may not be offered, sold, renounced, taken up or delivered, directly or indirectly, in or into Canada, Republic of Ireland, Japan or Australia or to any national, citizen or resident of Canada, Republic of Ireland, Japan or Australia. This document does not constitute an offer or the solicitation of an offer to subscribe or buy any of the Existing Ordinary Shares or the New Shares to any person in any jurisdiction to whom it is unlawful to make an offer or solicitation in such jurisdictions.

The distribution of this document, the Placing and the Offer in certain jurisdictions may be restricted by law. No action has been taken by the Company, by the holders of the Existing Ordinary Shares or by Corporate Synergy Plc to permit a public offer of Ordinary Shares or possession or distribution of this document where action for that purpose is required. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Persons applying for New Shares shall be deemed to represent and warrant that they are not resident in, or a citizen of, any Prohibited Territory and will not, as principal or agent, offer, sell, transfer or deliver, directly or indirectly, as part of the distribution of the Offer Shares, any Offer Shares being purchased to any person in any Prohibited Territory or as a result of a purchase order known to originate in any Prohibited Territory. Attention is drawn to the additional restrictions on participation in the Offer set out in Part V.

CONTENTS

	Page
Placing and Offer statistics	2
Expected timetable of principal events	2
Directors and advisers	3
Definitions and glossary of terms	4
Part I Letter from the Chairman	6
Part II Information on the Company	7
Part III Accountants' Report on the Group	16
Part IV Additional information	35
Part V Terms of the Offer	49

PLACING AND OFFER STATISTICS

Issue Price	82.5p
Number of new Ordinary Shares being placed*	1,454,545
Number of existing Ordinary Shares being placed*	363,636
Maximum number of Offer Shares*	969,697
Gross proceeds of the Placing and the Offer receivable by the Company*	£1.2 million
Net proceeds of the Placing and the Offer receivable by the Company	£700,000
Proportion of Enlarged Share Capital represented by the New Shares	13%
Number of Ordinary Shares in issue at Admission*	11,484,545
Market capitalisation at Admission at the Issue Price*	£9.5 million

**Assuming full subscription pursuant to the Placing and the Offer*

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Time of opening of subscription lists	10.00 a.m. on 14 December 2004
Latest time for receipt of completed Application Forms and payment in respect of the Offer	3.00 p.m. on 21 December 2004
Announcement of basis of allocations made under the Offer	22 December 2004
Cancellation of trading on OFEX	22 December 2004
Admission effective and dealings in the Existing Ordinary Shares and Placing Shares to commence on AIM	23 December 2004
CREST accounts credited	23 December 2004
Share certificates in respect of the New Shares expected to be despatched by	7 January 2004

DIRECTORS AND ADVISERS

Directors: Andrew James Grant, *chairman and chief executive*
Mathew James Edmett, *finance director*
Lionel George Grant, *non-executive director*
John Sebastian Mackay, *non-executive director*

Company Secretary: Mathew James Edmett

All of:

Registered Office: Oxford House
15-17 Mount Ephraim Road
Tunbridge Wells
Kent TN1 1EN

Nominated Adviser and Broker: **Corporate Synergy Plc**
12 Nicholas Lane
London EC4N 7BN

Auditors and Reporting Accountants: **Horwath Clark Whitehill LLP**
10 Palace Avenue
Maidstone
Kent ME15 6NF

Solicitors to the Company: **Nicholson Graham & Jones**
110 Cannon Street
London EC4N 6AR

Solicitors to the Placing: **Charles Russell**
8-10 New Fetter Lane
London EC4A 1RS

Registrars: **Capita Registrars**
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TH

Receiving Agents: **Capita IRG Plc**
Corporate Actions
PO Box 166
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TH

Bankers: **HSBC Bank plc**
105 Mount Pleasant
Tunbridge Wells
Kent TN1 1QP

Anglo Irish Bank Corporation plc
10 Old Jewry
London EC2R 8DN

DEFINITIONS AND GLOSSARY OF TERMS

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

“Act”	the Companies Act 1985, as amended
“Adjustment Number of Shares”	means such number of Ordinary Shares as equals the aggregate amount by which the proceeds of the Offer (before expenses) are less than £300,000 divided by the Issue Price
“Admission”	the admission of the Enlarged Share Capital to trading on AIM in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules of AIM as published by the London Stock Exchange, as amended from time to time
“Application Form”	the application form for use in respect of the Offer
“Board” or “Directors”	the directors of Jarvis Securities
“Capita”	Capita IRG Plc, the Company’s receiving agents
“CFA business”	those businesses and assets of CFA Securities Limited acquired by JIM between May and June 2003
“Corporate Synergy”	Corporate Synergy Plc, nominated adviser and broker to the Company
“CREST”	the relevant system (as defined in the Regulations) to facilitate the transfer of title of shares in uncertificated form, in respect of which CRESTCo Limited is the Operator (as defined in the Regulations)
“Enlarged Share Capital”	the issued Ordinary Share capital of the Company immediately following the Placing, the Offer and Admission
“Existing Ordinary Shares”	the 10,030,000 existing Ordinary Shares in issue at the date of this document
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000
“Group”	Jarvis Securities and its subsidiaries
“IFA”	independent financial adviser
“ISA”	individual savings account
“Issue Price”	82.5 pence per Ordinary Share
“Jarvis Securities” or the “Company”	Jarvis Securities plc
“Jarvis Securities Shareholder”	a holder of Ordinary Shares
“JIM”	Jarvis Investment Management plc
“London Stock Exchange”	London Stock Exchange plc
“New Shares”	up to 1,454,545 new Ordinary Shares to be issued under the Placing and the Offer

“OFEX”	the share trading market operated by OFEX plc for share dealing in unlisted and unquoted companies
“Offer” or “Offer for Subscription”	the offer for subscription of the Offer Shares made by the Company, the terms of which are set out in Part V
“Offer Shares”	the 969,697 Ordinary Shares being offered pursuant to the Offer
“Official List”	the official list of the UK Listing Authority
“Ordinary Shares”	ordinary shares of one penny each in the capital of the Company
“PEP”	personal equity plan
“Placing”	the conditional placing of the Placing Shares and the Sale Shares by Corporate Synergy, at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 13 December 2004 between the Company (1), the Directors (2), Sion (3) and Corporate Synergy (4) relating to the Placing and the Offer, further details of which are set out in paragraph 10.3 of Part V of this document
“Placing Shares”	up to 848,485 new Ordinary Shares to be issued pursuant to the Placing
“POS Regulations”	the Public Offers of Securities Regulations 1995, as amended
“Regulations”	the Uncertified Securities Regulations 2001
“Reorganisation”	the reorganisation of the Group effected by the acquisition by Jarvis Securities of the entire share capital of JIM in consideration of the allotment of the Existing Ordinary Shares to the then holders of shares in JIM
“Reorganisation Offer”	the offer by the Company for the entire issued share capital of JIM which completed on 19 July 2004
“Sale Shares”	up to 363,636 Existing Ordinary Shares owned by Sion which are to be sold at the Issue Price pursuant to the Placing
“Securities Act”	the United States Securities Act of 1933, as amended
“Share Option Scheme”	the Company’s unapproved share option scheme, further details of which are set out in paragraph 6 of Part V of this document
“Shareholders Agreement”	the agreement dated 13 December 2004 between the Company and Sion in relation to Sion’s position as a substantial shareholder in JIM following Admission, further details of which are set out in paragraph 10.1 of Part V of this document
“Sion”	Sion Holdings Limited
“SIPP”	self invested personal pension
“UK Listing Authority”	a division of the FSA acting in its capacity as the competent authority for the purpose of Part VI of FSMA
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“£” or “pound”	UK pounds sterling

PART I

LETTER FROM THE CHAIRMAN

Directors:

Andrew Grant, *chairman and chief executive*

Mathew Edmett, *finance director*

Lionel Grant, *non-executive director*

John Mackay, *non-executive director*

Registered Office:

Oxford House

15-17 Mount Ephraim Road

Tunbridge Wells

Kent TN1 1EN

13 December 2004

To Shareholders

Dear Shareholders

I am pleased to be writing to you to inform you that the Company conditionally, *inter alia*, on Admission, has raised £400,000 (subject to adjustment), by way of a placing of 484,848 new Ordinary Shares at 82.5p per Ordinary Share and is seeking to raise up to £800,000 by way of an offer for subscription of up to 969,697 new Ordinary Shares also at 82.5p per Ordinary Share. The Issue Price represents a discount of • per cent. to the closing middle market price of •p on OFEX as at 10 December 2004, the last practicable date prior to publication of this document.

In addition Sion, a significant shareholder in the Company, has conditionally sold 363,636 Existing Ordinary Shares (subject to adjustment) at the Placing Price to allow greater liquidity in the market. Following completion of the Placing and the Offer, Sion will be interested in 7,586,364 Ordinary Shares, representing approximately 66.1 per cent. of the Enlarged Share Capital (assuming full subscription under the Offer).

All of the Placing Shares and the Sale Shares have been placed conditionally by Corporate Synergy, the Company's nominated adviser and broker, with institutional and other investors. The proceeds of the Placing and the Offer will be used to pay for the expenses of Admission and provide ongoing working capital for the Group.

I am also pleased to inform you that the Company will apply for admission of the Enlarged Share Capital to AIM, which is expected to occur on 23 December 2004.

The Directors believe that Admission will assist the Company in its development in the following ways:

- it will facilitate raising funds to finance the Group's expansion either organically or by acquisition; in particular, shares admitted to AIM are likely to be more attractive to vendors of businesses than shares traded through OFEX and can therefore be used to more easily effect acquisitions;
- it should raise the Group's profile;
- it should improve liquidity in the Ordinary Shares; and
- it will assist the Company in retaining good quality staff by enabling it to offer its staff equity incentives under the Share Option Scheme that are more easily tradeable.

Further details on the Company and its business, the Placing, the Offer and the future strategy of the Group are set out in Part II of this document.

Yours faithfully

Andrew Grant

Chairman and chief executive

PART II

INFORMATION ON THE COMPANY

INTRODUCTION

Jarvis Securities is the holding company of the Group. JIM is the operating company of the Group and carries on the business of the provision of execution only stockbroking services, the marketing and administration of PEPs, ISAs and SIPPs, and the provision of tailored financial administration services. JIM was established in 1984 and is a member of the London Stock Exchange and is authorised and regulated by the FSA.

The Directors consider the Group has the following key strengths:

- JIM's business is both profitable and cash positive;
- the Group has considerable potential for growth both organically and through acquisition;
- the Group has an existing infrastructure which can handle a significant increase in demand for its services; and
- Jarvis Securities has a Board of directors with a total of over 60 years' experience in the stockbroking sector.

The Company has conditionally raised £400,000 (subject to adjustment and before expenses) by way of a placing of 484,848 Ordinary Shares. In addition Sion, a significant shareholder in the Company, has conditionally agreed to sell 363,636 Existing Ordinary Shares (subject to adjustment) pursuant to the Placing. The Company is also seeking to raise up to £800,000 by way of an offer for subscription of up to 969,697 new Ordinary Shares. Following completion of the Placing, Sion will be interested in 7,586,364 Ordinary Shares, representing approximately 66.1 per cent. of the Enlarged Share Capital (assuming full subscription under the Offer).

All of the Placing Shares have been placed, conditionally, *inter alia*, on Admission, with institutional and other investors.

In the event that the aggregate proceeds (before expenses) receivable by the Company pursuant to the Offer are less than £300,000 then the aggregate number of Sale Shares sold will be reduced by the Adjustment Number of Shares and the number of new Ordinary Shares placed will be increased by the Adjustment Number of Shares.

The Company will apply for admission of the Enlarged Share Capital to AIM, which is expected to occur on 23 December 2004.

THE BUSINESS

History

JIM was founded in 1984 by Andrew and Lionel Grant. At its inception, JIM was a dealer in securities and acted as a general investment adviser.

JIM now concentrates on offering its present services of execution only stockbroking and packaged products, namely PEPs, ISAs and SIPPs, to retail clients, and outsourced administration services to corporate entities.

In May 2004 the Group commenced a reorganisation of its structure in order that the regulated business of the Group be carried on by a subsidiary company within the Group rather than the holding company of the Group. The Directors believe that this separation of functions will increase flexibility in respect of the acquisition of other regulated businesses. The Reorganisation was effected by Jarvis Securities, a company established for the purpose, making an offer for the entire issued share capital of JIM. The Reorganisation

was completed on 19 July 2004. Further details of the Reorganisation are set out in paragraph 2.6 of Part IV of this document.

Services

JIM currently has in the region of 30,000 client accounts with varying levels of activity, and offers the following services:

- *Execution only stockbroking services* – clients can either transact trades via phone, email, letter, fax or through the Company's website. Clients are charged on a per transaction basis, and pay either a flat fee or commission rate per transaction depending on the product they are signed up to. JIM has four primary products and transaction commissions vary, for example, clients using the Share Deal Active product pay a flat rate of £9.50 per trade whilst those using the Signature product pay £14 and 0.3 per cent. commission per trade. The execution only side of JIM was strengthened in June 2003 following the acquisition of the business and certain assets of CFA Securities Limited, an execution only stockbroker based in Manchester. JIM acquired approximately 15,000 new clients through this acquisition.
- *Packaged Products* – JIM has marketed and administered self-select PEPs from their launch in 1987, ISAs from their launch in 1999, and SIPPs from April 2004. JIM generates revenues by charging annual administration fees which vary depending on the product selected by the client, but are typically between £50 and £100 per annum. Additional fees are charged for share dealing and other services such as withdrawal of funds. JIM currently manages over 5,000 PEP, ISA and SIPP accounts on behalf of its clients.
- *Provision of tailored financial administration services* – JIM provides outsourced and partnered financial administration services to a number of third party organisations including advisers, stockbrokers, bankers and fund managers. JIM can tailor administration services to the requirements of individual corporate clients and provides a flexible and cost effective financial administration outsourcing service. JIM has been selected by a number of clients, including Goldman Sachs, as sole provider of employee self select PEP and ISA products; and was recently appointed by the stockbrokers Hoodless Brennan and Partners, to administer its online PEP and ISA services, and by Advance UK Trust Plc and Advance Developing Markets Trust plc, to establish and administer their Investor Regular Savings Schemes and PEP and ISA plans for investors in the trusts.

Interest Income

JIM also generates a significant proportion of its income each year through interest on client money. Client monies as at 30 September 2004 amounted to £23.85 million.

Computer Systems

In February 2003 JIM introduced new computer systems which enabled it to effect settlement for its clients rather than using a third party thereby significantly reducing costs. The new systems also resulted in JIM being able to launch new products to existing and new clients. The new system can cater for a significant increase in both the number of clients and trades matched, resulting in JIM having the infrastructure to increase its turnover with only a small incremental increase to its cost base.

MARKET, STRATEGY AND COMPETITION

Current Market

JIM's market for its execution only stockbroking services and marketing and administration of packaged products encompasses the UK private client investment community. JIM currently markets by way of advertising in investment publications, such as Investors Chronicle and Shares and via Teletext.

JIM's market for its financial and administration services encompasses third party organisations, including advisers, stockbrokers, bankers and fund managers, who outsource their back-office and settlement operations. JIM accesses this market through selective marketing to organisations who either currently outsource such services or who the Company perceive may be looking to do so.

Strategy

The Directors have set the objective of increasing the numbers of clients registered with JIM both directly and indirectly through third parties, through the following means:

- *Organic growth* – the Directors believe that significantly higher levels of demand can be processed through its current systems with only incremental increases in its cost base. It is the Company's intention to market its private client and corporate service offerings more aggressively in order to take advantage of this; and
- *Acquisition* – the Directors believe that JIM operates within a fragmented market place where opportunities exist to acquire the businesses of its competitors (which it is expected would comprise principally customer accounts).

Competition

Private Client Services

There are a number of different companies that offer private client execution only dealing and packaged product services at price points slightly higher than that of JIM. The Directors believe that by offering a high quality service to its client base it is able to both retain clients and achieve growth in client numbers.

Management Services

Whilst JIM is not the market leader in the provision of management services, the Directors believe that JIM has been able to establish its position in the market by offering a professional and flexible price driven service that is tailored to its corporate clients' individual requirements.

REGULATORY ENVIRONMENT

The Group carries on its business in a heavily regulated market. In order to carry on this business JIM must be authorised to carry on its various activities by the FSA and must be a member of the London Stock Exchange and an Inland Revenue approved PEP and ISA manager.

JIM is authorised and regulated by the FSA and has permission to carry on regulated activities including arranging deals and investments, arranging the safeguarding and administration of assets, dealing in investments as agent, making arrangements with a view to transactions in investments, and the safeguarding and administration of assets (without arranging). JIM is a member of the London Stock Exchange, has the necessary approvals from the Inland Revenue to be a PEP and ISA manager and is also a broker dealer member of OFEX.

The authorisations, memberships and approvals described above are fundamental to the business of JIM.

FINANCIAL INFORMATION

Financial Record

The following table has been extracted, without adjustment, from the Accountants' Report on the Group set out in Part III of this document. Investors should read the whole of this document and not just rely on summarised information:

	<i>Year ended 31 December 2001 £'000</i>	<i>Year ended 31 December 2002 £'000</i>	<i>Year ended 31 December 2003 £'000</i>	<i>9 months to 30 September 2004 £'000</i>
Turnover	1,290	1,196	2,182	1,879
Operating profit before exceptional items	456	408	515	551
Exceptional items	–	–	(161)	(91)
Profit on ordinary activities before taxation	456	408	354	460

Turnover has increased from £1.29 million for the year ended 31 December 2001, to £2.18 million for the year ended 31 December 2003, during which period JIM commenced its own settlement activities and

acquired the CFA business. Exceptional costs arising from the introduction of the new computer systems enabling the Company to effect its own settlement, and integration of the CFA business, resulted in an exceptional cost of £161,000, reducing the profit before tax for the year ended 31 December 2003 to £354,000.

The results for the 9 months ended 30 September 2004 show a profit before tax of £460,000 on a turnover of £1.88 million, reflecting the continued benefit from the investment in the computer systems, an upturn in UK stockmarket activity and rising interest rates.

Trading in the final quarter of the current financial year has been in line with Directors expectations.

DIRECTORS AND SENIOR EMPLOYEES

Directors

Andrew James Grant, aged 45, Chairman and Chief Executive

During his early career as a tax adviser, Andrew worked for the accountancy firms Touche Ross, as a tax manager, and Pannell Kerr Forster as a manager in their tax and financial planning department where he advised high net worth individuals on tax planning and the use of tax efficient investments. In 1992, Andrew left Pannell Kerr Forster to concentrate on the expansion of JIM, which he had been running contemporaneously since 1984. Andrew is responsible for the Company's strategy and for the day to day management of the business.

Mathew James Edmett, aged 29, Finance Director

After leaving the London School of Economics in 1994, Mathew worked for a number of accountancy practices progressing from trainee to audit manager specialising on charities' accounts. In 1998 Mathew moved from practice to commerce as the financial accountant for the Charities Aid Foundation banking division, before joining JIM in 1999. Mathew has overall responsibility for the Group's financial and compliance function.

John Sebastian Mackay, aged 49, Non-Executive Director

John worked as an underwriter at Lloyds of London, and after obtaining his MBA in finance, moved into the investment banking industry; holding senior positions with Merrill Lynch, HSBC, and most recently as chief executive officer of Seymour Pierce Group plc until October 2001. John is currently non executive director of Planestation Group Plc, quoted on the Official List, and is also a director of a number of private companies.

Lionel George Grant, aged 71, Non-Executive Director

Lionel Grant, a chartered secretary since 1964, has been a director of JIM from its inception in 1984. From 1960 until 1986 he worked in various finance and management positions for the Commonwealth Development Finance Company Limited ("CDFC"), a private enterprise company controlled by the Bank of England, becoming company secretary in 1978 and deputy managing director in 1982. On leaving CDFC in 1986, Lionel was instrumental in the expansion of JIM, and moved to a non-executive position with the Company in 2001.

Senior Employees

Colin Steadman, aged 46, Head of Operations

Colin worked for the investment banking arm of Dresdner Kleinwort Wasserstein for a period of 25 years, until May 2001. During this period Colin was promoted from clients ledgers clerk to head of operations control in London. After 25 years service Colin took a two year career break before joining Jarvis as operations manager in June 2003. Colin is responsible for stock and cash settlement, corporate actions, dividends, static data, reconciliations and banking.

Kerry Belcher, aged 29, Head of Dealing

Kerry studied at Thurrock Management College before joining NatWest, working in the PEP and ISA Office. Kerry was promoted to senior dealing officer in 1996. Kerry joined Jarvis in 2003 as head of dealing. Kerry is the money laundering reporting officer for the Company and is an Associate of the Securities Institute.

The Group employs 21 people, all based at the Company's premises in Tunbridge Wells, Kent.

ENTERPRISE INVESTMENT SCHEME

The Directors have been advised that the Ordinary Shares do not rank as a "qualifying investment" for the purposes of the Enterprise Investment Scheme ("EIS") or as a "qualifying holding" for the purposes of investment by Venture Capital Trusts ("VCTs"), principally because the Company is a subsidiary of Sion.

THE PLACING AND THE OFFER

The Company is seeking to raise a maximum of £1,200,000 and a minimum of £700,000 (before expenses) pursuant to the Placing and the Offer. Of this, £400,000 (subject to adjustment and before expenses) has been raised conditional on Admission by way a placing of new Ordinary Shares at the Issue Price. The Company is seeking to raise the remaining £800,000 by way of an offer for subscription of up to 969,697 new Ordinary Shares at the Issue Price.

Sion has, conditional on Admission, sold 363,636 existing Ordinary Shares (subject to adjustment) at the Issue Price and following completion of the Placing and the Offer will, assuming full subscription under the Offer, own 7,586,364 Ordinary Shares (being 66.1 per cent. of the Enlarged Share Capital). The Company will not receive any proceeds from the placing of the Sale Shares. Commissions payable on the placing of the Sale Shares will be paid by Sion.

In the event that the aggregate proceeds receivable by the Company pursuant to the Offer are less than £300,000, the aggregate number of Sale Shares sold will be reduced by the amount of the Adjustment Number of Shares and the aggregate number of Placing Shares will be increased by the amount of the Adjustment Number of Shares. In this way the amount receivable by the Company pursuant to the Placing and Offer will not be less than £700,000.

The New Shares will rank *pari passu* with the existing Ordinary Shares including the rights to all dividends and other distributions declared, paid or made after the date of their issue. Neither the Placing nor the Offer has been underwritten. The New Shares will be issued fully paid and, following allotment, will rank equally in all respects with the Existing Ordinary Shares including in respect of any dividends and distributions paid or made in respect of the Ordinary Shares. Further details of the Placing Agreement are set out in paragraph 10.3 of Part IV of this Document.

The subscription lists for the Offer will open at 10.00am on 14 December 2004 and will close at any time thereafter, but not later than 3.00pm on 21 December 2004 although the Directors reserve the right to extend this date on the basis set out in Part V, which should be read in conjunction with this summary. Applications under the Offer should be made by completing the Application Form at the end of this document.

If there is excess demand for Offer Shares under the Offer, applications will be scaled back. The basis of any scaling back will be at the sole discretion of the Company. In the event of any scaling back, the basis of allocation under the Offer is expected to be announced on 22 December 2004. The Company reserves the right, in its absolute discretion, to decline, in whole or in part, to accept an application for Offer Shares under the Offer. Accordingly, applicants for Shares under the Offer may not be allotted the number of Offer Shares for which they have applied.

The proceeds of the Placing and the Offer will be used to pay for the expenses of Admission and provide ongoing working capital for the Group.

ADMISSION AND REASONS FOR ADMISSION

Application will be made to the London Stock Exchange for all of the Existing Ordinary Shares and the New Shares to be admitted to trading on AIM. Admission is expected to become effective and trading in the Existing Ordinary Shares and the New Shares to commence on 23 December 2004.

The Directors believe that Admission will assist the Group in its development as:

- it will facilitate raising funding to finance the Group's expansion either organically or by acquisition; in particular, shares admitted to AIM are likely to be more attractive to vendors of businesses than shares traded through OFEX and can therefore be used to more easily effect acquisitions;
- it should raise the Group's profile, which is important given its corporate client base;
- it should improve liquidity in the Ordinary Shares; and
- it will assist the Company in retaining good quality staff by enabling it to offer its staff equity incentives under the Share Option Scheme that are more easily tradeable.

USE OF FUNDS

The proceeds of the Placing and the Offer receivable by the Company are expected to be £1.2 million (assuming full subscription under the Offer), which will be used to pay the expenses of Admission and to provide ongoing working capital for the Group.

LOCK-INS AND ORDERLY MARKET ARRANGEMENTS

Upon Admission, the Directors and persons connected with them will together own 18,000 Ordinary Shares, representing approximately 0.2 per cent. of the Enlarged Share Capital (assuming full subscription under the Offer). The Directors and persons connected with them have undertaken to the Company and Corporate Synergy that, save in limited circumstances, they will not dispose of any interest in Ordinary Shares held by them for a period of twelve months from Admission other than with the prior written consent of Corporate Synergy, and for the following 12 months only having consulted with Corporate Synergy, or the broker of the Company, so as to ensure the maintenance of an orderly market in the Ordinary Shares.

Upon Admission, Sion will own 7,586,364 Ordinary Shares, representing approximately 66.1 per cent. of the Enlarged Share Capital (assuming full subscription under the Offer). Sion has undertaken to the Company and Corporate Synergy that, save in limited circumstances, it will not dispose of any interest in Ordinary Shares held by it for a period of twelve months from Admission other than with the prior written consent of Corporate Synergy, and for the following 12 months, only having consulted with Corporate Synergy, or the broker of the Company, so as to ensure the maintenance of an orderly market in the Ordinary Shares.

Further details of these agreements are set out in paragraphs 10.4 and 10.5 of Part IV of this document.

CITY CODE ON TAKEOVERS AND MERGERS AND RELATIONSHIP WITH SION

Sion is an investment company, which is owned and controlled by Andrew Grant, Lionel Grant and certain of their immediate relatives.

Sion has entered into a shareholders agreement, pursuant to which it has agreed that any transactions between Sion and any member of the Group will be at arm's length and on a normal commercial basis.

Further details of the Shareholders Agreement are set out in paragraph 10.1 of Part IV of this document.

Immediately prior to the Placing and Offer, Sion will be interested in 7,950,000 Ordinary Shares, representing 79.2 per cent. of the then issued ordinary share capital of the Company, and immediately following the Placing and Offer (assuming the Offer is fully subscribed), will be interested in 7,586,364 Ordinary Shares, representing 66.1 per cent. of the then issued ordinary share capital of the Company.

Under Rule 9 of the City Code on Takeovers and Mergers ("City Code") where any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or

acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company, that person is normally required by the Panel on Takeovers and Mergers (the “Panel”) to make a general offer to the shareholders of that company to acquire the balance of the equity share capital at the highest price paid by him or any person acting in concert with him in the previous twelve months.

Rule 9 of the City Code also provides, *inter alia*, that where any person together with any persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights and such person, or any person acting in concert with him, acquires additional shares which increase his percentage of the voting rights, that person is normally required by the Panel to make a general offer to the shareholders of that company to acquire the balance of the equity share capital at the highest price paid by him or any person acting in concert with him in the previous twelve months.

Under the City Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. Control means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holdings or holdings give de facto control. **As Sion will be interested in over 50 per cent. of the voting rights of the Company at Admission, it will be able to acquire further shares in the Company without incurring any obligation to make a mandatory bid under the City Code. However, if for any reason its interest falls below 50 per cent. in the future, then it will be subject to the restrictions outlined above. The other members of the concert party, whose details are set out below, will be subject to the Rule 9 restrictions in the normal way.**

Andrew Grant, Lionel Grant and Mathew Edmett are directors of the Company and directors of Sion. Various members of the immediate Grant family hold shares in both Sion and Jarvis. Andrew Grant, Lionel Grant, Mathew Edmett, various members of the immediate Grant family and Sion will therefore be considered as a concert party (the “Concert Party”) for the purposes of the City Code. Further details of the Concert Party are set out in paragraph 4.3 of Part IV of this document.

Immediately prior to the Placing and Offer, the Concert Party will hold 7,977,500 Ordinary Shares representing 79.5 per cent. of the issued share capital of the Company, and immediately following the Placing and Offer (assuming the Offer is fully subscribed) the Concert Party’s holding will reduce to 66.3 per cent. of the Enlarged Share Capital. **As the Concert Party will be interested in over 50 per cent. of the voting rights of the Company at Admission, it will be able to acquire further shares in the Company without incurring any obligation to make a mandatory bid under the City Code. However, if for any reason its interest falls below 50 per cent. in the future, then it will be subject to the restrictions outlined above.**

DIVIDEND POLICY

The Company intends to adopt a dividend policy whereby it will pay dividends at a rate of 66 per cent. of its profits after tax to shareholders, subject always to compliance with applicable laws and to the ongoing requirements of the business. A dividend of 1.75 pence per share was paid in June 2004 and a dividend of 2.25 pence was paid on 1 December 2004.

The Board will continue to review the dividend policy as the Group develops.

CORPORATE GOVERNANCE

The Directors intend to comply with the Combined Code on the Principles of Good Governance and the Code of Best Practice so far as is reasonably practicable for a company of its size.

An audit committee, comprising Lionel Grant and John Mackay, and to be chaired by John Mackay, has been established to operate with effect from Admission. The audit committee will determine the application of the financial reporting and internal control principles, including reviewing the effectiveness of the Company’s financial reporting, internal control and risk management procedures and the scope, quality and results of the external audit.

A remuneration committee, comprising Lionel Grant and John Mackay, and to be chaired by John Mackay, has also been established from Admission. It will review the performance of the executive directors and will set their remuneration, determine the payment of bonuses to executive directors and consider bonus and option schemes. Each of the executive directors will take no part in discussions concerning their remuneration.

SHARE OPTIONS

The Directors consider that an important part of the Company's remuneration policy should include equity incentives through the grant of share options to employees. Consequently on 12 August 2004, the Company established the Share Option Scheme, and on 13 December 2004 granted 600,000 share options to directors and employees, which are conditional on Admission.

Pursuant to the Share Option Scheme, options have or may be granted to directors and employees of the Company at not less than the market value of the Ordinary Shares at the time of the grant over an aggregate maximum of 12 per cent. of the Company's issued share capital from time to time. Further details of the Share Option Scheme are set out in paragraph 6 of Part IV of this document.

RISK FACTORS

In addition to the other relevant information set out in this document, the Directors believe that prospective investors should carefully consider the following industry specific and general risks 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 and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

Potential competition

The Company operates in a competitive market with a number of larger, well-funded potential competitors who could potentially tailor their products and costs so as to compete directly with the Group.

In addition, save for the necessary investment in information technology systems, there are no significant barriers to an existing stockbroker entering this market. Increased competition could adversely affect the price at which JIM is able to offer its services, which could have an adverse effect on the financial condition and results of the Group.

Regulatory & fiscal environment

The regulatory regime applicable to companies such as JIM is under regular review and future changes made by a regulatory body could impose a greater burden upon JIM in terms of additional costs. The fiscal regime is also under regular review and future changes made to the fiscal regime may affect the products and services JIM is able to offer its clients.

Stockmarket activity

A significant proportion of JIM's turnover is generated from dealing commissions. A fall in share dealing activity within the UK stock market could have a significant impact on the performance of the Group.

Interest rates

The Company currently gains approximately 45 per cent. of its revenue from receipt of interest on client money. A fall in interest rates could therefore have an impact on the Company's revenues.

Dependence on key employees

The ability of the Group to offer its services is dependent upon the retention of trained and qualified staff. A current barrier to entry for potential competitors is the difficulty in recruiting necessary personnel and thus the loss of a relatively small proportion of the Group's employees could

detrimentally affect its ability to enter into new contracts. Any future growth of the Company may be dependent in part upon the Group's ability to identify and attract new staff with the requisite experience.

Investment risk

Potential investors should be aware that the value of shares can go down as well as up and that an investment in a share which is to be traded on AIM may be less realisable and may carry a higher degree of risk than an investment in a share quoted on the Official List. The price which investors may realise for their holding of Ordinary Shares, and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which are extraneous.

Possible Volatility of the Price of the Ordinary Shares

The price at which the Ordinary Shares will be traded and the price at which investors may realise their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its proposed operations and some which may affect the business sectors in which the Group operates. For example, significant changes in policy, legislation and regulation in respect of the UK stock market in which the Group operates could materially affect the Group's performance. Factors could also include the performance of the Group's operations, large purchases or sales of the Ordinary Shares, liquidity or the absence of liquidity in the Ordinary Shares; general economic, political or judicial conditions or administrative factors, as well as the relative performance of the Group's competitors.

Following Admission, the market price of the Ordinary Shares could be subject to significant fluctuations due to various factors and events. In addition to these external factors set out above, variations in the Group's operating results, developments in the Group's business or its competitors or changes in market sentiment towards the Ordinary Shares could all affect the market price. The Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market prices for securities and which may be unrelated to the Group's operating performance. Any of these events could result in a decline in the market price of the Ordinary Shares.

Requirement for Further Funds

It may be necessary for the Company to raise further funds in the future, which may be by way of the issue of further Ordinary Shares on a non pre-emptive basis which may result in a dilution of an investor's shareholding. There can be no guarantee that such a further fund raising would be successful.

Although the Directors will seek to minimise the impact of the risk factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investment in the Group may not be suitable for all recipients of this document and investors are strongly recommended to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of this nature before making any decision to invest.

General

The risks noted above do not necessarily comprise all those potentially faced by the Group and are not intended to be presented in any assumed order of priority.

ADDITIONAL INFORMATION

Your attention is drawn to the information contained in Parts III and IV of this document.

PART III

ACCOUNTANTS' REPORT ON THE GROUP



Horwath Clark Whitehill LLP
Chartered Accountants
10 Palace Avenue, Maidstone
Kent ME15 6NF

The Directors
Jarvis Securities Plc
Oxford House
15 – 17 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EN

and

The Directors
Corporate Synergy Plc
12 Nicholas Lane
London
EC4N 7BN

13 December 2004

Dear Sirs

Jarvis Securities Plc (“Jarvis” or the “Company”) together with its subsidiaries (the “Jarvis Group”)

1 INTRODUCTION

We report on the financial information set out in paragraphs 2 to 6 below. This financial information has been prepared for inclusion in the Prospectus of Jarvis Securities Plc dated 13 December 2004 issued in connection with the placing of up to 484,848 new Ordinary Shares and up to 363,636 existing Ordinary Shares of the Company, the offer for subscription of up to 969,697 Ordinary Shares of the Company and the application by Jarvis for its Enlarged Share Capital to be admitted to trading on the AIM market of the London Stock Exchange plc.

Jarvis was incorporated on 20 April 2004 as Viewrange Plc with company number 05107012 and an authorised share capital of £100,300 comprising 10,030,000 Ordinary Shares of 1 penny each, two of which were issued and fully paid on incorporation.

On 5 May 2004 the Company changed its name to Jarvis Securities Plc.

On 6 May 2004 the authorised share capital of Jarvis was increased to £160,000 by the creation of 5,970,000 Ordinary Shares of 1 penny each.

On 19 July 2004 10,029,998 Ordinary Shares of 1 penny each were issued in exchange for all of the issued share capital of Jarvis Investment Management Plc.

The Company, conditional on Admission, has granted share options to subscribe for a total of 600,000 Ordinary Shares to certain of the executive Directors and employees exercisable at the Placing Price.

Basis of Preparation

The financial information set out in paragraphs 2 to 6 of this report is based on the audited non-statutory consolidated financial statements of the Jarvis Group for the nine months ended 30 September 2004 and the audited statutory consolidated financial statements of the Company's subsidiaries (the "Subsidiaries") for the three years ended 31 December 2003 (the "Review Period"). The Company was incorporated on 20 April 2004 and on 19 July 2004 it entered into a share for share exchange agreement to acquire the whole of the share capital of Jarvis Investment Management plc. The audited non-statutory consolidated financial statements for the Group for the nine months ended 30 September 2004 have been prepared on the basis of merger accounting in accordance with Financial Reporting Standard No. 6. The comparative figures for the three years ended 31 December 2003 are presented as consolidated financial statements in this report as if the Group had existed in its present form throughout the whole of the three year period.

Responsibility

The financial statements, which form the basis of the financial information in this report, are the responsibility of the directors of Jarvis who approved their issue. Horwath Clark Whitehill, Chartered Accountants and Registered Auditors, have audited the financial statements of the Subsidiaries for the three years ended 31 December 2003 and their audit reports were unqualified. Horwath Clark Whitehill LLP, Chartered Accountants and Registered Auditors audited the non statutory financial statements of the Jarvis Group for the nine months ended 30 September 2004; their audit report was unqualified.

The directors of Jarvis Securities Plc are responsible for the contents of the Prospectus 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 previously obtained by Horwath Clark Whitehill and Horwath Clark Whitehill LLP relating to the audit of the financial statements underlying the financial information. Our work also included an assessment of the 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 dated 13 December 2004, a true and fair view of the state of affairs of the Jarvis Group at the dates stated and of its results, cash flows and recognised gains and losses for the periods then ended.

Consent

We consent to the inclusion in the Prospectus dated 13 December 2004 of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to The Public Offers of Securities Regulations 1995.

2 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information of the Jarvis Group.

Basis of preparation of financial information

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Basis of accounting

The financial information has been drawn up using the historical cost convention and includes the results of the Group's operations all of which are continuing.

Basis of consolidation

The Company was incorporated on 20 April 2004 and on 19 July 2004 it entered into a share for share exchange agreement to acquire the whole of the share capital of Jarvis Investment Management plc. The audited non-statutory consolidated financial statements for the Group for the nine months ended 30 September 2004 have been prepared on the basis of merger accounting in accordance with Financial Reporting Standard No. 6. The comparative figures for the three years ended 31 December 2003 are presented as consolidated financial statements in this report as if the Group had existed in its present form throughout the whole of the three year period. The financial statements of all companies in the Jarvis Group are drawn up to the same period end date. Intra Group transactions are eliminated on consolidation and all figures relate to external transactions only.

Income

Income represents net sales of services, commissions and interest excluding value added tax. Income is recognised as it is accrued for fees and interest and on receipt for commission.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Website	33 per cent. straight line
Leasehold improvements	33 per cent. straight line
Motor Vehicles	20 per cent. straight line
Office equipment	20 per cent. straight line
Software developments	33 per cent. straight line

Intangible fixed assets

Goodwill represents the excess of the fair value of the consideration given over the aggregate fair values of the separable net assets. Goodwill is amortised over 20 years on a straight line basis, subject to annual impairment reviews.

Operating leases and finance leases

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the operating profit. Where the Jarvis Group has entered into finance leases, the obligations to the lessor are shown as part of borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to legal title.

Segmental reporting

There are no significant segments for reporting purposes as required by Statement of Standard Accounting Practice 25.

Stockbroking balances

The gross assets and liabilities of the firm relating to stockbroking transactions on behalf of clients are included in debtors, creditors and cash at bank.

Investments

Fixed and current asset investments are stated at their current market valuations.

Pensions

The Group operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

3 PROFIT AND LOSS ACCOUNTS

		<i>Year ended</i> <i>31 December</i>	<i>Year ended</i> <i>31 December</i>	<i>Year ended</i> <i>31 December</i>	<i>Nine months</i> <i>ended</i> <i>30 September</i>
	<i>Notes</i>	<i>2001</i> <i>£'000</i>	<i>2002</i> <i>£'000</i>	<i>2003</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>
Turnover	6.1	1,290	1,196	2,182	1,879
Administrative expenses		(723)	(720)	(1,295)	(1,085)
Interest payable and similar charges		(111)	(68)	(372)	(243)
Operating profit	6.2	456	408	515	551
Exceptional Items	6.5	–	–	(161)	(91)
Profit on ordinary activities before taxation		456	408	354	460
Taxation on profit on ordinary activities	6.6	(156)	(104)	(72)	(170)
Profit on ordinary activities after taxation		300	304	282	290
Minority Interests – Equity		1	–	–	–
Profit for the financial period		301	304	282	290
Dividend	6.15	(450)	(150)	(386)	(176)
Retained profit/(loss) for the financial period	6.16	(149)	154	(104)	114

All amounts relate to continuing operations.

There are no recognised gains and losses other than those reported in the profit and loss account.

There is no material difference between the results as disclosed in the profit and loss account and the results on an historical cost basis.

4 BALANCE SHEETS

		<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>30 September</i>
		<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fixed assets					
Intangible fixed assets	6.7	–	–	310	341
Tangible assets	6.8	97	138	157	133
Investments	6.9	–	1	–	–
		<u>97</u>	<u>139</u>	<u>467</u>	<u>474</u>
Current assets					
Investments		–	–	47	33
Debtors	6.10	1,219	1,464	3,565	3,413
Cash	6.11	441	495	4,095	4,181
		<u>1,660</u>	<u>1,959</u>	<u>7,707</u>	<u>7,627</u>
Creditors: amounts falling due within one year	6.12	<u>(1,388)</u>	<u>(1,552)</u>	<u>(7,733)</u>	<u>(7,552)</u>
Net current assets/(liabilities)		<u>272</u>	<u>407</u>	<u>(26)</u>	<u>75</u>
Total assets less current liabilities					
		369	546	441	549
Provisions for liabilities and charges	6.13	<u>–</u>	<u>(22)</u>	<u>(11)</u>	<u>(5)</u>
Net assets		<u>369</u>	<u>524</u>	<u>430</u>	<u>544</u>
Capital and reserves					
Called up share capital	6.14	100	100	100	100
Other reserves	6.16	–	–	10	10
Profit and loss account	6.16	<u>270</u>	<u>424</u>	<u>320</u>	<u>434</u>
Shareholders' funds	6.17	370	524	430	544
Minority Interests		<u>(1)</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>369</u>	<u>524</u>	<u>430</u>	<u>544</u>

5 CASH FLOW STATEMENTS

		<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>Nine months</i> <i>ended</i> <i>30 September</i> <i>2004</i> <i>£'000</i>
	<i>Notes</i>				
Reconciliation of operating profit to net cash inflow from operating activities					
Operating profit		456	408	515	551
Exceptional items		–	–	(161)	(91)
Amortisation of intangible assets		–	–	8	14
Depreciation of tangible fixed assets		19	32	47	42
Loss on disposal of tangible fixed assets		8	–	1	–
(Increase)/decrease in debtors		767	710	200	(264)
(Decrease)/increase in creditors		(1,230)	(794)	64	46
Net cash inflow from operating activities		<u>20</u>	<u>356</u>	<u>674</u>	<u>298</u>
Cash Flow Statement					
Net cash inflow from operating activities		20	356	674	298
Taxation		(11)	(217)	(122)	(92)
Capital expenditure	6.18	(71)	(49)	(114)	(4)
Acquisitions and disposals	6.18	–	–	(318)	(45)
Equity dividends paid		(450)	(150)	(386)	(176)
Cash outflow before financing		<u>(512)</u>	<u>(60)</u>	<u>(266)</u>	<u>(19)</u>
Financing	6.18	90	(2)	(6)	–
Decrease in cash in the period		<u>(422)</u>	<u>(62)</u>	<u>(272)</u>	<u>(19)</u>
Reconciliation of net cash flow to movement in net funds					
Decrease in cash in the period		(422)	(62)	(272)	(19)
Cash inflow from increase in debt and lease financing		–	(2)	(16)	–
New finance leases		–	18	–	–
Change in net debt		<u>(422)</u>	<u>(46)</u>	<u>(288)</u>	<u>(19)</u>
Net funds at beginning of period		863	441	395	107
Net funds at end of period	6.19	<u>441</u>	<u>395</u>	<u>107</u>	<u>88</u>

6 NOTES TO THE FINANCIAL STATEMENTS

6.1 Segmental analysis

The directors identify a single business segment, that of stockbroking and investment administration services

All turnover arose within the United Kingdom, the directors regard the Jarvis Group as operating in a single geographical sector.

6.2 Operating profit

Operating profit is stated after charging/(crediting):

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>Nine months</i> <i>ended</i> <i>30 September</i> <i>2004</i> <i>£'000</i>
Amortisation of intangible assets	–	–	8	14
Depreciation				
– Owned assets	19	30	41	42
– Finance leases	–	2	6	–
Loss on disposal of tangible fixed assets	(8)	–	(1)	–
Auditors – audit fees	9	14	9	3
Auditors – non audit fees	–	1	2	6
Operating lease rentals				
– Hire of office equipment	–	1	1	2
– Other	–	–	15	19
	<hr/>	<hr/>	<hr/>	<hr/>
Interest payable and similar charges				
On bank loans and overdrafts	–	1	9	4
On client deposits	111	67	363	239
	<hr/>	<hr/>	<hr/>	<hr/>
	111	68	372	243
	<hr/>	<hr/>	<hr/>	<hr/>

6.3 Directors' emoluments

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>Nine months</i> <i>ended</i> <i>30 September</i> <i>2004</i> <i>£'000</i>
Aggregate emoluments	117	131	201	138
Company pension contributions to money purchase schemes	4	7	7	6
	<hr/>	<hr/>	<hr/>	<hr/>
	121	138	208	144
	<hr/>	<hr/>	<hr/>	<hr/>

The numbers of directors who were accruing retirement benefits in respect of pension schemes were:

	<i>2001</i> <i>Number</i>	<i>2002</i> <i>Number</i>	<i>2003</i> <i>Number</i>	<i>2004</i> <i>Number</i>
Money purchase schemes	1	1	1	1

Included in the above are emoluments, excluding pension contributions paid to:

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>Nine months</i> <i>ended</i> <i>30 September</i> <i>2004</i> <i>£'000</i>
Aggregate emoluments	60	67	95	65
Pension contribution	4	7	7	6
Highest paid director	64	74	102	71

6.4 Staff Costs

Staff costs, including directors' remuneration, were as follows

The aggregate payroll costs were:

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>Nine months</i> <i>ended</i> <i>30 September</i> <i>2004</i> <i>£'000</i>
Wages and salaries	286	296	438	387
Social security costs	26	29	48	41
Other pension costs	4	8	8	6
	316	333	494	434

The weekly average number of staff during the period was:

Management and administration	14	12	17	21
-------------------------------	----	----	----	----

6.5 Exceptional items

During the year ended 31 December 2003 the Jarvis Group started to manage its own settlement function rather than using the services of a third party. This required a significant change in the IT systems, together with increased staffing levels, skills and training requirements. This move allowed a new product range, ShareDeal Active, to be developed and launched. The costs associated with this are, along with the cost of integration of CFA, shown as an exceptional cost of business reorganisation in the profit and loss account.

During the period ended 30 September 2004 the Jarvis Group was involved in a group reconstruction, the costs associated with that of £37,919 are treated as a restructuring cost in accordance with Financial Reporting Standard No.3. Costs of £52,875 for other professional costs are also treated as an exceptional cost.

6.6 Taxation

	<i>Year ended 31 December 2001 £'000</i>	<i>Year ended 31 December 2002 £'000</i>	<i>Year ended 31 December 2003 £'000</i>	<i>Nine months ended 30 September 2004 £'000</i>
Current tax				
UK corporation tax on profits for the period	156	112	93	176
Adjustment in respect of prior periods	–	(30)	(32)	–
Total current tax	<u>156</u>	<u>82</u>	<u>61</u>	<u>176</u>
Deferred tax				
Origination and reversal of timing differences	–	22	11	(6)
Tax on profit on ordinary activities	<u>156</u>	<u>104</u>	<u>72</u>	<u>170</u>
The UK corporation tax is made up as follows:				
Profit on ordinary activities before tax	<u>456</u>	<u>408</u>	<u>354</u>	<u>460</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003, 2002 and 2001: 30%)	137	122	106	138
Net expenses not deductible for corporation tax purposes	23	3	–	31
Depreciation in excess of capital allowances for the period / (Capital allowances for the period in excess of depreciation)	–	(13)	(9)	6
Dividend income	(4)	–	–	–
Marginal relief	–	–	(5)	–
Ineligible depreciation	–	–	1	1
Adjustments to tax in respect of prior periods	–	(30)	(32)	–
Total current tax	<u>156</u>	<u>82</u>	<u>61</u>	<u>176</u>

There were no factors that may affect future charges.

6.7 Intangible fixed assets

	<i>Goodwill</i> £'000	<i>Brands, other and Databases</i> £'000	<i>Total</i> £'000
Cost:			
At 1 January and 31 December 2001	–	–	–
Additions	–	–	–
	<hr/>	<hr/>	<hr/>
At 31 December 2002	–	–	–
Additions on acquisition	293	25	318
	<hr/>	<hr/>	<hr/>
At 31 December 2003	293	25	318
Adjustment arising from revised fair values	45	–	45
	<hr/>	<hr/>	<hr/>
At 30 September 2004	<u>338</u>	<u>25</u>	<u>363</u>
Depreciation:			
At 1 January 2001	–	–	–
Charge for the period	–	–	–
	<hr/>	<hr/>	<hr/>
At 31 December 2001	–	–	–
Charge for the period	–	–	–
	<hr/>	<hr/>	<hr/>
At 31 December 2002	–	–	–
Charge for the period	8	–	8
	<hr/>	<hr/>	<hr/>
At 31 December 2003	8	–	8
Charge for the period	12	2	14
	<hr/>	<hr/>	<hr/>
At 30 September 2004	<u>20</u>	<u>2</u>	<u>22</u>
Net book value:			
31 December 2001	<hr/>	<hr/>	<hr/>
31 December 2002	–	–	–
	<hr/>	<hr/>	<hr/>
31 December 2003	<u>285</u>	<u>25</u>	<u>310</u>
	<hr/>	<hr/>	<hr/>
30 September 2004	<u>318</u>	<u>23</u>	<u>341</u>

6.8 Tangible fixed assets

	<i>Software Development £'000</i>	<i>Website £'000</i>	<i>Leasehold improve- ments £'000</i>	<i>Motor Vehicle £'000</i>	<i>Office Equipment £'000</i>	<i>Total £'000</i>
Cost:						
At 1 January 2001	–	–	–	–	85	85
Additions	18	–	18	–	37	73
Disposals	–	–	–	–	(38)	(38)
At 31 December 2001	18	–	18	–	84	120
Additions	18	23	–	30	7	78
Disposals	(3)	–	–	–	(3)	(6)
At 31 December 2002	33	23	18	30	88	192
Additions	32	14	22	–	30	98
Disposals	–	–	(18)	(30)	(1)	(49)
At 31 December 2003	65	37	22	–	117	241
Additions	6	1	–	23	10	40
Disposals	–	–	–	(23)	–	(23)
At 30 September 2004	71	38	22	–	127	258
Depreciation:						
At 1 January 2001	–	–	–	–	32	32
Provision for the period	–	–	2	–	17	19
Disposals	–	–	–	–	(28)	(28)
At 31 December 2001	–	–	2	–	21	23
Provision for the period	–	7	6	2	17	32
Disposals	–	–	–	–	(1)	(1)
At 31 December 2002	–	7	8	2	37	54
Provision for the period	–	13	6	6	22	47
Disposals	–	–	(9)	(8)	–	(17)
At 31 December 2003	–	20	5	–	59	84
Provision for period	12	8	5	1	16	42
Disposals	–	–	–	(1)	–	(1)
At 30 September 2004	12	28	10	–	75	125
Net book value:						
31 December 2001	18	–	16	–	63	97
31 December 2002	33	16	10	28	51	138
31 December 2003	65	17	17	–	58	157
30 September 2004	59	10	12	–	52	133

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<i>31 December 2001 £'000</i>	<i>31 December 2002 £'000</i>	<i>31 December 2003 £'000</i>	<i>30 September 2004 £'000</i>
Motor vehicles	–	28	–	–

6.9 Fixed asset investments

	<i>31 December 2001 £'000</i>	<i>31 December 2002 £'000</i>	<i>31 December 2003 £'000</i>	<i>30 September 2004 £'000</i>
Cost of listed investments	–	–	–	–
Market value of listed investments	–	1	–	–

6.10 Debtors

	<i>31 December 2001 £'000</i>	<i>31 December 2002 £'000</i>	<i>31 December 2003 £'000</i>	<i>30 September 2004 £'000</i>
Trade debtors	547	1,319	3,304	2,828
Amount owed by parent undertaking	329	–	21	6
Other debtors	60	11	29	33
Prepayments and accrued income	283	134	211	546
	<u>1,219</u>	<u>1,464</u>	<u>3,565</u>	<u>3,413</u>

Trade debtors includes £2,846,250 (2003: £3,261,787, 2002: £959,973, 2001: £Nil) in respect of delivery versus payment transactions for the settlement of client bargains.

Other debtors include nil (2003: £520, 2002: £711, 2001: £2,948) in respect of a director's loan account to A J Grant, and £12 (2003, 2002 & 2001: nil) in respect of a director's loan account to M J Edmett. The maximum balance outstanding during the year from A J Grant was £520 (2003: £711, 2002: £2,948, 2001: £9,221) and from M J Edmett was £12 (2003, 2002 & 2001: nil). No interest has been charged or is accruing on either balance.

6.11 Cash at bank & in Hand

	<i>31 December 2001 £'000</i>	<i>31 December 2002 £'000</i>	<i>31 December 2003 £'000</i>	<i>30 September 2004 £'000</i>
Cash at bank	441	495	4,095	4,181

Cash at bank includes £4,093,320 (2003: £3,987,686, 2002: £115,871, 2001: £nil) received in the course of settlement bargains. This amount is held by the Company in trust on behalf of clients and is only available to complete the settlement of outstanding bargains.

6.12 Creditors: amounts falling due within one year

	<i>31 December</i> 2001 £'000	<i>31 December</i> 2002 £'000	<i>31 December</i> 2003 £'000	<i>30 September</i> 2004 £'000
Net obligations under finance leases and hire purchase contracts	–	16	–	–
Trade creditors	862	1,094	7,377	7,154
Corporation tax	267	132	93	176
Other taxes and social security costs	64	37	21	17
Other creditors	88	219	22	–
Accruals and deferred income	107	54	220	205
	<u>1,388</u>	<u>1,552</u>	<u>7,733</u>	<u>7,552</u>

Other creditors includes £nil (2003 & 2002: £nil, 2001 £546) due to pension providers.

Trade creditors include £6,939,569 (2003: £7,249,743, 2002:£1,075,844, 2001: £nil) in respect of delivery versus payment transactions for the settlement of client bargains.

6.13 Provisions for Liabilities and Charges

	<i>Deferred taxation</i> £'000
At 1 January 2001	–
Charge for the period	–
At 31 December 2001	–
Charge for the period	22
At 31 December 2002	22
Credit for the period	(11)
At 31 December 2003	11
Credit for the period	(6)
At 30 September 2004	<u>5</u>

The deferred tax provision comprises:

	<i>31 December</i> 2001 £'000	<i>31 December</i> 2002 £'000	<i>31 December</i> 2003 £'000	<i>30 September</i> 2004 £'000
Excess of capital allowances over depreciation charged	–	22	–	–
Short term timing differences	–	–	11	5
	<u>–</u>	<u>22</u>	<u>11</u>	<u>5</u>

A full provision for deferred taxation was made in all periods.

Deferred taxation is charged at 30 per cent. (2003: 30 per cent.; 2002: 30 per cent.; 2001 30 per cent.).

6.14 Share capital

	<i>31 December</i> 2001 £'000	<i>31 December</i> 2002 £'000	<i>31 December</i> 2003 £'000	<i>30 September</i> 2004 £'000
Authorised:				
16,000,000 Ordinary shares of 1 penny each	160	160	160	160
Allotted, called up and fully paid:				
10,030,000 Ordinary shares of 1 penny each	100	100	100	100

2 Ordinary Shares of 1 penny each were issued on incorporation of the Company.

A further 10,029,998 Ordinary Shares of 1 penny each were issued on 19 July 2004 in exchange for all of the issued share capital of Jarvis Investment Management Plc.

6.15 Dividend and Earnings Per Share

	<i>Year ended</i> <i>31 December</i> 2001 £'000	<i>Year ended</i> <i>31 December</i> 2002 £'000	<i>Year ended</i> <i>31 December</i> 2003 £'000	<i>Nine months</i> <i>ended</i> <i>30 September</i> 2004 £'000
Weighted average number of shares	10,030,000	10,030,000	10,030,000	10,030,000
Basic earnings per share	3.00 p	3.03 p	2.81 p	2.89 p
Dividend per share	4.49 p	1.50 p	3.85 p	1.75 p

6.16 Reserves

	<i>Other</i> <i>Reserves</i> £'000	<i>Profit &</i> <i>Loss Account</i> £'000
At 1 January 2001	–	419
Retained loss for the period	–	(149)
At 31 December 2001	–	270
Retained profit for the period	–	154
At 31 December 2002	–	424
Premium on pre merger share issue	10	–
Retained profit for the period	–	(104)
At 31 December 2003	10	320
Retained profit for the period	–	114
At 30 September 2004	10	434

6.17 Shareholders' Funds

	<i>31 December</i> <i>2001</i> <i>£'000</i>	<i>31 December</i> <i>2002</i> <i>£'000</i>	<i>31 December</i> <i>2003</i> <i>£'000</i>	<i>30 September</i> <i>2004</i> <i>£'000</i>
Profit for the financial period	301	304	282	290
Dividends	(450)	(150)	(386)	(176)
Proceeds of pre merger share issues	90	–	10	–
Recovery from minority interest	–	1	–	–
Opening shareholders' funds	<u>428</u>	<u>369</u>	<u>524</u>	<u>430</u>
Closing shareholders' funds	<u>369</u>	<u>524</u>	<u>430</u>	<u>544</u>

6.18 Gross Cash Flows

	<i>Year ended</i> <i>31 December</i> <i>2001</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>Nine months</i> <i>ended</i> <i>30 September</i> <i>2004</i> <i>£'000</i>
Capital expenditure				
Purchase of tangible fixed assets	(73)	(60)	(98)	(40)
Sale of tangible fixed assets	2	11	31	22
Purchase of listed investments	–	–	(47)	–
Sale of listed investments	–	–	–	14
	<u>(71)</u>	<u>(49)</u>	<u>(114)</u>	<u>(4)</u>
Acquisitions and disposals				
Purchase of business	–	–	(318)	(45)
Financing				
Receipts from pre merger share issues	<u>90</u>	–	<u>10</u>	–
Issue of shares	90	–	10	–
Capital element of finance lease rentals	–	(2)	(16)	–
Increase/ (Decrease) in debt	–	(2)	(16)	–
	<u>90</u>	<u>(2)</u>	<u>(6)</u>	–

6.19 Analysis of Changes in Net Funds

	31			31			31			30
	1 January	Cash	December	Cash	Non	December	Cash	December	Cash	September
	2001	Flows	2001	Flows	Cash	2002	Flows	2003	Flows	2004
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net cash:										
Cash at bank and in hand	863	(422)	441	54	–	495	3,600	4,095	86	4,181
Less DVP cash	–	–	–	(116)	–	(116)	(3,872)	(3,988)	(105)	(4,093)
	<u>863</u>	<u>(422)</u>	<u>441</u>	<u>(62)</u>	<u>–</u>	<u>379</u>	<u>(272)</u>	<u>107</u>	<u>(19)</u>	<u>88</u>
Debt:										
Finance leases	–	–	–	(2)	18	16	(16)	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2)</u>	<u>18</u>	<u>16</u>	<u>(16)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net debt	<u>863</u>	<u>(422)</u>	<u>441</u>	<u>(64)</u>	<u>18</u>	<u>395</u>	<u>(288)</u>	<u>107</u>	<u>(19)</u>	<u>88</u>

6.20 Commitments under Operating Leases

Annual commitments under non-cancellable operating leases at each period end are as follows:

	31 December 2001			31 December 2002		
	Land and Buildings	Other	Total	Land and Buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expiring within one year	–	–	–	–	–	–
Expiring in two to five years	–	–	–	–	–	–
Expiring after five years	–	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	31 December 2003			30 September 2004		
	Land and Buildings	Other	Total	Land and Buildings	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expiring within one year	–	–	–	–	–	–
Expiring in two to five years	–	–	–	–	–	–
Expiring after five years	20	–	20	20	–	20
	<u>20</u>	<u>–</u>	<u>20</u>	<u>20</u>	<u>–</u>	<u>20</u>

6.21 Ultimate parent undertaking

The Jarvis Group's ultimate parent undertaking is Sion Holdings Limited, a company registered in England and Wales.

6.22 Related party transactions

During the period ended 30 September 2004 the Jarvis Group paid £19,930 (2003: £26,383, 2002 & 2001 £nil) to Sion Holdings Limited in respect of rent and service charges for office accommodation. During the year ended 31 December 2003 £21,500 was paid to Sion Holdings Limited in respect of the office relocation. During the year ended 31 December 2001 Sion Holdings Limited charged the Jarvis Group £15,000 as a management charge.

During the year ended 31 December 2003, a motor vehicle was sold at its net book value of £22,500, which the directors considered to be open market value, to Hazelburn Limited, a company owned and controlled by Messrs. A J and L G Grant.

During the year ended 31 December 2001, L G Grant obtained a loan of £45,000 from the Jarvis Group for 21 days. The loan occurred as the result of a bank error and was fully repaid with no interest charged.

6.23 Post Balance Sheet Events

The Company has, conditional on Admission, granted share options to subscribe for a total of 600,000 Ordinary Shares to certain of the executive Directors and employees exercisable at the Placing Price.

6.24 Acquisitions

During the year ended 31 December 2003 the Jarvis Group acquired the retail stockbroking and execution only PEP and ISA management trade of CFA Securities Limited. The acquisition included the relevant client databases, brands and trademarks. The sale was completed on 19 June 2003. The trade has been fully integrated into the activities of the Jarvis Group to such an extent that the directors do not consider it practicable to separately identify the post acquisition results of the acquired trade.

The fair value of the assets and liabilities acquired can be summarised as follows:

	<i>£'000</i>
Net assets acquired:	
Certificated client contracts	10
Database and trade mark	5
Non-certificated client contracts	10
	<hr/> 25
Satisfied by:	
Cash	225
Acquisition costs	93
	<hr/> 318
Goodwill	<hr/> 293

The above fair values were an estimate as at 31 December 2003, subsequently further liabilities arising on acquisition amounting to £44,186 were identified and as a result the goodwill arising on acquisition was increased accordingly during the nine months ended 30 September 2004.

6.25 Derivatives and other financial instruments

Derivatives and financial instruments have not been used during the Review Period in creating or changing the risks the Jarvis Group faces. As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures.

Interest rate profile

The interest rate profile of Jarvis Group financial liabilities were as follows:

<i>Currency</i>	<i>No interest paid £'000</i>	<i>Fixed rate £'000</i>	<i>Floating rate £'000</i>	<i>Total £'000</i>
31 December 2001				
Sterling borrowings	–	–	–	–
31 December 2002				
Sterling borrowings	–	16	–	16
31 December 2003				
Sterling borrowings	–	–	–	–
30 September 2004				
Sterling borrowings	–	–	–	–

Maturity of financial liabilities

No financial liabilities of the Jarvis Group matured in more than twelve months.

Currency exposures

The Jarvis Group operations are handled almost entirely in sterling.

Yours faithfully

Horwath Clark Whitehill LLP

PART IV

ADDITIONAL INFORMATION

1 The Company and its Group

- 1.1 The Company was incorporated and registered in England and Wales as a public limited company on 20 April 2004 under the Companies Act 1985 with registered number 5107012 under the name Viewrange Plc. The Company's name was changed to Jarvis Securities Plc on 5 May 2004.
- 1.2 The registered office of the Company and the other companies in the Group is Oxford House, 15-17 Mount Ephraim Road, Tunbridge Wells, Kent, TN1 1EN.
- 1.3 The liability of the members of the Company is limited.
- 1.4 The Company, which is the parent company of the Group, has the following subsidiary undertakings:

<i>Name of Company</i>	<i>Type of shares held</i>	<i>Nature of business and shares held</i>
Jarvis Investment Management Plc	Ordinary	Other financial intermediation
Jarvis Personal Finance Limited	Ordinary and Preference	Other financial intermediation
JIM Nominees Limited	Ordinary and Preference	Nominee company
Dudley Road Nominees Limited	Ordinary and Preference	Nominee company
Galleon Nominees Limited	Ordinary and Preference	Nominee company
Viewrange Limited	Ordinary and Preference	Non-trading

All of the companies listed are incorporated in England and Wales and the Company has 100 per cent. of the voting rights in respect of each of them (either directly or through JIM).

2 SHARE CAPITAL AND AUTHORITY TO ALLOT SHARES

- 2.1 The table below sets out the authorised and issued ordinary share capital of the Company as at the date of this document:

<i>Authorised share capital</i>		<i>Issued and fully paid share capital</i>	
<i>Nominal Value £</i>	<i>No of Ordinary Shares</i>	<i>Nominal Value £</i>	<i>No of Ordinary Shares</i>
160,000	16,000,000	100,300	10,030,000

- 2.2 The Company was incorporated with a share capital of £100,300 divided into 10,030,000 Ordinary Shares of which two shares were in issue. One subscriber share was held by each of Andrew Grant and Hazelburn Limited.
- 2.3 On 19 July 2004 the Company allotted 10,029,998 Ordinary Shares pursuant to the Reorganisation Offer.
- 2.4 On 6 May 2004 the Company passed an ordinary resolution to increase the authorised share capital to £160,000 consisting of 16,000,000 Ordinary Shares.
- 2.5 The Directors are authorised, pursuant to section 80 of the Act, to allot Ordinary Shares pursuant to the Reorganisation, the Placing and otherwise up to an aggregate nominal amount of £158,742 until 6 May 2009. The Directors are also empowered, pursuant to section 95 of the Act, to allot Ordinary Shares pursuant to such authority as if section 89(1) of the Act did not apply (i) in connection with a rights issue or other pre-emptive offer, or (ii) pursuant to the Placing and otherwise up to an aggregate nominal amount of £16,630 until 6 May 2009 (representing approximately 14.5 per cent. of the Enlarged Share Capital). The Directors intend to renew this authority at each annual general meeting of the Company following Admission.
- 2.6 In order to effect the Reorganisation a recommended offer was made by the Company to acquire the entire issued share capital of JIM. The Reorganisation was not subject to the City Code. The

Reorganisation Offer document was sent to shareholders on 6 May 2004 and the terms of the Offer provided, *inter alia*, that the Reorganisation Offer was on the basis of one Ordinary Share for each ordinary share in JIM. The Reorganisation Offer was declared unconditional in all respects on 28 May 2004 and completion of the Reorganisation took place on 19 July 2004. The Reorganisation Offer document was approved by Corporate Synergy for the purposes of section 21 FSMA.

- 2.7 At Admission, the authorised and issued Ordinary Share capital of the Company, assuming full subscription under the Offer will be as set out below:

<i>Authorised share capital</i>		<i>Issued and fully paid share capital</i>	
<i>Nominal Value £</i>	<i>No of Ordinary Shares</i>	<i>Nominal Value £</i>	<i>No of Ordinary Shares</i>
160,000	16,000,000	114,486	11,484,545

All of the issued Ordinary Shares of the Company are, and immediately following Admission will be, fully paid.

3 MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum of Association of the Company provides that the Company's principal object is that of a general commercial company. The objects of the Company are set out fully in clause 3 of the Memorandum.

The Company's Articles of Association (the "**Articles**"), which were adopted by special resolution on 6 May 2004 contain, *inter alia*, provisions to the following effect:

Share Capital

The authorised share capital of the Company at the date of the adoption of the Articles was £160,000 divided into 16,000,000 ordinary shares of 1 penny each, ranking equally as to voting, dividends, return of capital on winding up of the Company, and redemption. Any share in the Company may be issued with such preferred, deferred or other special rights or restrictions as the Company may by ordinary resolution determine, including shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder.

Voting Rights and General Meetings

Subject to any special rights or restrictions as to voting attached by or by virtue of the Articles to any shares or any class of shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised under section 375 of the Act shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall, unless the directors otherwise determine, be entitled to be present or to vote at any general meeting either in person or by proxy or upon any poll or to exercise any other right conferred by membership in relation to meetings of the Company in respect of any shares held by him if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

If any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 212 of the Act and is in default for a period of 14 days in supplying to the Company the information thereby required, then (unless the directors otherwise determine) in respect of:

- (a) the shares comprising the shareholding account in the register which comprises or includes the shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the "default shares", which expression shall include any further shares which are issued after the date of service of the notice under section 212 of the Act in respect of such shares); and
- (b) any other shares held by the member,

the member shall not (for so long as the default continues) nor shall any transferee to whom any of such shares are transferred be entitled to attend or vote either personally or by proxy at a shareholders' meeting.

Capital

If the Company shall be wound up the liquidator may, with the authority of an extraordinary resolution, divide amongst the members in specie the whole or any part of the assets of the Company. The liquidator may with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator shall think fit.

Dividends and Other Distributions

The Company may by ordinary resolution declare dividends and fix the time for payment thereof, but no dividend shall be payable except out of profits of the Company available for distribution in accordance with the Act or in excess of the amount, or at any earlier date than, recommended by the directors.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No dividend or other monies payable on or in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share. All unclaimed dividends or other monies payable on or in respect of a share may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend or the date on which such dividend became due for payment shall be forfeited and shall revert to the Company.

Variation of Rights

Whenever the share capital of the Company is divided into different classes of shares, the rights attached to any class may, subject to the provisions of the Act, be varied or abrogated either with the written consent of the holders of three-fourths 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 such holders.

The necessary quorum of such meetings is two persons holding or representing by proxy at least one third in nominal amount of the issued shares of that class, and at an adjourned meeting shall be one person holding shares of the class in question or his proxy. Any holder of shares of the class present in person or by proxy may demand a poll. Any holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him. The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them, but in no respect in priority thereto, or by any reduction of the capital paid up thereon or by any purchase by the Company of its own shares.

Transfer of Shares

Subject to the provision of the Act and the Regulations, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of a "relevant system" or that shares of any class should cease to be held and transferred in the manner set out in the Articles.

All transfers of shares which are in uncertificated form may be effected by means of a relevant system. Transfers of shares in certificated form may be effected by transfers in writing in any usual or common form or in any form acceptable to the directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect thereof.

The registration of transfers may be suspended at such times and for such periods as the directors may from time to time determine either generally or in respect of any class of shares, save that in respect of any shares which are participating securities, the register shall not be closed without the consent of the operator of the relevant system. The register shall not be closed and registration suspended for more than 30 days in any year.

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefor decline to register any transfer of shares which are not fully paid provided that where any such shares are admitted to the Official List, or permitted to be traded on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may in their absolute discretion and without assigning any reason therefor decline to register any transfer of shares in favour of more than 4 persons jointly.

The directors may decline to recognise any instrument of transfer relating to shares in certificated form unless the instrument of transfer is deposited at the office where the register of members is situate for the time being, it is in respect of one class of shares, duly stamped, accompanied by the relevant share certificate(s) (except where no certificate shall have been issued therefor) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do.

If the directors refuse to register a transfer they shall within 2 months after the date on which the transfer was lodged with the Company (in the case of shares held in certificated form), or the operator – instruction was received by the Company (in the case of shares held in uncertificated form), send to the transferee notice of the refusal together with (in the case of shares held in certificated form) the instrument of transfer.

Alteration of Share Capital

The Company may by ordinary resolution increase its share capital by such sum divided into shares of such amounts as the resolution shall prescribe, consolidate and divide up share capital into shares of larger amounts or sub-divide its shares into shares of smaller amounts or cancel any shares not taken or agreed to be taken.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund or share premium account in any manner and subject to any incident authorised and consent required by law.

Purchase of Own Shares

Subject to the provisions of the Act, the Company may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class (including any redeemable shares) but so that if there shall be in issue any shares which are admitted to the Official List or permitted to be traded on AIM and which are convertible into equity share capital of the Company of the class proposed to be purchased then the Company shall not purchase or enter into a contract which it will or may purchase, such equity shares unless either:

- (a) the terms of issue of such convertible shares include provisions permitting the Company to purchase its own equity shares or providing for adjustment to the conversion terms upon such a purchase; or
- (b) the purchase, or the contract, has first been approved by an extraordinary resolution passed at a separate meeting of the holders of such convertible shares.

Borrowing Powers

The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and, subject to the provision of section 80 of the Act, to issue debentures and other securities whether outright or as collateral for any debt, liability or obligation of the Company or any third party. The directors shall restrict the borrowings of the company and exercise all voting and other rights or powers of control exercisable by the Company at general meetings of its subsidiary undertakings (if any) so as to secure that the aggregate amount for the time being remaining undischarged of all monies borrowed by the Group at any time without the previous sanction of an ordinary resolution of the Company shall not (excluding intra-group borrowings) exceed a sum equal to three times the adjusted total of capital and reserves.

Directors

The number of directors shall not be less than 2 nor more than 12. The Company may by ordinary resolution from time to time vary the minimum or maximum number of directors.

No persons other than a Director retiring at a general meeting shall, unless recommended by the directors for election, be eligible for appointment as a Director at any general meeting unless not less than 7 nor more than 42 clear days before the day appointed for the meeting there shall have been left at the registered office of the Company notice in writing signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election, together with notice signed by that person of his willingness to be appointed.

The quorum necessary for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number shall be 2.

A Director who is any way, whether directly or indirectly, interested in a contract or proposed contract or any other arrangement or proposed arrangement with the Company shall declare the nature and extent of his interests.

4 DIRECTORS' AND OTHER INTERESTS

- 4.1 As at the date of this document, the interests of the Directors (all of which are beneficial) which have been notified to the Company pursuant to sections 324 and 328 of the Act where required to be shown in the register maintained under section 325 of the Act, and persons connected with the Directors within the meaning of section 346 of the Act (the existence of which is known to, or could with reasonable diligence be ascertained by the Directors) in the share capital of the Company, are, and immediately following Admission are expected to be (assuming the Offer is fully subscribed), as follows:

	<i>At the date of this document</i>		<i>At Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
Andrew Grant	7,968,000	79.44 ⁽¹⁾	7,603,364	66.2
Mathew Edmett	nil	nil	nil	nil
Lionel Grant	7,952,000	79.28 ⁽²⁾	7,587,364	66.1
John Mackay	nil	nil	nil	nil

(1) Includes 7,950,000 Ordinary Shares owned by Sion, 1,000 Ordinary Shares owned by Andrew Grant's wife and 16,000 Ordinary Shares owned by Stephens Will Trust in which Andrew Grant's children have a beneficial interest.

(2) Includes 7,950,000 Ordinary Shares owned by Sion and 1,000 Ordinary Shares owned by Lionel Grant's wife.

Andrew Grant (and persons connected with him) is the beneficial owner of 59.84 per cent. of the share capital of Sion. Lionel Grant (and persons connected with him) is the beneficial owner of 36.61 per cent. of the share capital of Sion.

Mathew Edmett is a director of Sion but is not interested in any of the share capital of Sion.

All the interests of the Directors shown above are beneficial.

- 4.2 In addition to the interest of the Directors disclosed in paragraph 4.1 above, so far as the Directors are aware, the following persons are at the date of this document interested (within the meaning of the Act) directly or indirectly in 3 per cent. or more of the issued share capital of the Company or any company in the Group (assuming the Offer is fully subscribed):

	<i>At the date of this document</i>		<i>At Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
Sion Holdings Limited	7,950,000	79.26%	7,586,364	66.1

Save as set out above, the Directors are not aware of any persons who, directly or indirectly, jointly or severally exercise or could exercise such control over the Company, nor are they aware of any arrangements between any persons to exercise control over the Company.

- 4.3 The individual members of the Concert Party and their interests in the issued share capital of the Company are as follows (assuming the Offer is fully subscribed):

	<i>At the date of this document</i>		<i>At Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
Matthew Edmett	nil	nil	nil	nil
Andrew J Grant	1,000	0.01	1,000	0.01
Clare E Grant	2,500	0.02	2,500	0.02
Florence E Grant	1,000	0.01	1,000	0.01
Jane Grant	1,000	0.01	1,000	0.01
Lionel G Grant	1,000	0.01	1,000	0.01
Malcolm E Grant	2,500	0.02	2,500	0.02
Matthew W Grant	2,500	0.02	2,500	0.02
Sion Holdings Limited	7,950,000	79.26	7,586,364	66.1
Stephens Will Trust*	16,000	0.16	16,000	0.14

* A trust in which Andrew Grant's children have an interest

- 4.4 Under the terms of the Share Option Scheme, a summary of which has been set out in paragraph 6 below, the following persons have been granted options to subscribe for Ordinary Shares at the Placing Price, conditional on Admission:

<i>Name</i>	<i>Number of Ordinary Shares under option</i>
Andrew Grant	273,500
Mathew Edmett	175,000

- 4.5 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 4.6 Save as disclosed in paragraphs 4.1 and 4.2 above, no Director (or member of his/her family) has any interest, beneficial or non-beneficial, in the share capital of the Company.
- 4.7 None of the Directors has or has had an interest in any transaction which is or was significant to the business of the Company and which was effected during the current financial year and remains in any respect outstanding or unperformed.
- 4.8 There are no outstanding loans or guarantees provided by the Company for the benefit of the Directors.

- 4.9 The companies (other than the Company) and partnerships of which each Director has been a director or partner at any time in the 5 years immediately preceding the date of this prospectus are as follows:

Andrew Grant

Current Directorships

Jarvis Investment Management plc
Jarvis Personal Finance Limited
Viewrange Limited
Galleon Nominees Limited
Sion Holdings Limited
Hazelburn Limited
Dudley Road Nominees Limited

Past Directorships

Clarks Property Services Limited
Clarks Property Management Limited
Picea Plc
Insensia Group Plc
Insensia (UK) Limited

Mathew Edmett

Current Directorships

Jarvis Investment Management plc
Jarvis Personal Finance Limited
Viewrange Limited
Galleon Nominees Limited
Sion Holdings Limited

Past Directorships

The Installer's Guide Limited
Yourganics Limited

Lionel Grant

Current Directorships

Jarvis Investment Management plc
Sion Holdings Limited
Hazelburn Limited
Dudley Road Nominees Limited

Past Directorships

Clarks Property Services Limited
Clarks Property Management Limited

John Mackay

Current Directorships

Bulgarian Property Developments plc
Jarvis Investment Management plc
Notting Hill Preparatory School Limited
Mount Street Advisors Limited
Mount Street Investors Limited
Mount Street Advisory Services Limited
Mount Street Investment Management Limited
Mount Street Modus IBI Limited
Planestation Group Plc
Swan Enford Limited

Past Directorships

The Seymour Pierce Venture Capital Trust Plc
Codicology Limited
IEQ plc
Investment Funds Direct Limited
Investment Funds Direct Holdings Limited
Public Network plc (compulsory liquidation in April 2004)
Seymour Pierce Private Equity Limited
Seymour Pierce Asset Management Limited
Captain O.M. Watts Limited
Nationalways Limited
Keith Harris Partnership Limited
Farlake Group Plc
Investment Management Holdings Plc
Pavilion Asset Management Limited
Pavilion Capital Limited
Seymour Pierce Limited
Rowan & Company Capital Management Plc
Video Networks Limited

- 4.10 Save as disclosed in this paragraph 4 none of the directors:

- (a) is currently a director or has been a director of a company within the 5 years immediately preceding the date of this document;

- (b) is currently in a partnership or has been a partner in a partnership within the 5 years immediately preceding the date of this document;
- (c) has any unspent convictions for any indictable offences;
- (d) has been declared bankrupt or has made any voluntary arrangements with his creditors;
- (e) has been a director of a company at the time or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration or voluntary arrangement of that company or any composition or arrangement with this company's creditors generally or any class of creditors;
- (f) has been a partner in a partnership at the time of or within 12 months preceding the compulsory liquidation, administration or voluntary arrangement in that partnership;
- (g) has had any assets which have been subject to receivership or has been a partner in a partnership at the time of or within twelve months preceding an asset of the partnership being subject to receivership; or
- (h) has been publicly criticised by any statutory or regulatory authority (including any recognised professional body) or has been disqualified by a court from acting as a director of, or in the management or conduct of the affairs of any company.

5 DIRECTORS' TERMS OF APPOINTMENT

- 5.1 The aggregate remuneration and benefits in kind granted to the Directors for the year ended 31 December 2003 was £187,000. For the financial year ending 31 December 2004, under the current arrangements in force at the date of this document, it is estimated that the aggregate remuneration and benefits in kind granted to the directors will be £180,000.
- 5.2 Save as disclosed in this paragraph 5, there will be no variation in the total emoluments receivable by the Directors as a result of the Admission and the Placing.
- 5.3 The services of the directors are provided to the Group under the following agreements:
- (a) Andrew James Grant is employed pursuant to a service contract dated 13 December 2004. This service contract is terminable by either party on 12 months' notice except in certain specific circumstances where short notice can be given by the Company. No penalty is payable by the Company in the event of early termination of the contract. The contract provides for a salary of £85,000 per annum together with any bonus and other benefits as the remuneration committee may in its discretion decide. The Company provides Andrew Grant with a car allowance of £800 per calendar month. The contract contains usual restrictive covenants on termination;
 - (b) Mathew James Edmett is employed pursuant to a service contract dated 13 December 2004. This service contract is terminable by either party on 12 months' notice except in certain specific circumstances where short notice can be given by the Company. No penalty is payable by the Company in the event of early termination of the contract. The contract provides for a salary of £44,000 per annum plus £400 per calendar month car allowance together with any bonus and other benefits as the remuneration committee may in its discretion decide. The contract contains usual restrictive covenants on termination;
 - (c) John Sebastian Mackay was appointed pursuant to a letter of appointment dated 13 December 2004 which is terminable on 1 month's notice and fees currently payable are £2,000 per calendar month; and
 - (d) Lionel George Grant is employed pursuant to a letter of appointment dated 13 December 2004 which is terminable on 1 month's notice and fees currently payable are at a rate of £10,000 per annum.

6 **SHARE OPTION SCHEME**

6.1 **Adoption**

The Jarvis Securities plc Discretionary Share Option Scheme was adopted by the Company on 12 August 2004.

6.2 **Grants of options**

- (a) Under the Share Option Scheme, the directors may grant options over Ordinary Shares to employees and full time directors of the Company and any other member of the group at any time subject to restrictions on dealing under any legislation for the time being in force/ the AIM rules or the Model Code of the UKLA, as the case may be.
- (b) Options are personal to the participants and any purported assignment, transfer, charge, disposal or dealing with an option shall render it void.
- (c) Options may not be granted following the tenth anniversary of the adoption date of the Scheme.
- (d) The option price will not be less than the nominal value of the Ordinary Shares on the date of grant.
- (e) Options may be granted subject to performance conditions.

6.3 **Scheme Limit**

The total number of Ordinary Shares over which options may be granted under the Share Option Scheme and any other share option scheme or share incentive scheme of the Company may not exceed 12 per cent. of the Company's equity share capital. The limit excludes options over Ordinary Shares which have lapsed or been cancelled and options which were granted prior to the Ordinary Shares being admitted to trading on AIM.

6.4 **Exercise and Lapse**

- (a) Options may be exercised following (i) the earliest of: the first exercise date specified in the option certificate; (ii) the termination of a participant's employment for any reason, provided the directors exercise their discretion to permit exercise in these circumstances; (iii) a change of control; (iv) a compromise or scheme of arrangement sanctioned by the court; and (v) the voluntary winding up or liquidation of the Company.
- (b) Participants will not be able to exercise their options on a change of control which involves the interposition of a holding company over the Company, where participants are to be offered substitute options in the holding company. Neither can options be exercised where following a change of control, by reason of a takeover or a compromise or court sanctioned arrangement, or the trigger of the compulsory acquisition procedure in the Companies Act 1985, participants agree to release their options over Ordinary Shares in consideration for the grant of new options over shares in the acquiring company.
- (c) Options will lapse on the earliest of: (i) the last exercise date specified in the option certificate; (ii) the date of cessation of employment, unless the directors resolve to permit the exercise of the option during a specified period following the cessation ending no later than the later of the first anniversary of cessation, or three and one half years from the date of grant; (iii) six months following a change of control; (iv) upon a compromise or arrangement becoming effective; upon a resolution being passed for the winding up of the Company; and (v) the date upon which a participant is adjudicated bankrupt.

6.5 **Alteration of share capital**

In the event of any capitalisation, rights issue, rights offer or consolidation, sub-division or reduction or other variation of share capital, the directors may adjust the number and nominal value of the

Ordinary Shares subject to the option, and the option price. The auditors confirmation that the adjustment is fair and reasonable is required before an adjustment is made.

6.6 **Tax**

Where a liability to income tax or primary Class 1 national insurance contributions (“NICs”) arises on the exercise, assignment, cancellation or release of an option, participants are required to put the relevant company in funds for this liability. Participants are also required to pay the secondary Class 1 NICs arising on the exercise, release, cancellation or assignment of the option.

6.7 **Phantom Arrangement**

Directors may with the consent of the participant pay out the value of an option in cash rather than satisfying the exercise of the option with Ordinary Shares.

6.8 **Administration and Amendment**

- (a) The Share Option Scheme is administered by the directors and any question concerning its construction or effect will be decided by the directors.
- (b) The Share Option Scheme limit set out in 6.3 above cannot be amended without the prior approval of the Company in general meeting.
- (c) Whilst the Ordinary Shares are traded on AIM, the majority of the Scheme rules cannot be amended to the advantage of participants without the prior approval of the Company in general meeting. No amendments can be made which would adversely affect the subsisting rights of participants unless participants have been given the opportunity to indicate whether or not they approve the amendment and the majority of those participants who give such an indication approve it. Certain amendments which do not affect the basic principles of the Share Option Scheme, such as amendments necessary for the benefit of the administration of the Share Option Scheme or to obtain or maintain favourable tax or regulatory treatment, may be made by resolution of the directors.

6.9 **Contract of Employment**

The Share Option Scheme and benefits received pursuant to it do not form part of participants’ contracts of employment.

6.10 **Governing Law**

The Share Option Scheme is governed in accordance with the law of England and Wales.

7 **WORKING CAPITAL**

The Directors are of the opinion, having made due and careful enquiry and taking into account the net proceeds of the Placing (as adjusted where applicable), that the working capital available to the Group will, from the date of Admission, be sufficient for its present requirements, that is for at least the next 12 months.

8 **TAXATION**

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice. They are intended as a general guide and apply to shareholders resident or ordinarily resident for tax purposes in the UK (save where express reference is made to persons resident outside the UK) who hold Ordinary Shares as an investment and who are the absolute beneficial owners thereof. An investor who is in any doubt as to his or her tax position or is subject to tax in any jurisdiction other than the UK should consult his or her professional adviser without delay.

8.1 Dividends

There is no withholding tax on dividends nor is the Company liable to account for any tax to the Inland Revenue on dividends.

Individual shareholders resident for tax purposes in the UK who receive a dividend will be entitled to a tax credit of an amount equal to one-ninth of the dividend. Individual shareholders whose income is within the starting or basic rate bands will be liable to income tax at the rate of 10 per cent. on the amount of the dividend and the related tax credit. The effect of this is that the tax credit attaching to the dividend will satisfy the income tax liability of an individual shareholder whose income is within the starting or basic rate bands. Shareholders liable to higher rate tax (currently at a rate of 40 per cent.) will have a liability to income tax of 32.5 per cent. on the amount of the dividend and the related tax credit, of which 10 per cent. will have been satisfied by the tax credit.

A corporate shareholder resident for tax purposes in the UK will not be chargeable to UK corporation tax on any dividend received from the Company.

UK resident shareholders will not be entitled to repayment of the tax credit attaching to a dividend received from the Company.

A shareholder who is not resident for tax purposes in the UK may be entitled to claim from the Inland Revenue a payment of a proportion of the tax credit attaching to the dividend but this will depend upon the terms of any applicable double tax treaty between the UK and his country of residence for tax purposes. Any such shareholder should consult his tax adviser as to whether or not he is entitled to reclaim any part of the tax credit, the procedure for claiming payment and what relief or credit may be available in the jurisdiction in which he is resident for tax purposes. In general, only non-UK resident shareholders with holdings of above 10 per cent. in the Company are likely to be able to claim repayment of any part of the tax credit under the terms of a relevant double tax treaty and, even in such circumstances, the amount of repayment available will be very small.

8.2 Stamp Duty and Stamp Duty Reserve Tax

Under current UK legislation relating to stamp duty and stamp duty reserve tax:

- (a) no liability to stamp duty or stamp duty reserve tax will arise on the issue of Ordinary Shares by the Company pursuant to the Placing;
- (b) a transfer or sale of Ordinary Shares will generally be subject to stamp duty on the instrument of transfer, normally at the rate of 50p per £100 (or part thereof) of the amount or value of the consideration. Where an agreement to transfer such Ordinary Shares is not completed by a duly stamped instrument of transfer, a charge to stamp duty reserve tax (generally at the same rate) may arise;
- (c) special rules apply to market-makers, broker-dealers and certain other persons; and
- (d) transfers on sale and agreements to transfer Ordinary Shares to charities will not give rise to stamp duty reserve tax or stamp duty.

9 LITIGATION

There are no legal or arbitration proceedings active, pending or threatened against or being brought by any member of the Group which are having or may have a significant effect on the Group's financial position.

10 MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within the two years preceding the date of this document and are, or may be, material:

- 10.1 A Shareholders agreement dated 13 December 2004 between (1) the Company and (2) Sion whereby it was agreed that any transactions entered into between Sion and the Company shall be on normal commercial terms and on an arms' length basis.
- 10.2 A nominated adviser and broker agreement dated 13 December 2004 between (1) the Company and (2) Corporate Synergy relating to Corporate Synergy's appointment as nominated adviser and broker to the Company terminable at any time by 3 months' written notice. In addition to their expenses, the Company shall pay Corporate Synergy's fee of £30,000 plus VAT per annum which is payable quarterly in advance.
- 10.3 The Placing Agreement dated 13 December 2004 between the (1) Company, (2) the Directors, (3) Sion and (4) Corporate Synergy pursuant to which Corporate Synergy, as agent for the Company and Sion respectively, conditionally has undertaken to use its reasonable endeavours to procure subscribers for the Placing Shares and purchasers of the Sale Shares at the Issue Price. The Placing Agreement contains representations and warranties given by the Company and the Directors to Corporate Synergy and provisions that permit Corporate Synergy to terminate their obligations under the agreement upon the occurrence or non-occurrence of certain events. Upon completion of the Placing the Company has agreed to pay Corporate Synergy a corporate finance fee and commissions of 5 per cent. of the aggregate value at the Issue Price of the New Shares. The Company has also agreed to bear certain costs of Corporate Synergy in connection with the Placing. Sion has agreed to pay Corporate Synergy commissions of 5 per cent. of the aggregate value of the Issue Price of the Sale Shares.
- 10.4 A lock-in agreement dated 13 December 2004 between the Company (1), Sion (2) and Corporate Synergy (3) pursuant to which Sion has agreed not to dispose of any of its interest in any Ordinary Shares (other than with the prior written consent of Corporate Synergy and in certain specified circumstances including the acceptance of a general offer for the Company) held by it before the first anniversary of Admission and thereafter for a further 12 months, only following prior consultation with Corporate Synergy and the Company;
- 10.5 Lock-in agreements dated 13 December 2004 between the Company, each of the Directors and Corporate Synergy pursuant to which each of the Directors agreed not to dispose of any of its interest in any Ordinary Shares (other than with the prior written consent of Corporate Synergy and in certain specified circumstances including the acceptance of a general offer for the Company) held by it before the first anniversary of Admission and thereafter for a further 12 months, only following prior consultation with Corporate Synergy and the Company;
- 10.6 An assets purchase agreement dated 2 May 2003 with CFA Securities Limited ("CFA") and CFA Capital Group plc ("CFA Group") relating to the acquisition by JIM of the business and certain assets of CFA. The acquisition of the assets was completed in two stages. On first completion which took place immediately following execution of the agreement, JIM acquired the benefit (subject to the burden) of contracts with clients of CFA (which were permitted by FSA rules to be assigned to JIM without the consent of the relevant client), CFA's client database, CFA's trademarks and the goodwill of CFA's business relating to the client contracts transferred at such time. Completion of the second stage of the transaction took place on 18 June 2003. On second completion, CFA transferred to JIM the benefit (subject to the burden) of contracts with those clients who had traded with CFA in the twelve months prior to the date of agreement in respect of which assets were held by CFA's nominee company and who had consented to such transfer, together with such clients who had not responded to a request for consent to transfer. In addition, the goodwill relating to the assets transferred at second completion was assigned to JIM by CFA. At such time, CFA transferred the shares in its nominee company, Galleon Nominees Limited, to JIM. The consideration payable for the acquisition was £100,000 which was paid to CFA on 2 May 2003, together with an amount calculable by a formula relating to the number of clients consenting to the transfer of their contracts to JIM and payable on 18 June 2003. JIM paid an amount of £125,000 to CFA to satisfy this amount.

11 GENERAL

- 11.1 The total costs and expenses payable by the Company in connection with the Placing, Offer and Admission (including professional fees, commissions and the fees payable to the registrars) are estimated to amount to approximately £500,000, including VAT.
- 11.2 The Ordinary Shares are not currently admitted to dealings on a recognised investment exchange and, other than the Company's application for the Ordinary Shares, both issued and to be issued under the Placing, to be admitted to trading on AIM, no applications for such admission have been made.
- 11.3 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the issued and to be issued Ordinary Shares to be admitted to CREST and it is expected that the issued and to be issued Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST.
- 11.4 The New Shares have a nominal value of 1 penny and the premium on issue pursuant to the Placing and the Offer (as the case may be) will be 81.5 pence per Ordinary Share. It is expected that definitive share certificates will be despatched by hand or first class post by 7 January 2005. In respect of uncertificated shares it is expected that CREST stock accounts will be credited on 23 December 2004.
- 11.5 Corporate Synergy has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 11.6 Horwath Clark Whitehill LLP has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear, to the inclusion of their report on the Company in the form set out in Part III of this document and the references to such report in the form and context in which they appear and accept responsibility for such report in accordance with paragraph 45(8)(b) of Schedule 1 of the POS Regulations.
- 11.7 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the activities of the Company.
- 11.8 No person (other than the Group's professional advisers and trade suppliers) has received, directly or indirectly, from any member of the Group within the twelve months preceding the date of this document, or entered into contractual arrangements to receive, directly or indirectly, from any member of the Group on or after Admission any of: (i) fees totaling £10,000 or more; (ii) securities in the Company with a value of £10,000 or more (calculated by reference to the Issue Price); or (iii) any other benefit with a value of £10,000 or more at the date of this document.
- 11.9 In the Directors' opinion the minimum amount which must be raised pursuant to the Placing and Offer for the purposes set out in paragraph 21(a) of Schedule 1 to the POS Regulations is £700,000 to be applied as follows:
- | | |
|---|----------|
| (i) purchase price of any property purchased or to be purchased | £nil |
| (ii) commissions and expenses payable under the Placing | £500,000 |
| (iii) repayment of monies borrowed in respect of (i) and (ii) above | £nil |
| (iv) working capital | £200,000 |
- The Issue will not proceed if the minimum amount is not achieved
- 11.10 Other than as described in this document, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.
- 11.11 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 31 December 2003, being the date of the last audited accounts of the Company.
- 11.12 Other than pursuant to the terms of the Placing Agreement, no commissions are payable by the Company to any person in consideration of his agreeing to subscribe or his procuring or agreeing to procure subscribers for Ordinary Shares.

- 11.13 Save as set out in Part I of this document, there are no investments in progress which are significant.
- 11.14 Monies received by the applicants pursuant to the Placing will be held in accordance with the terms of the placing letters issued by Corporate Synergy until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 7 January 2004, application monies will be returned to applicants at their own risk.
- 11.15 No Director, or member of a Director's family, has a related financial product referenced to its AIM securities or securities being admitted.
- 11.16 Copies of this document will be available at the registered office of the Company and from the offices of Corporate Synergy Plc, 12 Nicholas Lane, London, EC4N 7BN during normal office hours, Saturdays and Sundays excepted, from the date of this document until a date 14 days following Admission.

12 DOCUMENTS

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Nicholson Graham & Jones, 110 Cannon Street, London EC4N 6AR for a period of 21 days from the date of the document;

- (a) the memorandum and articles of association of the Company;
- (b) the reports of the reporting accountant set out in Part III of this document;
- (c) the directors' service contracts and letters of appointment described in paragraph 5.3 of this Part IV;
- (d) the material contracts referred to in paragraph 10 of this Part IV; and
- (e) the consent letters referred to in paragraphs 11.5 and 11.6 of this Part IV.

13 December 2004

PART V

TERMS OF THE OFFER

1. INTRODUCTION

- (a) If you apply for Offer Shares in the Offer, you will be agreeing with the Company, Corporate Synergy and Capita as set out below.
- (b) Applicants who wish to subscribe for Offer Shares under the Offer must use the Application Form which has been set out at the end of this Document. This should be completed in accordance with the instructions and guidelines set out thereon and after reading the terms and conditions of application set out below.
- (c) It is expected that the basis of allocation of the Offer Shares will be announced on 22 December 2004 and that dealings in the Offer Shares will commence at 8.00 a.m on 23 December 2004.
- (d) It is expected that CREST accounts will be credited in respect of Offer Shares or definitive share certificates will be despatched to successful applicants under the Offer on or before 7 January 2005.

2. OFFER TO SUBSCRIBE FOR ORDINARY SHARES

- (a) The Offer is being made by the Company to the extent and for the purposes referred to in this Document. Applications must be made on the Application Form. By completing and delivering an Application Form, you as the applicant (and, if you sign the Application Form on behalf of somebody else or a corporation, that person or corporation):
 - (i) offer to subscribe at the Issue Price for the number of Offer Shares that you have specified in your Application Form (or any smaller number in respect of which your application is accepted), subject to these terms and conditions, the terms of the Application Form, this document and the Memorandum and Articles of Association of the Company; and
 - (ii) authorise Capita to send on behalf of the Company a definitive share certificate for the number of Offer Shares for which your application is accepted or to credit your CREST account for such number of Offer Shares and/or to send a cheque crossed "Account Payee" for any monies returnable (without interest) or your cheque or banker's draft, in each case by post at the risk of the person(s) entitled to it, to your address (or, in the case of joint applicants, to that of the first named applicant as set out in your Application Form) and to do all things and to take all action necessary to procure that your name (together with the name(s) of any other joint applicant(s)) is/are placed on the register of members of the Company in respect of the Offer Shares for which your application is accepted.
- (b) In consideration of the Company agreeing that it will not prior to Admission (or such later date as the Company and Corporate Synergy may agree) allot, issue or sell to any person any of the Offer Shares other than by means of the procedures referred to in this document and, as a collateral contract between you (and, if you sign the Application Form on behalf of somebody else or a corporation, that person or corporation) and the Company which will become binding on despatch by post or delivery to Capita of the Application Form, you:
 - (i) agree that your application is irrevocable;
 - (ii) undertake to pay the Issue Price for the Offer Shares (payable in full in sterling on application) in respect of which your application is accepted and warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, notwithstanding that you may have been entered on the register of members of the Company you will not be entitled to receive a share certificate or have your CREST account credited in respect of the Offer Shares applied for or to enjoy or receive any rights or distributions in respect of such Offer Shares unless

and until you make payment in cleared funds for such Offer Shares and such payment is accepted by the Company (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of such late payment, the Company may (without prejudice to any other rights) terminate the agreement to allocate such Offer Shares to you without liability to you and may reallocate such Offer Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Offer Shares (other than the refund to you at your risk of any proceeds of the remittance accompanying your Application Form, without interest) and in the event of termination you will pay the Company, on demand, such amount as may be certified on its behalf as being necessary to compensate the Company for any losses, costs and expenses incurred or expected to be incurred as a result of your remittance not being honoured on first presentation and as a result of termination;

- (iii) agree that any share certificate to which you may or the person on whose behalf you have made the application become entitled and monies returnable to you may be retained or the crediting of your CREST account deferred pending clearance of your remittance or pending investigation of any suspected breach of any of the warranties contained in paragraphs 6(a), 6(b), 6(f), 6(g) or 6(i) below and that any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- (iv) agree, on request by the Company, to disclose promptly in writing to it or Capita any information which it may request in connection with your application and authorise the Company or Capita to disclose any information relating to your application which it may consider in its absolute discretion appropriate;
- (v) agree that any share certificate to which you may become entitled and monies returnable to you may be retained or the crediting of your CREST account deferred pending clearance of your remittance, investigation of any suspected breach of these terms and conditions and any verification of identity which is, or which Capita consider may be, required for the purposes of the Money Laundering Regulations 2003, and that any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- (vi) agree that, if evidence of identity satisfactory to Capita is not provided to Capita on or before 23 December 2004, the Company may terminate the contract of allocation with you and (any person on whose behalf you have applied) and, in such case, the Offer Shares which would otherwise have been allocated to you will be sold as soon as is reasonably practicable (and for which purpose you and any person on whose behalf you have applied agree to hereby irrevocably authorise the Company or any person appointed by it for the purpose to execute on your behalf any instrument or transfer which may be necessary to effect such sale) and, as soon as is reasonably practicable after such sale, your application moneys (or, if less, an amount equal to the proceeds of such sale net of all expenses of the sale including for the avoidance of doubt any stamp duty and/or stamp duty reserve tax) will be returned to the bank or other account at which the cheque or other remittance accompanying your application was drawn and you agree that, in such event, you will have no claim against the Company or Capita or any of their respective officers, agents or employees in respect of the balance of your application moneys, if any (such balance being retained by the Company as compensation for breach of contract), or for any loss arising from the price, the timing or the manner of such sale or otherwise in connection therewith;
- (vii) agree that your Application Form is addressed to the Company;
- (viii) represent and warrant that you are not applying on behalf of a person engaged in money laundering;
- (ix) undertake to ensure that, in the case of an application signed by someone else on your behalf, the original of the relevant power of attorney or other authority (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form completed by you;

- (x) agree that, subject to any scaling down as set out in paragraph 3(b) below, the number of shares allocated to you or to the person on whose behalf you made the application will be calculated at the sterling amount applied for divided by the Issue Price and rounded down to the nearest whole number of shares;
 - (xi) agree that the Company, in consultation with Corporate Synergy, reserves the right to alter any arrangements in connection with the Offer (including the timetable of the application); and
 - (xii) agree that the contract arising from acceptance of applications (in whole or in part) under the Offer will be, or be deemed to be, entered into by you (if you are a successful applicant) and by any person on whose behalf you have applied (if such person is a successful applicant) on these terms and conditions of application for the Offer subject to paragraph (xi) above and any changes, additions or alterations made to any application form will have no effect.
- (c) If your Application Form is not completed correctly or is amended or if the accompanying cheque or banker's draft is for the wrong amount of currency or if your Application Form completed by you is not accompanied by a power of attorney or other authority where required, it may still be treated as valid. In these circumstances, the Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final. You will not, however, be treated as having offered to subscribe for a higher number of Offer Shares than is indicated in your application.
- (d) The Company reserves the right to reject any application in whole or in part, or to scale down any application, including without limitation:
- (i) multiple or suspected multiple applications;
 - (ii) any Application Form not accompanied by a cheque or banker's draft in sterling for the sum stated in the application form;
 - (iii) any application where the accompanying application is not properly completed in all respects in accordance with the instructions accompanying the Application Form;
 - (iv) any application where as a result of such application, the provisions of the terms of the Offer are, or, but for the rejection of such application, would be, breached; and
 - (v) any application in names that are, or are suspected to be, fictitious.

3. ACCEPTANCE OF YOUR OFFER

- (a) The Company may accept your offer to subscribe for Offer Shares under the Offer (if your application is received, valid (or treated as valid), processed and not rejected) either:
- (i) by notifying the London Stock Exchange of the basis of allocation (in which case the acceptance will be on that basis); or
 - (ii) by notifying acceptance to Capita.
- (b) The basis of allocation of Offer Shares will be determined by the Company. The acceptance of your offer to subscribe for Offer Shares may (at the absolute discretion of the Company) be rejected or be of the whole or any part of your offer and, accordingly, the amount you have offered to invest may be scaled back. Accordingly, you or any person on whose behalf you have applied, may not receive all of the Offer Shares applied for and may not receive any at all.

4. CONDITIONS

- (a) The contract arising from acceptance of applications (in whole or in part) under the Offer will be entered into by successful applicants and the Company under which you will be required to subscribe for the Offer Shares (at the Issue Price) in respect of which your application has been accepted and will be conditional upon:

- (i) the admission of the entire issued share capital of the Company to AIM becoming effective on or before 23 December 2004 or such later date as the Company and Corporate Synergy may agree being not later than 7 January 2005; and
 - (ii) the Placing Agreement referred to in paragraph 10 of Part IV becoming wholly unconditional.
- (b) You (or the person on whose behalf you may have applied) will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

5. RETURN OF APPLICATION MONEYS

If any application is not accepted or if any contract created by acceptance does not become unconditional or if any application is accepted for a smaller number of Offer Shares than that offered, the application monies or the balance of the amount paid on application (as the case may be) will be returned without interest by post at the risk of the applicant(s) not later than 40 days after the date of this Document except that no balance of less than £2.00 will be returned, being the amount estimated by the Company to be the administrative cost of any such payment. In the meantime, application monies will be retained by Capita in an account designated for the purposes of the Offer and any interest accrued on the application moneys shall be retained by, and for the benefit of, the Company. The cheque and/or banker's draft accompanying your application may be presented on receipt and before acceptance of your offer, but this will not constitute acceptance of your offer either in whole or in part. The proceeds of this presentation will be held pending acceptance and, if your application is accepted and the conditions of paragraph 4 above are satisfied, will be applied in discharging the total amount due for the Offer Shares you have been allocated. Share certificates and surplus application moneys (if any) may be retained and the crediting of CREST accounts deferred pending clearance of the applicant's cheque and/or banker's draft. The right is also reserved to reject any application in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation and, in any event, by 3.00 p.m. on 21 December 2004. The Company may require an applicant to pay interest or other resulting costs (or both) if the cheque or banker's draft accompanying his application is not honoured on first presentation. Any sums refunded will be paid in sterling only.

6. WARRANTIES

By completing the Application Form, you and, if signing on behalf of another person, that person:

- (a) warrant that if the laws of any territory outside the UK are relevant to your application, you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will or may result in Capita, Corporate Synergy or the Company or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements of any territory outside the UK in connection with the Offer or your application;
- (b) warrant that if you sign an Application Form on behalf of somebody else or a corporation you have the authority to do so and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions and undertake to enclose your power of attorney or other authority (or a copy thereof duly certified by a solicitor) where required by the instructions contained in this Part V and otherwise comply with such instructions;
- (c) confirm that, in making this application, neither you nor any person on whose behalf you are applying is relying on any information or representation in relation to the Company other than such as may be contained in this Document and you agree that none of Capita, Corporate Synergy, the Company, the directors or any person acting on behalf of them or any person responsible solely or jointly for this document, or any part of it, shall have any liability for any such information or representation;
- (d) agree that, having had the opportunity to read this document, you shall be deemed to have notice of all information and representations concerning the Company contained in this document;

- (e) acknowledge that no person is authorised in connection with the Offer to give any information or to make any representation other than as contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by Capita, Corporate Synergy or the Company;
- (f) confirm that you have reviewed the restrictions contained in paragraph 8 below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) are (an) eligible person(s) and comply or have complied with the provisions of paragraph 8 below;
- (g) warrant that you (and any person on whose behalf you apply) are not a person who is under 18 years of age on the date of your application;
- (h) agree that all documents in connection with the Offer and any returned moneys will be sent at your risk (and at the risk of any person on whose behalf you apply) and may be sent by post to you at your address (or, in the case of joint applicants, the address of the first-named applicant) set out in the Application Form completed by you;
- (i) warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- (j) represent and warrant that you have carefully read this document and understood and have evaluated the risk of a purchase of Offer Shares hereunder, including the risks set out under “Risk Factors” in this document and have relied solely on the information contained in this document; and
- (k) covenant and agree to indemnify and hold harmless the Company and/or Corporate Synergy and any corporation or other legal entity affiliated with the Company and/or Corporate Synergy, or any of the officers, directors, shareholders and agents of any of the foregoing and all professional advisors thereto (including, without limitation, the legal counsel and accountants of each such parties), from and against any or all loss, liability, damage or expense, including costs and reasonable legal counsel’s fees and related expenses, to which any of them may become subject or which any of them may incur by reason of or in connection with any misrepresentation made by you in the Application Form, any breach of any representation or warranty by your acceptance of these terms and conditions, or your failure to fulfil any of your covenants and agreements under these terms and conditions.

7. MONEY LAUNDERING

- (a) You agree that, in order to ensure compliance with the Money Laundering Regulations 2003, Capita may at its absolute discretion require verification of identity from any person lodging an Application Form and in particular any person who either: (i) tenders payment by way of banker’s draft or cheque drawn on, or by way of telegraphic transfer or similar electronic means from, an account in the name of another person or persons; or (ii) appears to Capita to be acting on behalf of some other person. In the former case, verification of identity of the applicant may be required. In the latter case, verification of identity of any persons on whose behalf the applicant appears to be acting may be required. Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the despatch of documents.
- (b) Without prejudice to the generality of paragraph 7(a) above, verification of the identity of applicants may be required if the value of the Offer Shares applied for exceeds £10,200 (£15,000). If in such circumstances, you use: (i) a cheque drawn by a third party; or (ii) a building society cheque or banker’s draft you should:
 - (i) where the cheque is drawn by a third party, ensure that a certified copy of the applicant’s passport or driving licence certified by a solicitor and a recent original bank or building society statement or utility bill in the applicant’s name and showing his current address (which originals will be returned by post at the applicant’s risk) is enclosed with your application; or

- (ii) where you use a building society cheque or banker's draft, ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp.
- (c) If you are making the application as agent for one or more persons, indicate in the Application Form completed by you whether you are a UK or European Union regulated person or institution and specify your status. Such payments must be accompanied by written confirmation that evidence has been obtained and recorded to verify the identity of the applicant as required by the Money Laundering Regulations 2003 and that such records will be retained for at least five years.

8. OVERSEAS INVESTORS

- (a) The Offer is only being made to persons ("Eligible Persons") aged 18 or over who are resident in the UK and who are not US persons (as defined in Regulation S under the US Securities Act of 1933 (as amended) (a "US Person")). No other persons may apply for Shares under the Offer without the consent of the Company, at its sole discretion. The Offer is not being made anywhere else or to any other person.
- (b) An Eligible Person who wishes to apply for Shares in the Offer must complete and return the Application Form in accordance with its instructions and in accordance with the terms and conditions set out in this Part V.
- (c) The distribution of this document or of any Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.
- (d) This document does not constitute or form part of any offer or invitation to sell or issue, or the solicitation of any offer to purchase or subscribe for, Ordinary Shares in any jurisdiction in which such offer, invitation or solicitation is unlawful and, without limitation, is not for distribution in or into the United States or Canada or Australia or Japan or the Republic of Ireland or the Republic of South Africa. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States or Canada or Australia or Japan or the Republic of Ireland or the Republic of South Africa and may not be offered or sold within the United States or Canada or Australia or Japan or the Republic of Ireland or the Republic of South Africa or to any national, resident or citizen of the United States, Canada, Australia or Japan or the Republic of Ireland or the Republic of South Africa.
- (e) No person receiving a copy of this document and/or an Application Form in any territory other than the United Kingdom may treat it as constituting an offer or invitation to him, nor should he in any event use an Application Form, unless he is a resident of the UK, and in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention by any person of any registration or other regulatory or legal requirements. It is the responsibility of any person outside the UK receiving a copy of this document and/or an Application Form and wishing to apply for Ordinary Shares under the Offer to satisfy himself as to full observance of the laws of any relevant territory, including the obtaining of requisite governmental or other consents, the observance of any other requisite formalities and the payment of any issue, transfer or other taxes due in such territories. In particular, no persons may apply on any Application Form if they are unable to represent, agree and acknowledge that they are not, and are not acting on behalf of, a US Person and are not in the United States or acting on behalf of a person in the United States and are not a Canadian person or an individual, corporation or other entity resident in Japan or Australia or the Republic of Ireland or the Republic of South Africa. If the Company has cause to believe that any applicant is a US Person or is in the United States or is acting on behalf of a US Person or a person in the United States, any application which they may make may be rejected.

9. MISCELLANEOUS

- (a) To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations) are expressly excluded upon and in relation to the Offer Shares and the Offer.
- (b) Save where the context requires otherwise, terms defined in this document bear the same meaning when used in these terms and conditions and in the Application Form used by you and in the guide to completing the Application Form. In the case of a joint application, references in these terms and conditions to “you” or “the applicant” are to each joint applicant (and “your” shall be construed accordingly) and the liability of joint applicants is joint and several.
- (c) The rights and remedies of the Company, Corporate Synergy and Capita under these terms and conditions are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of any one will not prevent the exercise of others or full exercise of others.
- (d) The Company and Corporate Synergy reserve the right to delay the closing time of the Offer from 3.00 p.m. on • December 2004. In that event, the revised closing time will be published in such manner as the Company and Corporate Synergy in their absolute discretion determine.
- (e) If the Placing Agreement does not become unconditional in all respects, the Offer will lapse and any moneys will be returned to you without interest. The Company and Corporate Synergy each expressly reserves the right to determine not to proceed with the Offer. If such right is exercised, the Offer will lapse and any moneys received in respect of the Offer will be returned to applicants without interest.
- (f) You agree that all applications, acceptances of applications and contracts resulting from them under the Offer shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of Corporate Synergy or the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances or contracts in any other manner permitted by law or in any court of competent jurisdiction.
- (g) You agree that neither Corporate Synergy nor Capita will treat you as its customer by virtue of such application being accepted and that neither Corporate Synergy nor Capita will be responsible to you for providing to you the protections afforded to its customers and neither Corporate Synergy nor Capita will owe you any duties or responsibilities concerning the price of the Offer Shares or concerning the suitability of the Offer Shares for you as an investment or (save as expressly set out in these terms and conditions) otherwise in connection with the Offer.
- (h) You authorise Capita or Corporate Synergy or their agents to do all things necessary to effect registration into your name(s) of any Offer Shares acquired by you and authorise any representative of Capita or Corporate Synergy to execute and/or complete any document of title required therefor.
- (i) Only persons applying for Offer Shares under the Offer may rely on the information and representations contained in this Document and, to the extent permitted by law, any liability for this Document to any other person is hereby excluded by the Company, Corporate Synergy, Capita and any other person responsible solely or jointly for this Document, or any part of it.
- (j) The dates and times referred to in these terms and conditions may be altered by Corporate Synergy and the Company.

Jarvis Securities plc

(Registered in England and Wales with registered number 5107012)

Offer for Subscription of up to 969,697 Ordinary Shares at 82.5p per Ordinary Share payable in full on application.

Application Form

INSTRUCTIONS

This Application Form should be completed and sent to Capita IRG Plc, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH, together with your cheque or banker's draft payable to "Capita IRG Plc, a/c Jarvis Securities plc" and crossed "A/C Payee" for the amount payable (inserted in Box 2) so as to arrive as soon as possible and in any event so as to be received by no later than 3.00 pm on 21 December 2004.

IMPORTANT – Before completing this Application Form you should carefully read the prospectus of Jarvis Securities plc dated 13 December 2004 (the "Prospectus") including the Terms of the Offer set out in Part V.

Definitions used in the Prospectus shall have the same meaning in this Application Form. This Application Form is only made available with and as an enclosure to the Prospectus. The entire contents of the section in the Prospectus headed "Terms of the Offer" is deemed to be included and set out in this Application Form.

Applications may only be made by persons who are residents in the United Kingdom and who are not US persons (as defined in Regulation S under the US Securities Act of 1933 (as amended)).

Box 1	I/We hereby irrevocably offer to subscribe for <input type="text"/> Offer Shares at 82.5p each on the terms and conditions (including the undertakings and the warranties) set out in Part V of the Prospectus and subject to the Memorandum and Articles of Association of the Company or any smaller number of Offer Shares for which this application is accepted.
-------	---

Any person signing this Application Form under power of attorney or other authority must enclose the original power of attorney or other authority (or a copy certified by a solicitor or notary) for inspection. If you post your Application Form, you are recommended to use first class post and allow at least two working days for delivery.

Note: Applications must be for a minimum of 600 Ordinary Shares at a subscription price of 82.5p per Ordinary Share.

Box 2	I/We attach a cheque or banker's draft payable to "Capita IRG Plc, a/c Jarvis Securities plc", for the total amount of (multiply the number of Offer Shares applied for by 82.5p sterling).	£
-------	---	---

Please use block capitals	Box 3	Forename/s (in full)
		Surname (Mr/Mrs/Ms/Miss or title)
		Address (in full)
		Postcode Daytime Telephone Number
		Signature Date



The first or sole applicant should sign and complete Box 3. Fill in Boxes 4 and 5 only if there is more than one applicant. Insert in Box 4 the names and addresses of the further joint applicants, each of whose signature is required in Box 5.

PLEASE USE BLOCK CAPITALS

Box 4	Forename/s (in full)	Forename/s(in full)	Forename/s(in full)
	Surname	Surname	Surname
	Mr, Mrs, Ms, Miss or title	Mr, Mrs, Ms, Miss or title	Mr, Mrs, Ms, Miss or title
	Address (in full)	Address (in full)	Address (in full)
	Postcode	Postcode	Postcode

Box 5	Signature	Signature	Signature
-------	-----------	-----------	-----------

Box 6	For applicants wishing to hold Shares in electronic form:	
	Participant ID:	Member Account ID:

I/We authorise/I/We do not authorise (delete whichever is inapplicable) the Company or its advisers to contact me by telephone in connection with any queries arising on my application.

If you have any queries relating to the completion of this Application Form, please telephone Capita IRG Plc on 0870 162 3121.

I/We understand and acknowledge that the Company will determine the basis of allocation of the Offer Shares and that accordingly, I/we may not receive all of the Offer Shares applied for and may not receive any at all.

If your application is successful it is expected that a share certificate for your Shares will be sent to you on 7 January 2005. If you wish to hold shares in electronic form please complete Box 6 with the relevant participant ID and member account ID details of the applicant. Capita IRG Plc will use its reasonable endeavours to credit the CREST account of those applicants wishing to hold shares in electronic form. Should it not be possible to credit the appropriate CREST account, Capita IRG Plc reserves the right to issue share certificates.

The Offer is only being made to persons ("Eligible Persons") aged 18 or over who is/are resident in the UK and who are not US persons (as defined in Regulation S under the US Securities Act of 1933 (as amended) (a "US Person")). No other persons may apply for Offer Shares under the Offer without the consent of the Company, at its sole discretion. The Offer is not being made anywhere else or to any other person.

This document does not constitute or form part of any offer or invitation to sell or issue, or the solicitation of any offer to purchase or subscribe for, Shares in any jurisdiction in which such offer, invitation or solicitation is unlawful and, without limitation, is not for distribution in or into the United States or Canada or Australia or Japan or South Africa. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States or Canada or Australia or the Republic of Ireland or Japan or South Africa and may not be offered or sold within the United States or Canada or Australia or the Republic of Ireland or Japan or South Africa to any national, resident or citizen of the United States, Canada, Australia, the Republic of Ireland, Japan or South Africa.

No person receiving a copy of this document and/or an Application Form in any territory other than the United Kingdom may treat it as constituting an offer or invitation to him, nor should he in any event use an Application Form, unless he is a resident of the UK, and in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention by any person of any registration or other regulatory or legal requirements. It is the responsibility of any person outside the UK receiving a copy of this document and/or an Application Form and wishing to apply for Offer Shares under the Offer to satisfy himself as to full observance of the laws of any relevant territory, including the obtaining of requisite governmental or other consents, the observance of any other requisite formalities and the payment of any issue, transfer or other taxes due in such territories. In particular, no persons may apply on any Application Form if they are unable to represent, agree and acknowledge that they are not, and are not acting on behalf of, a US Person and are not in the United States or acting on behalf of a person in the United States and are not a Canadian person or an individual, corporation or other entity resident in South Africa, the Republic of Ireland, Japan or Australia. If the Company has cause to believe that any applicant is a US Person or in the United States or is acting on behalf of a US Person or a person in the United States, any application which they may make may be rejected.

I/We agree that, having had the opportunity to read this document, I/we shall be deemed to have notice of all information and representations concerning the Company or any other member of the Group contained in this document.

I/We acknowledge that no person is authorised in connection with the Offer to give any information or to make any representation other than as contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by Corporate Synergy or the Company.

Guide to Completing the Application Form

(references are to numbers on the Application Form)

Insert in Box 1 (in figures) the number of Offer Shares for which you are applying

Application must be for a minimum of 600 Offer Shares.

Put in Box 2 (in pounds sterling) the amount of your cheque or bankers draft

Payment must be for the exact amount you have put in Box 2. No receipt will be issued. Payments must be made by cheque or bankers' draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of any of those companies and must bear the appropriate sorting code in the top right hand corner. If you are resident in the United Kingdom, cheques or bankers' drafts should be made payable to **Capita IRG Plc, a/c Jarvis Securities plc** and crossed "A/C Payee". The cheque should not be post dated. Any monies returned will be returned without interest and will be sent by cheque crossed "A/C Payee" payable to the person named in Box 3.

Under the provisions of the Money Laundering Regulations 2003 you may be required to produce satisfactory evidence of your identity and address or the identity and address of any person on whose behalf you are applying. Failure to do so, if required, may result in rejection of your application or delay in the issue of a share certificate (and/or a return money cheque) to you (or such person) and/or in your (or such person's) ability to obtain the benefits of ownership of the Ordinary Shares. If you apply for Ordinary Shares at an aggregate price of more than £10,200 (€15,000) using a cheque, or bankers' draft or building society cheque drawn on an account which is not in your name, please ask the bank or building society on which it is drawn to enter your name, address and account number on the bank and its stamp.

Insert in Box 3 your name and address in full and sign and date the Application Form

As stated on the Application Form, the Application Form may only be signed by someone else on your behalf if they are authorised to do so.

Complete Boxes 4 and 5 only if there is more than one applicant

Complete Box 6 if you wish to hold any resulting Ordinary Shares in electronic form

Capita IRG Plc will use its reasonable endeavours to credit the CREST account of those applicants wishing to hold shares in electronic form. Should it not be possible to credit the appropriate CREST account, Capita IRG Plc reserves the right to issue share certificates.

