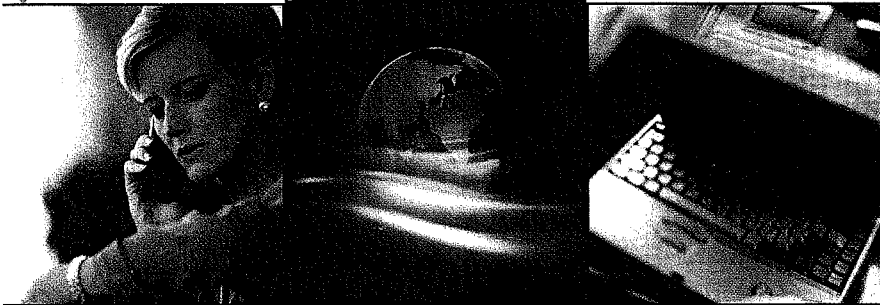




CPL Resources plc



Placing by Davy Stockbrokers



cpl

THIS DOCUMENT IS IMPORTANT. When considering what action to take on the contents of this document, you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on the acquisition of shares and other securities (being in the case of Irish investors/residents, an organisation or firm authorised under the Investment Intermediaries Act, 1995 of the Republic of Ireland or the Stock Exchange Act, 1995 of the Republic of Ireland and in the case of UK investors/residents, an independent financial adviser authorised under the Financial Services Act 1986 of the United Kingdom).

A copy of this document (which has been drawn up in accordance with the requirements of the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992 of Ireland), having attached thereto the consents referred to in paragraph 13(e) and (f) of Part 4 of this document and copies of the material contracts referred to in paragraph 6 of Part 4 of this document, has been delivered to the Registrar of Companies in Ireland for registration in compliance with Section 47 of the Companies Act, 1963 of Ireland. A copy of this document (which has also been drawn up in accordance with the requirements of the UK Public Offer of Securities Regulations 1995 (the "POS Regulations") has also been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the POS Regulations.

The Directors of CPL Resources plc, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of 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 will be made for the whole of the ordinary share capital of CPL Resources plc in issue immediately following the Placing to be admitted to trading on the Developing Companies Market of the Irish Stock Exchange ("DCM") and to the Alternative Investment Market of the London Stock Exchange ("AIM"). The DCM and AIM are markets designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser.

The rules of the DCM and AIM are less demanding than those of the Official List of the Irish Stock Exchange or the Official List of the London Stock Exchange. It is emphasised that no application is being made for admission of these securities to the Official List of the Irish Stock Exchange or the Official List of the London Stock Exchange. Further, the London Stock Exchange has not itself approved the contents of this document. It is expected that dealings in the Ordinary Shares will commence on the DCM and AIM on 29 June, 1999.

CPL RESOURCES PLC

(Incorporated in the Republic of Ireland under the Companies Acts 1963 to 1990 – No. 287278)

Placing by Davy Stockbrokers of 6,000,000 Ordinary Shares of €0.10 each at €77c and Stg50p per share and Admission to the Developing Companies Market and the Alternative Investment Market

Share Capital following the Placing

Authorised		Ordinary Shares of €0.10 each	Issued and fully paid	
Amount	Number		Amount	Number
€5,000,000	50,000,000	€3,619,682.5	36,196,825	

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

Davy Stockbrokers, which is regulated by the Central Bank of Ireland is acting for the Company and no one else in relation to the Placing, and will not be responsible to any other person for providing the protections afforded to their respective customers or for providing advice in relation to the Placing. Davy Stockbrokers has not authorised the contents of any part of or the issue of this document for the purposes of Sections 42(1)(d) and 50(1) of the Companies Act 1963, of Ireland or Regulation 13(1)(g) of the POS Regulations.

The offer pursuant to the Placing described in this document is not being made directly or indirectly in, and this document is not being, and must not be, mailed or otherwise distributed or sent in or into, the United States of America, Canada, Australia or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) and may not be offered, sold or delivered, directly or indirectly in the United States of America, Canada, Australia or Japan.

An investment in the Company involves a degree of risk and, in particular, attention is drawn to the risk factors set out on page 16 of this document.

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DIRECTORS AND ADVISERS

Directors:	John Hennessy (Non-Executive Chairman) Anne Heraty (Managing) Paul Carroll (Business Development) Patrick Garvey (Non-Executive) Peter Malone (Non-Executive) Garret Roche (Director of Contracting) All of 83 Merrion Square, Dublin 2.		
Secretary and Registered Office:	William Fry Limited, First Floor, Fitzwilton House, Wilton Place, Dublin 2.		
Financial Adviser:	Davy Corporate Finance Limited, Davy House, 49 Dawson Street, Dublin 2.		
DCM Sponsor, AIM Nominated Adviser and Nominated Broker:	Davy Stockbrokers, Davy House, 49 Dawson Street, Dublin 2.		
Auditors and Reporting Accountants:	Arthur Andersen, Andersen House, International Financial Services Centre, Dublin 1.		
Irish Solicitors to the Company:	William Fry, Fitzwilton House, Wilton Place, Dublin 2.	UK Solicitors to the Company:	Lawrence Graham, 190 Strand, London WC2R 1JN.
Principal Bankers:	AIB Bank plc, 62 St. Bridget's Road, Artane, Dublin 5.		
UK Paying Agents:	Computershare Services Limited, 4th Floor, Caxton House, Redcliff Way, Bristol BS99 7NH, England.		
Registrars and Irish Paying Agents:	Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18.		

DEFINITIONS

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

“Accountants’ Report”	the accountants’ report on the Group set out in Part 3 of this document;
“Acts”	the Companies Acts 1963 to 1990;
“Admission”	the admission of the entire ordinary share capital of the Company, issued and to be issued pursuant to the Placing, to trading on the DCM and AIM becoming effective;
“AIM”	the Alternative Investment Market of the London Stock Exchange;
“Board” or “Directors”	the board of directors of the Company;
“candidates”	persons seeking either permanent, temporary or contract positions with clients of the Group;
“client”	a client of the Group for whom candidates are recruited by the Group;
“Company” or “CPL”	CPL Resources plc;
“contractors”	candidates who are placed on a contract or temporary basis with clients such candidates being paid by CPL Solutions;
“CPL Group” or “the Group”	the Company and its subsidiaries;
“Computer Placement”	Computer Placement Limited, Company Registration Number 156852;
“CPL Solutions”	CPL Solutions Limited, Company Registration Number 241247;
“CREST”	the computerised settlement system to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo Limited;
“Davy”	J&E Davy, trading as Davy Stockbrokers;
“DCM”	the Developing Companies Market of the Irish Stock Exchange;
“IRE” and “IRp”	Irish pounds and Irish pence respectively;
“Irish Stock Exchange”	The Irish Stock Exchange Limited;
“IT”	information technology;
“London Stock Exchange”	London Stock Exchange Limited;
“Ordinary Shares”	ordinary shares of €0.10 each in the capital of the Company;
“permanent recruitment”	the recruitment by the Group of candidates to be employed on a permanent or fixed-term contract basis by a client;
“Placing”	the placing by Davy of 6,000,000 Ordinary Shares on behalf of the Company and the Selling Shareholders as described in this document;
“Placing Price”	€77c and Stg50p per Placing Share;
“Placing Shares”	the 6,000,000 Ordinary Shares being placed by Davy pursuant to the Placing;

“recruiters”	individuals employed by the Group, on a permanent basis, to source, select and arrange the placement of candidates and contractors;
“Share Option Scheme”	the Company’s 1999 employee share option scheme;
“subsidiary”	the meaning ascribed to it by Section 155 of the Companies Act, 1963;
“the 1963 Act”	the Companies Act, 1963;
“the 1983 Act”	the Companies (Amendment) Act 1983;
“the 1990 Act”	the Companies Act 1990; and
“Selling Shareholders”	the persons named as the parties of the first part to the Placing Agreement in the summary thereof in paragraph 6(a) of Part 4 of this document.

All references in this document to legislation are to Irish legislation, unless otherwise stated or the context otherwise requires. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

All amounts contained within this document referred to by the symbols “IR£” and IRp” are in Irish pounds and pence. The symbol “Stg£” or “£” refers to pounds sterling. The symbol € refers to euro, the single currency unit referred to in Council Regulations (EC) No. 974/98 of 8 May, 1998 on the introduction of the euro. Irish pounds can be converted into euro based on a conversion rate of €1 = IR£0.787564.

The rate of exchange used for the purposes of this document is €1 : Stg£0.6506, being the mid-market rate of exchange as at 1.15 p.m. on 21 June, 1999, the latest practicable date prior to the date of publication of this document.

KEY INFORMATION

The following information is derived from and should be read in conjunction with the full text of this document. Investors should not rely on the key information contained in this summary.

BUSINESS

CPL is a leading Irish staffing services organisation specialising in providing Information Technology ("IT") professionals for permanent and contract positions throughout Ireland. The Group has experienced strong profit growth over the last three years during which time profit before tax has grown from IR£68,000 for the year ended 30 June, 1996 to a forecast IR£2.426 million in the year ending 30 June, 1999, a compound annual growth rate of 229%. The organisation has two operating subsidiaries; the permanent placement business operated by Computer Placement and the contracts business operated by CPL Solutions.

KEY ATTRIBUTES

The Directors believe that the Group's key attributes, which have contributed to its success to date, are as follows:

- its position in the recruitment market as a specialist in the provision of permanent and contract IT professionals;
- its reputation for providing a high quality of service and the resulting high level of repeat business;
- the experience and proven ability of its senior management in achieving profitable growth;
- the quality of the Group's personnel coupled with the range of its database of candidates; and,
- its broad client base operating across a wide range of industries.

TRADING RECORD

The following audited financial information on the Group has been extracted from the Accountants' Report set out in Part 3 of this document.

	Six months ended 31 Dec 1998 IR£'000	Year ended 30 June 1998 IR£'000	Year ended 30 June 1997 IR£'000	Year ended 30 June 1996 IR£'000
Turnover	7,595	9,373	4,810	2,737
Profit before taxation	1,167	909	230	68
Profit after taxation	798	578	152	31
Earnings per share (IRp)	2.40	1.74	0.46	0.09

Note: the profit before taxation amounts above are shown after the charging of Directors' emoluments (the amount of which is shown in note 4.6 to the Accountants' Report set out in Part 3 of this document). From 1 July, 1998 Directors' emoluments are in accordance with the service agreements described in paragraph (5) of Part 4 of this document. Going forward, the level of Directors' emoluments will be determined by the Remuneration Committee, as described on page 16 of this document.

PROFIT FORECAST

The Directors forecast that, on the basis set out in Part 2 of this document, the profit on ordinary activities before taxation of the Group for the year ended 30 June, 1999 will be IR£2.426 million. The profit forecast has been made after due and careful enquiry by the Directors. The basis and assumptions relating to the profit forecast and a letter from Arthur Andersen, Chartered Accountants, are set out in Part 2.

DETAILS OF THE PLACING AND LOCK-IN UNDERTAKINGS

All of the Placing Shares (other than those being made available to employees of the Group) are being placed with institutional and other investors at the Placing Price. The Company is offering approximately 95,000 of the Placing Shares at the Placing Price to the employees of the Group who have indicated an interest in acquiring Ordinary Shares in the Placing.

The Company is proposing to raise approximately IR£1.54 million net of expenses by issuing 3,000,000 new Ordinary Shares at the Placing Price. The Selling Shareholders, who prior to the Placing owned 98.1% of the Ordinary Shares, intend to sell between them 3,000,000 Ordinary Shares as part of the Placing. The Placing Shares will represent in aggregate 16.6% of the enlarged issued share capital of the Company immediately following the Placing. Accordingly, the Selling Shareholders will remain as the controlling shareholders in the Company and as such all transactions and relationships in the future between the Company and the Selling Shareholders will be on an arms length and normal commercial basis. The Selling Shareholders have undertaken that, except with the prior consent of Davy, they will not dispose of any beneficial interests in any Ordinary Shares held by them following Admission until the date of preliminary announcement of the results of the Group for its financial year ending 30 June, 2000.

No lock-in undertaking is being sought from employees in respect of shares acquired by them pursuant to the Placing.

Attention is drawn to the Risk Factors set out on page 16 of Part 1 of this document. All statements relating to the Group's business, financial position and prospects should be viewed in the light of Year 2000 compliance which is addressed on page 11 of this document.

PLACING STATISTICS

Placing Price per Ordinary Share	€77c and Stg50p
Market capitalisation at the Placing Price	€27.87 million (Stg£18.13 million)
Number of Ordinary Shares in issue following the Placing	36,196,825
Number of Ordinary Shares being placed on behalf of the Company	3,000,000
Number of Ordinary Shares being placed on behalf of the Selling Shareholders	3,000,000
Percentage of enlarged issued ordinary share capital being placed	16.6%
Gross proceeds of the Placing to the Company	€2.31 million (Stg£1.5 million)
Net proceeds of the Placing (after expenses) to the Company	€1.96 million (Stg£1.28 million)
Projected earnings per share for the year ending 30 June, 1999 on enlarged share capital	€6c (Stg4p)
Price earnings multiple on the existing share capital at the issue price	11.8 times

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	1999
Latest time for receipt of placing monies	8.00 a.m. on 29 June
Dealings on the DCM and AIM expected to commence and CREST accounts to be credited	9.00 a.m. on 29 June
Expected date of despatch of definitive share certificates in respect of the Ordinary Shares pursuant to the Placing	2 July

PART 1 – INFORMATION ON THE COMPANY

INTRODUCTION

CPL is a leading Irish staffing services organisation specialising in providing IT professionals for permanent and contract positions throughout Ireland. The Group has experienced strong profit growth over the last three years during which time profit before tax has grown from IR£68,000 for the year ended 30 June, 1996 to a forecast IR£2.426 million in the year ending 30 June, 1999, a compound annual growth rate of 229%. The organisation has two operating subsidiaries; the permanent placement business operated by Computer Placement and the contracts business operated by CPL Solutions. The Group has recently been restructured in preparation for flotation, with CPL Resources plc having been established as a holding company for the Group.

Computer Placement

Computer Placement specialises principally in the placement of IT professionals, providing high quality recruitment services to a wide range of national and international clients. This company's successful track record of sales and profit growth is based on its ability to provide a comprehensive technical recruitment service which places senior management and technical staff in software, electronics, telecommunications and financial sectors. Computer Placement accounted for approximately 20% of Group turnover and 58% of Group operating profit for the year ended 30 June, 1998.

CPL Solutions

CPL Solutions provides IT professionals on a contract basis to organisations with complex IT operations. This company has approximately 350 contractors working on client sites. These people are billed primarily on an hourly rate and typically work on assignments lasting 6 to 12 months. This division accounted for approximately 80% of the Group's turnover and approximately 42% of the Group's operating profit for the year ended 30 June, 1998.

HISTORY

The business of Computer Placement was established in October 1989 by Anne Heraty and Mr. Keith O'Malley. It was incorporated as a company in March 1990, 67% owned by Professional Placement Group, a recruitment company then owned by Mr. Keith O'Malley and 33% by Anne Heraty, and specialised as an IT permanent placement company. In 1992 Anne Heraty acquired the balance of the shares in Computer Placement.

In 1994 Computer Placement restructured its operations allowing recruiters to specialise in specific areas within the IT sector. These included software development, localisation, network, and technical support.

In January 1996, as a result of demand for flexible staffing, CPL Solutions was established. It provides IT contractors in areas such as software development, networking and support, database design and software testing. Since then CPL Solutions has developed successfully, providing contractors to clients, in a broad range of industries, including banking, semi-state companies and major hardware and software suppliers.

In late 1996, CPL Engineering was set up as a division of Computer Placement. It focuses on the electronics sectors. In April 1998, CPL Sales was established as a division of Computer Placement and in June 1998, as a result of client demand, CPL Financial was set up, as a further division of Computer Placement. CPL Sales focuses on permanent placement of IT sales people and CPL Financial focuses on permanent placement in the financial services industry. In November 1998 CPL Telecoms was set up as a further specialist division of Computer Placement specialising in permanent placement of telecoms staff.

In April 1996, Paul Carroll, Anne Heraty's husband joined the Group as Business Development Director. In 1997 the Group established a Limerick office and, more recently, in January 1999 the Group opened a Galway office.

The Group is ISO9002 accredited and the Directors believe that this provides a strong framework for quality control and continuous business improvement.

BUSINESS OPERATIONS

Computer Placement

The Market

The market in which Computer Placement operates is that of placing IT professionals into technical, middle and senior management positions, on a permanent basis, in the software, telecommunications, electronics and finance industries.

IT permanent placement assignments within the Irish recruitment industry generate high fees per assignment, typically around 15% to 20% of first year basic salary.

The Directors expect that Computer Placement's business will continue to grow for the following reasons:

- demand for IT professionals in Ireland is strong and there is evidence of a continuing skills shortage in certain specialised areas;
- the increasing strategic importance of IT is leading to considerable investment in IT by businesses;
- there is scope for growth and development of the market for recruitment services in Ireland and elsewhere in mainland Europe; and
- the demands of specific markets such as enterprise solutions and emerging technologies should keep the market for specialist IT professionals buoyant.

The Directors believe that the IT recruitment market is experiencing greater growth than the recruitment market as a whole and that Computer Placement is well positioned to benefit from this.

The Business

Computer Placement offers recruitment services through database search, advertised selection and executive search from its offices in Dublin, Limerick and Galway. Its clients include blue chip indigenous and international organisations operating in Ireland and growing software houses and consultancies. Computer Placement operates through five specialist divisions namely, Computer Placement (covering software development, localisation, network and technical support), CPL Engineering, CPL Sales, CPL Financial and CPL Telecoms. The Directors believe that CPL's high profile advertising in the national and trade press as well as on the internet has established a strong brand identity, particularly within the IT user community. This enhances Computer Placement's ability to attract quality technical candidates for its clients.

The majority of Computer Placement's assignments relate to the identification and recruitment of IT professionals for a range of technical, middle and senior management positions. Suitable professionals are identified through advertising, database search and executive search.

Computer Placement's recruiters specialise in various industry sectors and functional areas. Over 80% of them are degree qualified and many have direct industry experience in their specialist sector. On-going training is provided to all recruiters to ensure they appreciate not only technical requirements but also the necessity for speed and accuracy in responding to client requirements.

Computer Placement operates a detailed monitoring system to ensure that potential sales opportunities are identified and followed up. Senior management seeks to ensure that the recruiters are highly motivated and as part of this, annual sales targets are set and these are monitored on a monthly and quarterly basis.

CPL Solutions

The Market

The IT recruitment market has seen a significant trend towards contracting in recent years in the Irish marketplace which is evidenced by the demand experienced by CPL Solutions for contractors. The Directors believe that this demand can be attributed to the following:

- the increasing desire of companies to access specialist IT skills and resources without making the commitment to permanent employment;
- the need to assign staff to IT projects to rapidly deliver new systems or applications; and,
- the increased skills shortage which has impacted on the ability of companies to hire permanent IT professionals within acceptable timeframes.

The Directors believe that the majority of the Group's clients have already completed their Year 2000 compliance projects. As a result, less than 15% of CPL Solutions' contractors are currently employed on Year 2000 related projects.

The Business

CPL Solutions provides on a contract basis IT professionals to a wide range of blue chip indigenous/international organisations operating in Ireland. CPL Solutions has been successful to date and this is evidenced by the level of recurring business originating from the Groups' client base and by the increase in the number of contractors on assignment. In April 1999 approximately 350 contractors worked on assignment compared with 180 in September 1998. CPL Solutions also provides contractors to overseas clients.

CPL Solutions' contractors have broad technical backgrounds and work on assignments in project management, client server and software development, enterprise resource planning, network and technical support, localisation and systems testing and internet. Typically, contractors placed by CPL Solutions work on assignment lasting for 6 months to 12 months.

The Directors attribute CPL Solutions' strong growth to the following:

- A reputation for providing a high quality service to clients and contractors leading to considerable levels of repeat business with clients and long term successful relationships with contractors.
- The quality and training of its recruiters with particular emphasis on building trust with clients and contractors.
- The maintenance and utilisation of an extensive database of candidate details which facilitates the Company in the identification of suitable contractors to meet client requirements.

CPL Solutions places considerable focus on developing relationships with existing and new contractors. Considerable emphasis is placed on career advice and planning. CPL Solutions offers introductions to other professional organisations which provide them with support services such as accounting and financial advice. Periodically, CPL Solutions hosts career seminars promoting contracting as a career.

GROUP CLIENTS

The Group has in excess of 500 clients operating in a wide range of industries including software, financial services, telecommunications, electronics, manufacturing, distribution and pharmaceuticals. In the year ended 30 June, 1998, no single client accounted for more than 5% of the Group's net fee income.

The range of services offered by the Group allows clients to meet their IT staffing requirements exclusively with the Group. Certain clients have assigned preferred supplier status to the Group based on the Group's track record of service and understanding of clients' requirements.

COMPETITION

The markets in which Computer Placement and CPL Solutions operate are fragmented with approximately 300 employment agencies operating in Ireland (source: Irish Recruitment Directory 1998). Although there are several other companies, both Irish and international operating in Ireland which compete directly with the Group, the Directors believe that the Group is the leading specialist IT recruitment firm in Ireland and that it differentiates itself from its competition by the range and quality of the services which it provides both to its clients and candidates.

FINANCIAL AND MANAGEMENT CONTROL

The Group operates accounting systems which, combined with close involvement of the executive directors in the day to day operations of the business, facilitate effective financial control. Monthly sales reports are reviewed with emphasis placed on prompt detection of any deviation from expected levels of performance including productivity, gross margin and net margins.

The Group has invested heavily in developing and installing its computer systems, which the Directors believe are capable of meeting the Group's future needs. The Group has conducted a review of key computer systems and the Directors are satisfied that these systems are Year 2000 compliant.

THE IRISH ECONOMY

Growth prospects for the Irish economy remain strong. Official figures from the Central Bank of Ireland (source: Quarterly Bulletin, Spring 1999) estimate real GDP growth in 1998 at 10%. Growth is estimated to have decelerated moderately from the previous year. Real GDP growth in 1999 is forecast to be 8.2%, a slightly slower rate than in 1998.

DIRECTORS

The Board of CPL comprises three executive and three non-executive directors.

Executive Directors

Anne Jean Mary Heraty, aged 39, Group Managing Director, established Computer Placement in October 1989. Anne holds a BA in Mathematics and Economics from University College Dublin. Prior to establishing the Group she worked as an IT recruitment consultant from 1987 to 1989.

Paul Carroll, aged 35, Business Development Director, joined CPL in April 1996. He worked with Gateway as a compensation and benefits manager. Previously he spent five years as a human resource consultant (manager) with KPMG. He has a B.Sc. in Physics and Mathematics and a Higher Diploma in Education. He also holds a Diploma in Personnel Management and is a graduate member of the Institute of Personnel Development ("IPD"). He is an associate lecturer on Applied Human Resource Management in the National College of Ireland.

Garret John Roche, aged 28, Director of Contracting, joined the Group in December 1995. He was a key member of the start-up team that established CPL Solutions' contracting business in January 1996. He is a Services Marketing graduate from Carlow RTC. He also holds a Diploma in Personnel Management and is a graduate member of the IPD. Prior to joining CPL Solutions, Garret worked as a recruitment consultant in the sales arena.

Non-Executive Directors

John Michael Hennessy, aged 42, Non-Executive Chairman, joined the board of CPL Resources plc in 1998 having acted as a consultant to the Group for the preceding year. He is a barrister and chartered accountant and holds a degree in mathematical sciences from Trinity College Dublin. He was formerly a partner with Arthur Andersen and is now in practice at the Irish Bar.

Peter Gerald Malone, aged 55, joined the Board in 1999. He is managing director of Jurys Doyle Hotel Group p.l.c. He is also director of Hibernian Group plc and is a member of both the Review Body on Higher Remuneration in the Public Sector and the Minimum Wage Commission.

Patrick James Garvey, aged 53, is Deputy Chairman of Sharptext Group Limited, a company he founded in 1980 and which is now a wholly owned subsidiary of DCC plc. He is also a director of DCC Sercom Limited, the computer products division of DCC plc.

SENIOR MANAGEMENT

Enda Kyne, aged 33, joined the Group in May 1998 as Business Development Manager. He is responsible for the CPL skills programme, senior appointments and specific account management relationships with key clients. He previously worked with Vision Consulting and CAP-Gemini. Enda holds a degree in Information Technology from Dublin City University and a diploma in Advanced Programming from Trinity College, Dublin.

Philip Brady, aged 35, joined Computer Placement in May 1992. He subsequently established the Group's Limerick Office in 1997 where he manages a team providing recruitment services to a range of industry sectors. Philip graduated from University College Dublin in 1986 with a BA. Prior to joining Computer Placement, Philip worked as a systems engineer with EDS. He was appointed a director of Computer Placement in 1995.

Wendy Chin, aged 29, manages CPL Financial, a division of Computer Placement. She previously worked for five years with a multinational recruitment firm based in California, where she was responsible for managing a team of temporary and permanent recruiters. Wendy is currently studying for a Masters in Business Studies in Management and Organisation Studies from the Smurfit Graduate School of Business of University College Dublin.

Anne-Marie Smyth, aged 30, joined as Financial Controller of CPL in March 1999. She qualified as a Chartered Accountant in 1992 with KPMG. Anne-Marie worked from September 1994 to November 1998 as Financial Controller of HVM having joined them as Financial Accountant. She is responsible for the management of the Group's accounting function.

Gerard Doyle, GPID, aged 27, joined Computer Placement in August 1996 and established CPL Engineering. Gerard is Group Quality Manager and leads the team involved in CPL's ISO 9002 programme. He is a graduate member of the IPD and is currently studying for a Masters in Training and Performance Management from the University of Leicester.

Olivia Galvin B.Sc., aged 29, joined Computer Placement in 1995 and set up the localisation sub-division. She is a graduate of the National University of Ireland, Maynooth. She now manages the software development sub-division.

Denis Egan B.Eng, aged 28, is manager of the Group's Galway office. He joined Computer Placement in November 1997 as a senior recruiter. He established CPL Engineering in Limerick and in January 1999, established the Group's Galway office. He is an engineering graduate of University College Galway.

Tara Maharaj BA, MA, aged 26, joined Computer Placement in August 1996 and holds a degree in Psychology and a Masters in Social and Organisational Psychology. She is manager of the localisation division of Computer Placement.

Lisa Holt, aged 30, joined Computer Placement in May 1996 as a senior recruiter. In August 1998 she was promoted to manager of the network and technical support division. Prior to joining CPL, Lisa worked in the human resources department of JBA Software Ltd, where she was responsible for their graduate recruitment.

FINANCIAL RECORD

The following audited financial information on the Group has been extracted from the Accountants' Report set out in Part 3 of this document.

	Six months ended 31 Dec 1998 IR£'000	Year ended 30 June 1998 IR£'000	Year ended 30 June 1997 IR£'000	Year ended 30 June 1996 IR£'000
Turnover	7,595	9,373	4,810	2,737
Profit before taxation	1,167	909	230	68
Profit after taxation	798	578	152	31
Earnings per share (IRp)	2.40	1.74	0.46	0.09

Note: the profit before taxation amounts above are shown after the charging of Directors' emoluments (the amount of which is shown in note 4.6 to the Accountants' Report set out in Part 3 of this document). From 1 July, 1998 Directors' emoluments are in accordance with the service agreements described in paragraph (5) of Part 4 of this document. Going forward, the level of Directors' emoluments will be determined by the Remuneration Committee, as described on page 16 of this document.

CURRENT TRADING

Trading to date in the current calendar year has been strong with an encouraging level of assignments and this is evidenced in the profit forecast for the six months ending June 1999 as set out in Part 2 of this document. The Directors believe that the Group will continue to grow strongly for the following reasons:

- the significant growth of the IT market from which a high proportion of the Group's turnover is derived;
- the growth of IT contracting as a result of an increasing appreciation of the benefits of outsourcing by companies and an increasing trend towards freelancing by IT professionals; and
- the range of opportunities to expand the Group's business both geographically and by market sector, through continued organic growth and by acquisition.

The Directors believe that the Group's current operating formula provides a sound base for the future, which they view with confidence.

PROFIT FORECAST

The Directors forecast that, on the basis set out in Part 2 of this document, the profit on ordinary activities before taxation and the profit after taxation the Group for the six months ending 30 June, 1999 will not be less than IR£1.259 million and IR£0.911 million respectively. Consequently, the forecast profit before tax for the year ended 30 June, 1999 is IR£2.426 million. The profit forecast has been made after due and careful enquiry by the Directors. The basis and assumptions relating to the profit forecast and a letter from Arthur Andersen, Chartered Accountants, are set out in Part 2.

STRATEGY AND PROSPECTS

The Group's track record to date indicates an ability to identify and respond to trends and customer needs. The Group plans to grow organically in both new locations and new business areas and by acquisition, where suitable opportunities become available.

Organic Growth

The Group has grown to its present size entirely through internal expansion of service lines and by winning more business from more clients.

The Group's success in its original business of placing candidates in permanent positions has led to client demand to provide contractors and to fill positions in related disciplines such as software development, localisation, telecommunications, network and technical support. The Group has responded to these demands and to trends in the marketplace and today has well-established divisions in each of these business areas.

The Group is continuing to identify and meet new market-led demands. The Group plans, in addition to continuing to expand the diversity of business areas into which contract and permanent personnel are placed, to move towards the provision of higher value added services. Tallas Software Limited, was acquired as a new shelf company by the Group on 15 April, 1999 with a view to providing software-related consultancy services.

Over the last few years the Group's organic growth has also involved geographic expansion. The Group now has offices in Limerick and Galway. The Group plans to continue increasing its number of locations on a selective basis. Further expansion within Ireland is under active consideration and initial investigations of possibilities in other parts of Europe have already been undertaken.

By motivating and rewarding its recruiters well, the Group plans to continue to attract and retain the skills necessary to pursue these opportunities.

Growth by Acquisition

The Directors regard the Irish recruitment industry as fragmented, with a large number of smaller entities operating in a variety of mainstream and specialist business areas. The Group intends to play a role in any consolidation process which occurs within the industry in Ireland. In the recent past the Group has held discussions with the principals of several businesses in the industry with a view to exploring possibilities. However, no such potential transaction is currently under active consideration.

Geographic expansion, although achieved organically to date, may be pursued by acquisition in the future, both in Ireland in the first instance and in continental Europe.

REASONS FOR THE PLACING AND ADMISSION

The net proceeds of the Placing will strengthen the Group's balance sheet and will be used to provide additional capital to fund the Group's expansion plans. These relate to the opening of offices in additional locations in Ireland in the first instance and also provide the basis for the Company to be in a position to consider potential acquisitions as mentioned above.

In addition, the Directors believe that the Group has reached a stage in its development where it will benefit from the opportunities that derive from being a quoted company such that the status and profile of the Group will be enhanced which will assist in attracting both new clients and recruiters.

The quotation of the Company's shares will expand the Company's shareholder base and will provide opportunities for employees to participate in the future success of the Group through share ownership and the Share Option Scheme.

THE PLACING

A total of 3,000,000 new Ordinary Shares are being placed at €0.77 per share to raise approximately €2.31 million (IR£1.82 million) before expenses for the Company. In addition, the Selling Shareholders are selling a total of 3,000,000 Ordinary Shares, which form part of the Placing, to raise approximately €2.31 million before expenses. Davy has agreed to use its reasonable endeavours, as agent for the Company, to procure subscribers for 3,000,000 new Ordinary Shares at €0.77 per share. In addition, Davy has agreed to use its reasonable endeavours, as agent for the Selling Shareholders, to procure purchasers for 3,000,000 Ordinary Shares at €0.77 per share.

The net proceeds for the Company, after deducting the expenses of the Placing, are estimated to be €1.96 million. The Placing Shares represent approximately 16.6% of the enlarged issued share capital. If applications for all of the Placing Shares are not received, neither the Placing nor the applications for Admission will proceed. The Placing is conditional, inter alia, upon Admission taking place by no later than 29 June, 1999, or such later date as Davy and the Company may agree. The Placing Agreement may be terminated by Davy in certain circumstances prior to Admission.

Details of the Placing Agreement are summarised in paragraph 6(a) of Part 4 of this document.

Immediately following Admission, the Directors will be interested, in aggregate, in 30,302,466 Ordinary Shares, representing 83.7% of the enlarged issued share capital of the Company. Under the terms of the Placing Agreement, which are described more fully in paragraph 6(a) of Part 4 of this document, the Selling Shareholders have undertaken, not without the consent of Davy, to dispose of any beneficial interests in any Ordinary Shares held by them immediately following Admission until the preliminary announcement of the results of the Group for the year ending 30 June, 2000.

DIVIDEND POLICY

Following the Placing, it is the Directors' intention to pay an interim dividend and a final dividend in respect of each financial year in May and November respectively, with approximately one-third of the total annual dividend payment apportioned to the interim dividend and two-thirds to the final dividend. The Directors expect that future dividends will reflect the Group's trading performance and prospects.

The first dividend to be paid by the Company following the Placing will, in the absence of unforeseen circumstances, be the interim dividend in respect of the six months ending 31 December, 1999. The Directors expect to declare this interim dividend at the time of the announcement of the unaudited interim results for the six months ending 31 December, 1999.

CORPORATE GOVERNANCE

The Directors intend that the Group will comply with the Combined Code, which is annexed to the listing rules of the Irish Stock Exchange.

The Board will meet regularly throughout the year, at which reports on operations, finance and other relevant matters will be considered.

An audit committee, comprising of John Hennessy, Peter Malone, and Patrick Garvey, has been established and will be chaired by John Hennessy. It will meet at least twice each year and will be responsible for ensuring that the financial performance of the Group is properly reported on and monitored, for ensuring that proper internal control systems are in place and operating effectively, for meeting the auditors and for discussing the conduct and outputs of the audit.

A remuneration committee, comprised of John Hennessy, Peter Malone and Patrick Garvey, has also been established and will be chaired by Peter Malone. It will review, inter alia, the performance of executive Directors and set the scale and structure of their remuneration with due regard to the interests of shareholders. The remuneration committee will also determine the allocation of options under the Share Option Scheme and set objective conditions governing their exercise. It will be a rule of the remuneration committee that no Director shall participate in discussions or decisions relating to his or her own remuneration.

RISK FACTORS

Investors should be aware of the risks associated with an investment in the Company. In particular, the following risk factors should be considered:

Retention of Key Personnel

The departure from the Group of any of the executive Directors or certain other senior management could, in the short term, materially adversely affect the Group. While the Group has entered into service agreements with each of the executive directors, the retention of their services and those of other senior management cannot be guaranteed.

Dependence on Availability of IT Personnel

The Group's growth to date has been dependent on its ability to source qualified candidates. There can be no assurance that qualified IT personnel will continue to be available to the Group in sufficient numbers and any failure to attract or retain qualified candidates in sufficient numbers could have a material adverse effect on the Group's business.

Competition

Although the Directors believe that the Group is the largest specialist IT recruitment firm in Ireland, there are several other companies, both Irish and international, operating in Ireland which compete directly with the Group. Although the Directors believe that CPL has a strong market position, new technology, changing commercial circumstances and new entrants to the markets in which the Group operates may adversely affect the Group's business.

Adverse Changes in the Irish Economy

The provision of IT staffing services is sensitive to general economic conditions. A downturn in general economic conditions could adversely affect the Group's financial results.

Marketability of Shares

Potential investors should be aware that the value of shares can rise or fall and that investment in a share which is traded on the DCM and AIM carries a higher risk than an investment in a share listed on the Official Lists and investors may realise less than their original investment.

An investment in the Company may not be suitable for all recipients of this document. Potential investors are accordingly advised to consult, in the case of investors in Ireland, a person authorised or exempted under the Investment Intermediaries Act, 1995 or the Stock Exchange Act, 1995 or, in the case of investors in the UK, a person authorised under the UK Financial Services Act 1986 who in either case specialises in advising on investments of this kind before making any investment decision.

PART 2 – PROFIT FORECAST

The Directors set out below a profit forecast for the Group for the six months ending 30 June, 1999, which has been made after due and careful enquiry by the Directors.

Basis of Preparation

The profit forecast has been made by the Directors based on the audited non-statutory financial statements of the Group for the six months ended 31 December, 1998 and the Directors' forecast of the likely results for the six months ending 30 June, 1999.

Profit Forecast

	Audited non-statutory financial statements for the six months to 31 December 1998 IR£000	Forecast for six months ending 30 June 1999 IR£000	Forecast for year ending 30 June 1999 IR£000
Turnover	7,595	8,586	16,181
Gross Profit	2,877	3,085	5,962
Operating Profit	1,182	1,276	2,458
Profit on ordinary activities before taxation	1,167	1,259	2,426
Profit on ordinary activities after taxation	798	911	1,709
Profit for the period retained	798	911	1,709

Principal Assumptions

The following key assumptions concerning matters beyond their control have been made by the Directors in compiling the profit forecast:

- the business will not be adversely affected by the consequence of industrial disputes, interruption to supplies, losses of key personnel or changes in tax or other legislation;
- similarly, the business will not be adversely affected by changes in the general economic climate, the regulatory environment or tax legislation, inflation or interest rates; and,
- no senior management will leave the Group.

In addition to the above, the following principal assumptions were used to compile the profit forecast:

- existing clients will continue as clients of the Group and the Group will not suffer significant bad debts;
- the forecasted turnover for the six months ending 30 June, 1999 is based on actual turnover for the three months January, 1999, February, 1999 and March, 1999 and on estimated turnover for the remaining three months based on the current level of activity;
- cost of sales and overheads are based on the costs for the six months to 31 December, 1998, adjusted to reflect the increase in activity in the latter six months;
- tax for the six months ending 30 June, 1999 is estimated using the effective tax rate for the six months ended 31 December, 1998, after adjusting for the decrease of 4% in the standard rate of tax from 1 January, 1999;
- no dividends will be paid or declared for the year ending 30 June, 1999;
- no material acquisitions or disposals will take place during the period;
- work in progress levels at 30 June, 1999 will remain similar to those at 31 December, 1998;
- costs of the flotation will be met out of the proceeds of the issue of shares on flotation and will be charged to the share premium account.

The following is a copy of a letter regarding the profit forecast for the six months ending 30 June, 1999 from Arthur Andersen, Chartered Accountants:

ARTHUR ANDERSEN

Arthur Andersen
Andersen House
International Financial Services Centre
Dublin 1

22 June, 1999

The Directors
CPL Resources plc
83 Merrion Square
Dublin 2

The Directors
Davy Stockbrokers
Davy House
49 Dawson Street
Dublin 2

Dear Sirs,

Re: CPL Resources plc

We have reviewed the accounting policies applied and the calculations made in preparing the profit forecast of CPL Resources plc and its subsidiaries ("the Group") for the year ending 30 June, 1999 ("the profit forecast") set out in Part 2 of the prospectus dated 22 June, 1999. The Directors are solely responsible for the profit forecast, and the principal assumptions made by them on which the profit forecast is based are set out in Part 2.

The profit forecast is based on the results shown by the audited non-statutory consolidated accounts of the Group for the six months ended 31 December, 1998 and a forecast for the six months ending 30 June, 1999.

In our opinion, the profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors of the Company on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,

ARTHUR ANDERSEN
Chartered Accountants

PART 3 – ACCOUNTANTS’ REPORT

The following is a copy of a report by Arthur Andersen, Chartered Accountants:

ARTHUR
ANDERSEN

Arthur Andersen
Andersen House
International Financial Services Centre
Dublin 1

22 June 1999

The Directors
CPL Resources plc
83 Merrion Square
Dublin 2

The Directors
Davy Stockbrokers
Davy House
49 Dawson Street
Dublin 2

Dear Sirs,

Re: CPL Resources plc (“CPL” or “the Company”)

On 22 December 1998, CPL acquired by way of share for share exchange the whole of the issued share capital of Computer Placement Limited and CPL Solutions Limited, two companies formerly under the same ownership as CPL and under common management and control. In this report we refer to CPL and its subsidiaries together as “the Group”.

We report on the financial information on the Group set out in sections 1 to 4 below. This financial information has been prepared for inclusion in the prospectus dated 22 June, 1999 of CPL (“the Prospectus”).

Basis of Preparation

The financial information set out below, which has been prepared using the principles of merger accounting on the basis set out under Basis of Compilation below, is based on the audited consolidated non-statutory financial statements of CPL for the period from incorporation to 31 December 1998 and the audited financial statements of Computer Placement Limited and CPL Solutions Limited for the periods set out under Basis of Compilation (together “the financial statements”), after making such adjustments as we considered necessary.

Responsibility

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

The Directors of CPL 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 Statement 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 us relating to the audits of the financial statements for the periods ended 30 June 1998 and 31 December 1998, and that recorded by the auditors who audited the previous financial statements, which together underlie the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entities' circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of the affairs of the Group as at the dates stated and of its profits and cash flows for the periods then ended.

Consent

We consent to the inclusion in the Prospectus of this report and accept responsibility for this report for the purposes of paragraph 45(2)(6)(iii) of schedule 1 to the Public Offers of Securities Regulations, 1995 of the United Kingdom.

Financial Information

1. Group Profit and Loss Accounts

	Notes	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000	Year ended 30 June 1996 IR£000
Turnover	4.3	7,595	9,373	4,810	2,737
Cost of sales		(4,718)	(6,019)	(3,193)	(1,595)
Gross Profit		2,877	3,354	1,617	1,142
Distribution costs		(250)	(273)	(182)	(114)
Administrative expenses		(1,436)	(2,165)	(1,203)	(959)
Operating Profit	4.3	1,191	916	232	69
Interest receivable and similar income		—	—	2	1
Interest payable and similar charges	4.5	(24)	(7)	(4)	(2)
Profit on ordinary activities before taxation	4.6	1,167	909	230	68
Taxation on ordinary activities	4.7	(369)	(331)	(78)	(37)
Profit on ordinary activities after taxation		798	578	152	31
Dividends	4.8	—	—	—	(10)
Profit for the period retained		798	578	152	21
Profit & loss account, beginning of period		837	259	107	86
Profit & loss account, end of period		1,635	837	259	107
Earnings per share (IRp)	4.18	2.40	1.74	0.46	0.09

There were no unrecognised gains or losses other than the profit earned in the periods, none of which arose from acquisitions or discontinued operations.

2. Group Balance Sheets

	Notes	31 December 1998 IR€000	30 June 1998 IR€000	30 June 1997 IR€000	30 June 1996 IR€000
Fixed Assets					
Tangible assets	4.9	685	581	98	51
Current Assets					
Work in progress		181	40	10	15
Debtors	4.10	3,179	2,511	1,190	800
Cash at bank and in hand		362	406	122	98
		3,722	2,957	1,322	913
Creditors: Amounts falling due within one year	4.11	(2,311)	(2,304)	(1,159)	(857)
Net Current Assets		1,411	653	163	56
Total Assets less Current Liabilities		2,096	1,234	261	107
Creditors: Amounts falling due after more than one year	4.12	(404)	(350)	(2)	—
Provisions for Liabilities and Charges	4.13	(47)	(47)	—	—
Net Assets		1,645	837	259	107
Financed by:					
Called up share capital	4.14	2,656	2,656	2,656	2,656
Merger reserve	4.15	(2,646)	(2,656)	(2,656)	(2,656)
Profit and loss account		1,635	837	259	107
Shareholders' Funds – all equity interests	4.16	1,645	837	259	107

3. Group Cash Flow Statements

	Notes	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000
Net Cash Inflows from operating activities	4.17	499	374	142
Returns on investments and servicing of finance	4.17	(24)	(7)	(2)
Taxation		(362)	(36)	(40)
Capital expenditure	4.17	(10)	(481)	(67)
Cash inflow (outflow) before financing		<u>103</u>	<u>(150)</u>	<u>33</u>
Financing	4.17	(30)	317	(4)
Increase in cash		<u>73</u>	<u>167</u>	<u>29</u>

Reconciliation of net cashflow to movement in net debt (Note 4.17)

Increase in cash in the period	73	167	29
Cash outflow (inflow) from movement in debt and lease finance	(86)	(362)	4
Movement in net debt	(13)	(195)	33
Opening net (debt) funds	(81)	114	81
Closing net (debt) funds	(94)	(81)	114

4. Notes to the Group Financial Information

4.1 Basis of Compilation

CPL was incorporated on 5 June 1998 and on 11 June, 1999 re-registered as a public limited company.

On 22 December 1998, CPL acquired by way of share for share exchange the whole of the issued share capital of Computer Placement Limited and CPL Solutions Limited, two companies formerly under common ownership, management and control. Accordingly, as permitted by Financial Reporting Standard No. 6, the combination has been accounted for as a merger, as if the Group as presently constituted had been in place throughout the whole of the period covered by this report.

The audited accounts for the companies on which the financial information in this report is based are as follows:

- Computer Placement Limited
 - 12 months ended 31 March 1996
 - 12 months ended 31 March 1997
 - 15 months ended 30 June 1998
- CPL Solutions Limited
 - period from incorporation (22 November 1995) to 30 June 1997
 - 12 months ended 30 June 1998
- the Group
 - Non-statutory accounts for the period ended 31 December, 1998

4.2 Accounting Policies

The financial information has been prepared in Irish pounds under the historical cost convention on the basis set out in Note 4.1 'Basis of Compilation'. The significant accounting policies adopted by the Group, all of which been applied consistently throughout the periods covered by this report, are as follows:

(a) *Tangible Fixed Assets*

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets on a straight line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

	<i>Years</i>
Buildings	50
Equipment	3-8
Fixtures & fittings	10
Motor vehicles	3

(b) *Financial Assets*

Financial assets are stated at cost, less provision for any permanent diminution in value.

(c) *Work in progress*

Work in progress represents costs incurred in respect of placements made at period end which have not yet been invoiced. Work in progress is recognised when a contract has been agreed and a start date for the candidate has been determined.

(d) *Turnover*

Turnover represents amounts receivable for services provided in the normal course of business, net of trade discounts and Value Added Tax.

(e) *Taxation*

Corporation tax payable is provided on taxable profits at current rates.

Deferred taxation is calculated under the liability method and is provided on timing differences which will probably reverse, at the rates of taxation likely to be in force at the time of reversal.

(f) *Leases*

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Group are recorded as fixed assets and the corresponding liability is included in creditors. Depreciation on such leased assets is charged to the profit and loss account on the same basis as for other tangible fixed assets. The interest portion of payments made under such leasing agreements is also charged to the profit and loss account so as to produce a constant rate of charge.

Lease rentals in respect of assets held under operating leases are expensed in the period to which they relate.

(g) *Pensions*

Pension contributions are charged to the profit and loss account in the period to which they relate.

Any difference between amounts charged to the profit and loss account and contributions paid to the pension scheme is included in debtors or creditors in the balance sheet.

4.3 Operations and Turnover

The subsidiary companies are involved in the provision of recruitment consultancy services, principally in the information technology sector, as follows:

- Computer Placement Limited - recruitment and placement of staff; and
- CPL Solutions Limited - sourcing and placement of temporary staff.

All turnover arises from the provision of these services in the Republic of Ireland and can be analysed between the two subsidiaries as follows:

	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000	Year ended 30 June 1996 IR£000
Computer Placement Limited	1,749	1,874	899	1,548
CPL Solutions Limited	5,846	7,499	3,911	1,189
	<u>7,595</u>	<u>9,373</u>	<u>4,810</u>	<u>2,737</u>

Computer Placement Limited carried on the entire activities of the Group until January 1996, when CPL Solutions Limited was established to manage the sourcing and placement of temporary staff.

Operating profit can be analysed as follows:

	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000	Year ended 30 June 1996 IR£000
Computer Placement Limited	617	529	104	9
CPL Solutions Limited	574	387	128	60
	<u>1,191</u>	<u>916</u>	<u>232</u>	<u>69</u>

4.4 Employees and Remuneration

The average number of employees, including executive directors, employed during the periods was as follows:

	Period ended 31 December 1998	Year ended 30 June 1998	Year ended 30 June 1997	Year ended 30 June 1996
Recruitment consultants	48	39	16	17
Temporary contractors	98	90	34	15
Management and administration	10	10	6	6
	<u>156</u>	<u>139</u>	<u>56</u>	<u>38</u>

Their remuneration was as follows:

	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000	Year ended 30 June 1996 IR£000
Wages and salaries	1,526	2,321	1,272	616
Social welfare costs	148	153	86	55
Pension costs	36	51	38	58
	<u>1,710</u>	<u>2,525</u>	<u>1,396</u>	<u>729</u>

In accordance with an agreement reached with the Irish Revenue Authorities, the Group operates PAYE/PRSI on its temporary contractors. In addition to the temporary contractors above, the Group had, on average, 170 self employed contractors on its books during the six month period ended 31 December, 1998.

4.5 Interest Payable and Similar Charges

	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000	Year ended 30 June 1996 IR£000
On bank loans, overdrafts and other loans wholly repayable within 5 years	2	2	3	1
On bank loans repayable after more than 5 years	13	—	—	—
Finance lease charges	9	5	1	1
	<u>24</u>	<u>7</u>	<u>4</u>	<u>2</u>

4.6 Profit on Ordinary Activities before Taxation

	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000	Year ended 30 June 1996 IR£000
Profit on ordinary activities before taxation has been arrived at after charging:-				
Directors' emoluments				
- fees	70	552	350	229
- other emoluments	125	118	317	213
Auditors' remuneration	7	9	5	4
Operating lease rentals	43	57	—	—
Depreciation	32	43	20	14
	<u>277</u>	<u>779</u>	<u>692</u>	<u>450</u>

4.7 Taxation on Ordinary Activities

	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000	Year ended 30 June 1996 IR£000
Corporation tax (1998: 32% and 36%, 1997: 38%, 1996: 38%)	369	284	78	37
Deferred tax	—	47	—	—
	<u>369</u>	<u>331</u>	<u>78</u>	<u>37</u>

4.8 Dividends

	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000	Year ended 30 June 1996 IR£000
Final dividend	—	—	—	10

Other than a dividend of IR£816.50 per Ordinary Share declared and paid by Computer Placement Limited in 1996, no dividends have been declared or paid in the period.

4.9 Tangible Fixed Assets

	Buildings IR£000	Equipment IR£000	Fixtures & Fittings IR£000	Motor Vehicles IR£000	Total IR£000
Cost					
At 30 June 1998	390	149	72	47	658
Additions	71	33	5	27	136
	<u>461</u>	<u>182</u>	<u>77</u>	<u>74</u>	<u>794</u>
Accumulated Depreciation					
At 30 June 1998	-	44	15	18	77
Charge for the period	4	11	4	13	32
	<u>4</u>	<u>55</u>	<u>19</u>	<u>31</u>	<u>109</u>
Net Book Value					
At 30 June 1998	<u>390</u>	<u>105</u>	<u>57</u>	<u>29</u>	<u>581</u>
At 31 December 1998	<u>457</u>	<u>127</u>	<u>58</u>	<u>43</u>	<u>685</u>
Leased assets included above:					
Net Book Value					
At 30 June 1998	<u>—</u>	<u>4</u>	<u>—</u>	<u>33</u>	<u>37</u>
At 31 December 1998	<u>—</u>	<u>73</u>	<u>—</u>	<u>48</u>	<u>121</u>

Depreciation relating to leased assets amounted to IR£14,000 in the period to 31 December 1998.

4.10 Debtors: Amounts due within one year

	31 December 1998 IR£000	30 June 1998 IR£000	30 June 1997 IR£000	30 June 1996 IR£000
Trade debtors	3,096	2,474	1,190	774
Prepayments and other debtors	83	37	-	26
	<u>3,179</u>	<u>2,511</u>	<u>1,190</u>	<u>800</u>

4.11 Creditors: Amounts falling due within one year

	31 December 1998 IR£000	30 June 1998 IR£000	30 June 1997 IR£000	30 June 1996 IR£000
Bank overdraft	—	117	—	5
Trade creditors and accruals	1,293	1,059	742	745
Corporation tax	337	330	82	44
Value added tax	196	73	7	27
PAYE and PRSI	53	123	146	7
Finance lease obligations	52	20	6	12
Directors' fees	380	582	176	17
	<u>2,311</u>	<u>2,304</u>	<u>1,159</u>	<u>857</u>

4.12 Creditors: Amounts falling due after more than one year

	31 December 1998 IR£000	30 June 1998 IR£000	30 June 1997 IR£000	30 June 1996 IR£000
Bank loans	317	332	—	—
Finance lease obligations	87	18	2	—
	<u>404</u>	<u>350</u>	<u>2</u>	<u>—</u>

The bank loan was drawn down in the year ended 30 June 1998 to finance the purchase of the Group's Limerick premises. It is repayable over 20 years to 2018, and is secured by way of a fixed charge over the property and personal guarantees from Anne Heraty and Paul Carroll.

4.13 Provisions for Liabilities and Charges

	31 December 1998 IR£000	30 June 1998 IR£000	30 June 1997 IR£000	30 June 1996 IR£000
Deferred taxation	47	47	—	—
	<u>47</u>	<u>47</u>	<u>—</u>	<u>—</u>

There is no unprovided deferred tax at 31 December 1998.

4.14 Called Up Share Capital

	31 December 1998	30 June 1998	30 June 1997	30 June 1996
<i>Company - CPL Resources plc</i>				
Authorised:				
Ordinary Shares of IR10p each	26,557,460	10,000,000	N/A	N/A
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allotted, Called Up and Fully Paid:				
	IR€000	IR€000	IR€000	IR€000
Ordinary Shares of IR10p each	2,656	—	N/A	N/A
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Company was incorporated on 5 June 1998, with an authorised share capital of 1,000,000 Ordinary shares of IR£1 each. 2 Ordinary Shares were issued and fully paid up. On 28 September 1998 the authorised share capital was subdivided into 10,000,000 Ordinary Shares of IR10p each and the issued share capital was divided into 20 Ordinary Shares of IR10p each. Also on 28 September 1998 the Company increased its authorised share capital to 26,557,460 Ordinary Shares of IR10p each.

On 22 December 1998, the Company acquired all of the issued share capital of Computer Placement Limited and CPL Solutions Limited in exchange for shares in the Company. Shares were allocated to members in proportion to their shareholdings in Computer Placement Limited and CPL Solutions Limited on that date and, in accordance with the principles of merger accounting, have been treated as if they had been in issue throughout the reported period.

4.15 Merger reserve

The merger reserve, which arises on the combination of the Company and its subsidiaries, as described in Note 4.1, represents the difference between the share capital of the holding company and the share capital of the other combining entities.

4.16 Movement on Shareholders' Funds

	31 December 1998	30 June 1998	30 June 1997	30 June 1996
	IR€000	IR€000	IR€000	IR€000
Balance, start of year	837	259	107	86
Ordinary share capital issued	2,656	—	—	—
Merger reserve	(2,646)	—	—	—
Profit retained for the year	798	578	152	21
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, end of year	1,645	837	259	107
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4.17 Analysis of Cash Flows for headings netted in the Cash Flow Statement

	Period ended 31 December 1998	Year ended 30 June 1998	Year ended 30 June 1997
	IR€000	IR€000	IR€000
Reconciliation of operating profit to net operating cash flows			
Operating profit	1,191	916	232
Depreciation	32	43	20
Movement in work in progress	(141)	(30)	5
Movement in debtors	(668)	(1,321)	(390)
Movement in creditors	85	766	275
	<u> </u>	<u> </u>	<u> </u>
Net Cash Inflows from Operating Activities	499	374	142
	<u> </u>	<u> </u>	<u> </u>

	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000
Returns on investments and servicing of finance			
Interest paid	(15)	(2)	(3)
Interest received	—	—	2
Interest element of finance lease payments	(9)	(5)	(1)
Net cash outflow from returns on investments and servicing of finance	<u>(24)</u>	<u>(7)</u>	<u>(2)</u>

Capital expenditure			
Payments to acquire tangible fixed assets	<u>(10)</u>	<u>(481)</u>	<u>(67)</u>

	Period ended 31 December 1998 IR£000	Year ended 30 June 1998 IR£000	Year ended 30 June 1997 IR£000
Financing			
Issue of ordinary share capital	10	—	—
Loan drawn down	—	332	—
Loan repayments	(15)	—	—
Finance lease payments	(25)	(15)	(4)
Net cash inflow (outflow) from financing	<u>(30)</u>	<u>317</u>	<u>(4)</u>

Analysis of net debt

	Cash at bank and in hand IR£000	Bank overdraft IR£000	Bank loans IR£000	Finance leases IR£000	Net funds (debt) IR£000
At 30 June 1997	122	—	—	(8)	114
Cash flow	<u>284</u>	<u>(117)</u>	<u>(332)</u>	<u>(30)</u>	<u>(195)</u>
At 30 June 1998	406	(117)	(332)	(38)	(81)
Cash flow	<u>(44)</u>	<u>117</u>	<u>15</u>	<u>(101)</u>	<u>(13)</u>
At 31 December 1998	<u>362</u>	<u>-</u>	<u>(317)</u>	<u>(139)</u>	<u>(94)</u>

4.18 Earnings per share

Earnings per share is calculated on the basis that the issued share capital of the Company immediately before the Placing, comprising 33,196,825 Ordinary Shares of €0.10 each, existed throughout the entire period. It has been calculated based on profit on ordinary activities after taxation for the six month period ended 31 December 1998 of IR£798,000 (1998: IR£578,000; 1997: IR£152,000; 1996: IR£31,000).

4.19 Commitments and Related Party Transactions

The Group has an annual commitment of IR£85,000 in respect of its offices at 83 Merrion Square, Dublin 2 which are leased by the Group, at a rate determined by an independent property advisor, from Anne Heraty and Paul Carroll. The lease expires in 2016 and is subject to rent reviews every five years.

The Group also has annual commitments of IR£12,000 and IR£20,000 in respect of offices in Galway and Fitzwilliam Square, Dublin respectively. These commitments expire in 2003 and 2000 respectively.

4.20 Pension Arrangements

The Group contributes to defined contribution pension schemes for Anne Heraty and Paul Carroll, by way of contributions determined by the Directors from time to time to unit linked funds. See Note 4.4 for details of contributions made over the period.

4.21 Subsequent Events

Tallas Software Limited was established on 5 June, 1998 by Anne Heraty and Paul Carroll. The Company was acquired by the Group on 15 April, 1999 for the purpose of providing software-related consultancy services to the Group's existing clients.

On 9 June, 1999:

- (i) the authorised share capital of the Company was increased from IR£2,655,746 to IR£4,000,000 by the creation of an additional 16,803,175 Ordinary Shares of IR£0.08 each to rank *pari passu* in all respects;
- (ii) the 26,557,460 Ordinary Shares of IR£0.10 each in issue in the capital of the Company were sub-divided into 33,196,825 Ordinary Shares of IR£0.08 each;
- (iii) in accordance with the Economic and Monetary Union Act 1998 (the "EMU Act") the authorised share capital of IR£4,000,000 divided into 50,000,000 shares of IR£0.08 each and the total issued share capital of 33,196,825 Ordinary Shares of IR£0.08 each was redenominated into the euro unit (as defined in the EMU Act) at the conversion rate of €1.26974 per IR£1 and converted in accordance with Article 5 of the Council Regulation (EC) No. 1103/97 of 17 June 1997, giving rise to a total authorised share capital of €5,078,960 divided into 50,000,000 Ordinary Shares of €0.1015792 each and a total issued ordinary share capital of 33,196,825 Ordinary Shares of €0.1015792 each;
- (iv) the redenominated nominal par value (as calculated in accordance with Section 25(3) of the EMU Act 1998) of each share, issued or unissued in the capital of the Company was reduced to €0.10, the total authorised share capital was reduced accordingly to €5,000,000 divided into 50,000,000 Ordinary Shares of €0.10 each and an amount equal to the aggregate amount of the reduction in the issued share capital of the Company resulting from the above renominatisation was transferred to the capital conversion reserve fund;
- (v) the rules of the new Share Option Scheme were approved.

Yours faithfully,

ARTHUR ANDERSEN
Chartered Accountants
Dublin

PART 4 – GENERAL INFORMATION

(1) INCORPORATION AND SHARE CAPITAL

- (a) The Company was incorporated in Ireland on 5 June, 1998 with registration number 287278 as a private limited company under the Acts as Forkhill Trading Limited. It changed its name to CPL Recruitment International Limited on 18 December, 1998 and changed its name to CPL Resources Limited on 19 April, 1999. The Company re-registered as a public limited company and changed its name to CPL Resources plc on 15 June, 1999.
- (b) The Company is the holding company of Computer Placement Limited, CPL Solutions Limited and Tallas Software Limited. Computer Placement was incorporated in Ireland on 28 March, 1990 with registration number 156852 as a private limited company under the Acts. CPL Solutions was incorporated in Ireland on 22 November, 1995 with registration number 241247 as a private limited company under the Acts. Tallas Software Limited was incorporated on 5 June, 1998 in Ireland with registration number 287279 as a private limited company under the Acts.
- (c) The Company's registered office and its principal place of business is 83 Merrion Square, Dublin 2. The registered office and principal place of business of each of Computer Placement, CPL Solutions and Tallas Software is also 83 Merrion Square, Dublin 2.
- (d) The principal activity of the Company and its subsidiaries is the provision of recruitment consultancy services. Save as disclosed in Part 1, there are no exceptional factors which have influenced the Group's activities.
- (e) The Company was incorporated with an authorised share capital of IR£1,000,000 divided into 1,000,000 Ordinary Shares of IR£1 each. 2 Ordinary Shares of IR£1 each were issued and fully paid.
- (f) Since the date of incorporation up to the date of this document there have been the following changes in the authorised and issued share capital of the Company:
- (i) On 28 September, 1998, by written resolutions the authorised share capital of IR£1,000,000 divided into 1,000,000 shares of IR£1 each was sub-divided into 10,000,000 shares of IR10p each and the 2 issued Ordinary Shares of IR£1 each were each sub-divided into 10 Ordinary Shares of IR10p each and the authorised share capital was increased to IR£2,655,746 by the creation of 16,557,460 additional shares of IR10p each and new Memorandum and Articles of Association were adopted;
- (ii) On 22 December, 1998 the Company acquired the entire issued share capital of Computer Placement pursuant to the Share Exchange Agreement (1) (described in paragraph 6(b) below) in consideration for the issue to the shareholders of Computer Placement of an aggregate of 13,278,720 shares of IR10p each all credited as fully paid up;
- (iii) On 22 December, 1998 the Company acquired the entire issued share capital of CPL Solution pursuant to the Share Exchange Agreement (2) (described in paragraph 6(c) below) in consideration for the issue to the shareholders of CPL Solutions of an aggregate of 13,278,720 Ordinary Shares of IR10p each all credited as fully paid.
- (g) Pursuant to resolutions passed at an extraordinary general meeting of the Company held on 9 June 1999:
- (i) the authorised share capital of the Company was increased from IR£2,655,746 to IR£4,000,000 the creation of an additional 16,803,175 Ordinary Shares of IR£0.08 each to rank *pari passu* in all respects;
- (ii) the 26,557,460 Ordinary Shares of IR£0.10 each in issue in the capital of the Company were divided into 33,196,825 Ordinary Shares of IR£0.08 each;
- (iii) in accordance with the Economic and Monetary Union Act 1998 (the "EMU Act") the authorised share capital of IR£4,000,000 divided into 50,000,000 shares of IR£0.08 each and the total issued share capital of 33,196,825 Ordinary Shares of IR£0.08 each was redenominated into the euro (as defined in the EMU Act) at the conversion rate of €1.26974 per IR£1 and converted in accordance with Article 5 of the Council Regulation (EC) No. 1103/97 of 17 June 1997, giving rise to a

authorised share capital of €5,078,960 divided into 50,000,000 Ordinary Shares of €0.1015792 each and a total issued ordinary share capital of 33,196,825 Ordinary Shares of €0.1015792 each;

- (iv) the redenominated nominal par value (as calculated in accordance with Section 25(3) of the EMU Act 1998) of each share, issued or unissued in the capital of the Company was reduced to €0.10, the total authorised share capital was reduced accordingly to €5,000,000 divided into 50,000,000 Ordinary Shares of €0.10 each and an amount equal to the aggregate amount of the reduction in the issued share capital of the Company resulting from the above renominatisation was transferred to the capital conversion reserve fund;
 - (v) the new Articles of Association of the Company a summary of which is set out in paragraph (2)(b) below were adopted;
 - (vi) the Directors were authorised (pursuant to section 24 of the 1983 Act) to allot such number of Ordinary Shares as are being sold by the Company pursuant to the Placing as if section 23 of the 1983 Act (which would otherwise have required that such shares be offered to the existing shareholders on a pro-rata basis) did not apply to such allotment; and
 - (vii) the rules of the new Share Option Scheme were approved.
- (h) Save for the allotments referred to above since the date of incorporation of the Company up to and including the date hereof no capital of the Company has been allotted.
- (i) In the two years prior to the date of this document there have been the following changes to the authorised and issued share capital of Computer Placement:
- (i) On 24 September, 1998 the authorised share capital of IR£100,000 divided into 100,000 shares of IR£1 each was sub-divided into 1,000,000 of IR10p each; the 12 Ordinary Shares of IR£1 each in issue were sub-divided into 120 Ordinary Shares of IR10p each;
 - (ii) a sum of IR£961 standing to the credit of the accumulated revenue reserves of Computer Placement was capitalised by allotting 9,610 shares of IR10p each, credited as fully paid up to the holders of the issued Ordinary Shares on the register of members of Computer Placement on the basis of 80 shares for each ordinary share held; and,
 - (iii) On 15 October, 1998 Computer Placement issued 150 shares of IR10p each at a price of IR£35 per share.
- (j) In the two years prior to the date of this document there have been the following changes to the authorised and issued share capital of CPL Solutions:
- (i) On 24 September, 1998 the authorised share capital of CPL Solutions of IR1,000,000 divided into 1,000,000 shares of IR£1 each was sub-divided into 10,000,000 shares of IR10p each; the 100 Ordinary Shares of IR£1 each in issue were sub-divided into 1,000 Ordinary Shares of IR10p each;
 - (ii) a sum of IR£873 standing to the credit of the accumulated revenue reserves of CPL Solutions was capitalised by allotting 8,730 shares of IR10p each, credited as fully paid up, to the holders of the issued Ordinary Shares on the register of members of CPL Solutions on the basis of 8.73 new shares for each issued share held; and,
 - (iii) On 15 October, 1998 CPL Solutions issued 150 shares of IR10p each at a price of IR£35 per share.

(2) MEMORANDUM AND ARTICLES OF ASSOCIATION

- (a) The Memorandum of Association of the Company provides that the principal object of the Company is to carry on the business of an investment company and for that purpose to acquire and hold, either in the name of the Company or that of any nominee, shares, stocks, debentures, debenture stocks, bonds, notes obligations and securities. A full description of the objects of the Company is set out in the Clause 3 of its Memorandum of Association.

(b) The following is a summary of certain of the principal provisions of the Company's Articles of Association:

(i) **Voting**
Votes at general meetings may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of shares and to the provisions of the Articles summarised in subparagraph (vii) below, on a show of hands every member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every member shall have one vote for every share of which he is the holder. The Chairman of a meeting at which there is an equality of votes shall be entitled to a second or casting vote.

(ii) **Variation of Rights**
Without prejudice to certain other provisions of the Articles, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by special resolution determine, but subject always to any special rights previously conferred on the holders of any existing shares or class of shares in the capital of the Company.

Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

(iii) **Share Capital**

A. The Company may by ordinary resolution:

- I. increase its share capital;
- II. consolidate and divide all or any of its share capital into shares of a larger amount;
- III. subject to the provisions of the Acts, sub-divide its shares into shares of smaller amount, or
- IV. cancel any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

B. Subject to the provisions of the Acts relating to the authority to allot shares, statutory pre-emption rights and otherwise and of any special resolution of the Company empowering the Directors to do so, all unissued shares (including treasury shares) shall be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons on such terms and conditions as they may consider to be in the best interests of the Company and its shareholders. In addition to the allotment of the 3,000,000 Ordinary Shares being sold by the Company pursuant to the Placing, the Directors are authorised to allot equity securities (within the meaning of section 23 of the 1983 Act) subject to a maximum aggregate nominal value of five per cent of the issued ordinary share capital of the Company as at 9 June, 1999, as if that said section 23 did not apply to such allotment.

(iv) **Redeemable Shares**
Subject to the provisions of the Acts, any shares may be issued on the terms that they are, or, at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner as may be provided by the Articles.

(v) **Purchase of Own Shares**
Subject to the provisions of the Acts, and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class. No purchase by the Company of its own shares will take place unless it has been authorised by special resolution of the Company at a general meeting.

(vi) **Transfer of Shares**
A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors (2) in the case of uncertificated shares, through CREST in accordance with and subject to the provisions of the Companies Act, 1990 Uncertificated Securities Regulations, 1996 and the facilities and requirements of the latter.

of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph (vii) II (b) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

Subject to such of the restrictions of the Articles and to such of the conditions of issue as may be applicable, the shares of any member may be transferred by instrument in writing in any usual form or in any other form which the Directors may approve. Any instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee.

The Directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of a share to a minor or a person of unsound mind. The Directors may also refuse to register any transfer unless it is lodged at the registered office of the Company or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and by such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer save where the transferor is a Stock Exchange nominee. The Directors may also refuse to register any transfer which is in respect of more than one class of shares or which is in favour of more than four transferees.

The registration of transfers of shares may be suspended at such times and for such periods (not exceeding thirty days in each year) as the Directors may determine.

(vii) Disclosure of Beneficial Ownership

The Directors may, at any time, in their absolute discretion, give a notice to the holder of any share requiring such holder to notify the Company in writing within a period of at least 28 days from the date of service of such notice of full and accurate particulars of:

- A. his interest in such share;
- B. the interests of all persons having any beneficial interest in the share and, where any such person is a body corporate, the identity of the person(s) who control(s) such body corporate; and
- C. any arrangements entered into by him or any person having any beneficial interest in the share whereby it has been agreed or undertaken or the holder of such share can be required to transfer the share or any interest therein to any person or to act in relation to any meeting of the Company or of any class of shares of the Company in a particular way or in accordance with the wishes or directions of any other person (other than a person who is a joint holder of such share).

The Directors may require any such particulars to be verified by statutory declaration.

If at any time the Directors shall determine that the holder of any share has failed (1) to comply, to the satisfaction of the Directors, with all or any of the terms of any such notice as aforesaid, (2) to comply, to the satisfaction of the Directors, with the terms of any notice given pursuant to section 81 of the Companies Act, 1990 or (3) to pay any monies payable in respect of that share in the manner and at the time appointed for payment ("Specified Event"), the Directors may serve a notice on the holder(s) of the shares ("Restriction Notice"), whereby upon the expiry of 14 days and for so long as such Restriction Notice remains in force:-

- I. no holder(s) of the shares specified in such Restriction Notice ("the Specified Shares") shall be entitled to attend, speak or vote at any general meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting; and
- II. the Directors shall, where the Specified Shares represent not less than 0.25% of the class of shares concerned, be entitled:

-
- (a) to withhold payment of any dividend or other amount payable, including shares issued in lieu of dividends, in respect of the Specified Share; and/or
 - (b) in case the Specified Event is one described at (2) or (3) above, to refuse to register any transfer of the Specified Shares or any renunciation of any allotment of new shares or debentures made in respect thereof unless such transfer or renunciation is shown to the satisfaction of the Directors to be an arm's length transfer or renunciation to another beneficial owner unconnected with the holder or any person appearing to have an interest in the Specified Shares.

(viii) Directors

- A. **Number of Directors.** Unless otherwise determined by ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall not be less than two nor more than fifteen. A Director shall not be required to hold a share qualification.
- B. **Remuneration.** The ordinary remuneration of the Directors shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution shall otherwise provide) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he had held office. A Director holding an executive office shall receive such remuneration, whether in addition to or in substitution for his ordinary remuneration as a director, as the Directors may determine.
- C. **Retirement.** At each annual general meeting of the Company one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.
- E. **Votes.** Questions arising at any meeting of Directors shall be decided by a majority of votes. Where there is an equality of votes, the chairman of the meeting shall have a second or casting vote.
- F. **Restrictions on Director's Voting.** Save as otherwise provide by the Articles, a Director shall not vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolutions concerning any of the following matters:-

- I. the giving of any security, guarantee or indemnity to him in respect of money lent by him to the Company or any of its subsidiary companies or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary companies;
- II. the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary companies for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- III. any proposal concerning any offer of shares or debentures or other securities of or by the Company or any of its subsidiary companies for subscription, purchase or exchange in which offer he is entitled to participate as a holder of securities or is to be interested as participant in the underwriting or sub-underwriting thereof;
- IV. any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1% or more of the issued shares of any class of such company or of the voting rights available to members of such company (such interest being deemed for this purpose to be a material interest in all circumstances)

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- V. any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit in a manner similar to the benefits awarded to other employees to whom the scheme relates and which has been approved by or is subject to and conditional upon approval for taxation purposes by the appropriate Revenue authorities; or
- VI. any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including the Directors.
- G. **Directors' Interests.** Subject to the provisions of the Acts, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:
- I. may be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary or associated company thereof or in which the Company or any subsidiary or associated company thereof is otherwise interested;
- II. may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company or any subsidiary or associated company thereof is otherwise interested; and
- III. shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- H. **Borrowing Powers.** The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property, assets and uncalled capital or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party without limitation as to amount.

(ix) **Dividends**

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly. No amount paid on a share in advance of calls shall be treated as paid on a share for purposes of the above.

The Directors may, subject to approval by the Company at any general meeting in respect of any dividend declared or proposed to be declared at that general meeting or at any time prior to or at the next following annual general meeting (and provided that an adequate number of unissued Ordinary Shares is available for the purpose), offer holders of Ordinary Share the right, prior to or contemporaneously with their announcement of the dividend in question and any related information as to the Company's profits for such financial period of part thereof, to elect to receive in lieu of such dividend (or part thereof) an allotment of additional Ordinary Shares credited as fully paid.

Any dividend which has remained unclaimed for twelve years from the date the dividend became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

There is no fixed date on which an entitlement to dividend arises.

(x) **Distribution of Assets on Winding Up**

If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the

shares held by them respectively. If on a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said shares held by them respectively.

(xi) ***Pre-Emption Rights***

There are no rights of pre-emption under the Articles of Association of the Company in respect of transfers of issued Ordinary Shares.

In certain circumstances and subject to the provisions summarised at sub-paragraph (b)(iii)B. above, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(3) **SHARE OPTION SCHEME**

A Share Option Scheme was established on 3 June, 1999 ("the Scheme"). The principal terms of the Scheme are:

(i) ***Persons eligible to participate***

The Scheme is available to the following ("Executives"):

- Full time employees (i.e. who work 25 or more hours per week) of the Company or any of its subsidiaries; and
- Full time executive directors of the Company or any of its subsidiaries.

Executives must have at least two years service to complete before their normal retirement date.

(ii) ***Limit on individual grants***

Under the Scheme no Executive may be granted an option over Ordinary Shares in the Company ("Options" if the aggregate of Options over Ordinary Shares held by him following the grant and of shares acquired by him on the exercise of Options or under profit sharing schemes (but excluding Options granted more than ten years previously and shares derived therefrom) would exceed four times his annual emoluments.

(iii) ***General limits***

The Scheme is subject to the following limits on the number of shares, which may be acquired by subscription:

- In any three year period not more than 3% of the issued share capital of the Company may be placed under option under the Scheme (other than options granted prior to Admission ("Initial Options")) any other option scheme operated by the Company or may be allocated under any profit sharing scheme operated by the Company.
- In any ten year period, not more than 10% of the issued share capital of the Company on any grant date may be placed under option under the Scheme or any other option scheme operated by the Company or may be allocated under any profit sharing scheme operated by the Company.

(iv) ***Option Price***

The price payable for Ordinary Shares on the exercise of any options shall be at not less than the higher of

- the mid-market price of an Ordinary Share on the Irish Stock Exchange on the day preceding the date on which the invitation to apply for an Option was issued or in the case of the grant of Initial Options the price per Ordinary Shares as determined by the Board in its absolute discretion; and
- the nominal value of an Ordinary Share.

(v) ***Timing of grants, performance conditions and exercise***

Options may normally only be granted within the 42 day period following the announcement of results for the period provided that no Option may be granted more than 10 years after the date of adoption of the Scheme.

Options may normally only be exercised when three years has elapsed from their date of grant.

Performance conditions are to be imposed by the remuneration committee of the Board ("the Committee") such as to require exceptional performance. Such performance conditions may include conditions that the consolidated earnings per share of the Company ("EPS") in each of any three consecutive financial years (commencing with the year in which the option was granted or any subsequent year) will be greater than the EPS in the preceding year. In certain circumstances such as death, retirement or ill health of participants, a participant leaving the Group, a takeover or a reorganisation, the performance conditions may be disapplied at the absolute discretion of the Committee.

An Option lapses if not exercised within the period specified as at its date of grant. This period may not exceed seven years.

(vi) *Reconstruction*

In the event of amalgamation, reconstruction, take over or winding up of the Company, participants may exercise their Options during a period specified by the Committee and if they fail to do so their Options will then lapse.

(vii) *Death*

If a participant dies prior to exercising an Option his legal personal representative(s) may exercise it within twelve months of the participant's date of death. It will lapse if not exercised.

(viii) *Retirement*

On the retirement of a participant on or after reaching normal retirement age or because of ill health compelling him to discontinue or alter the nature of his occupation, a participant must exercise his Option within the later of three and a half years of its date of grant or twelve months from the date of retirement or it will lapse.

(ix) *Cessation of Employment*

If a person ceases to be employed by the Group, Options will lapse except to the extent that the Committee decides otherwise.

(x) *Variation of share capital*

In the event of any variation of the share capital of the Company the number of shares subject to an Option and/or the exercise price may be adjusted by the Committee.

(xi) *Alteration*

The Committee may amend the Scheme. Prior shareholders' authority is required to amend provisions which would disadvantage participants (save for to benefit its administration and changes to obtain or maintain favourable tax treatment or other regulatory treatment).

(xii) *General*

The Company has granted, conditionally on Admission, options to subscribe for 1,095,495 Ordinary Shares under the Scheme.

(xiii) *No Assignment*

Options are not transferable and they may only be exercised by the persons to whom they were granted or by their personal representative(s).

(4) DIRECTORS' AND OTHER INTERESTS

- (a) The interests (all of which are beneficial) of the Directors (including any interests of his/her spouse and minor children) in the issued share capital of the Company, which have been notified to the Company pursuant to section 53 or section 64 of the Companies Act 1990, or which are shown in the register of Directors' interests maintained pursuant to section 59 of the Companies Act 1990, or which were (as far as known to, or could with reasonable diligence, be ascertained by, the Directors) interests of persons connected with them (within the meaning of section 26 of the Companies Act 1990) as at the date of publication of this document and as they are expected to be immediately following completion of the Placing are as follows:

- (iii) has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or
 - (iv) has been a partner of any partnership, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
 - (v) has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
 - (vi) has been disqualified by a court from acting as a director or from acting in the management or conduct of the affairs of any company.
- (f) Save as disclosed in paragraph 4(a) above, the Directors are not aware of any person, directly or indirectly, jointly or severally, who exercises or could exercise control over the Company or who is interested in 3% or more of the issued share capital of the Company.
- (g) None of the Directors has been involved in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group and which were effected by the Company during the current or immediately preceding financial year, or during an earlier financial year and remain in any respect outstanding or underperformed.
- (h) There are no outstanding loans granted by any member of the Group to the Directors or any guarantees provided for their benefit.

(5) DIRECTORS' SERVICE AGREEMENTS

- (a) Anne Heraty, Paul Carroll and Garret Roche (the "Executive Directors") have each entered into service agreements dated 22 June, 1999 with the Company in respect of their appointment as Managing Director, Business Development Director and Director of Contracting respectively.
- (b) The service agreements do not have an initial fixed term but are, in each case subject to termination on 6 months' notice by either party. If the Company serves a notice on an Executive Director it may pay a sum equal to the aggregate of the amount of salary which the Director would have received had he/she been employed during the unexpired period of the notice, together with any bonus payment (up to date of termination) payable to the Director under the terms of any Company bonus or incentive scheme, and a sum (determined by the Company in its discretion) to compensate the Director for the loss of car (if any) and pension/life insurance benefit during such unexpired period.
- (c) Pursuant to the service agreements, the Executive Directors are entitled to annual salaries (which are subject to review at least once in every year). The current annual salaries of the Executive Directors are as follows:

Director	Basic Annual Salary
Anne Heraty	IR£92,000
Paul Carroll	IR£84,000
Garret Roche	IR£60,000

- (d) In addition to annual salary, Garret Roche is entitled to a car (all the expenses of which are met by the Company), death and disability insurance. Anne Heraty and Paul Carroll each have a defined contribution pension scheme, contributions to which are made by the Company. The Executive Directors are entitled to receive bonus payments under the terms of any bonus scheme operated by the Company and which is applicable to Executive Directors.
- (e) The aggregate remuneration payable (including salaries, fees, pension contributions, bonus payments and benefits in kind) to the Directors was IR£670,000 for the financial year ended 30 June, 1998 and is estimated to be IR£500,000 for the current financial year ending 30 June 1999 under the arrangements in force at the date of this document.

- (f) John Hennessy, Peter Malone and Patrick Garvey have each entered into an engagement letter dated 22 June, 1999 with the Company in respect of their appointment as non-executive Directors of the Company. The term of engagement for the non-executive Directors is not fixed and (subject to earlier termination) each continues in office until required to retire by rotation in accordance with the Articles. The annual fees payable to each non-executive Director is as follows:

Director	Annual Fee (IR£)
John Hennessy	24,000
Peter Malone	15,000
Patrick Garvey	15,000

The non-executive Directors are also entitled to reimbursement of reasonable out-of-pocket expenses.

(6) MATERIAL CONTRACTS

The following contracts are the only contracts entered into by the Company (and its subsidiaries), otherwise than in the ordinary course of business, during the two years preceding the date of this document which are or may be material:

(a) Placing Agreement

By an agreement dated 22 June, 1999 between (1) Davy (2) the Selling Shareholders (3) the Directors and (4) the Company ("the Placing Agreement"), Davy has agreed conditionally, inter alia, on Admission becoming effective by no later than 29 June, 1999 (or such later date, not being later than 15 July, 1999, as Davy and the Company may agree) to use its reasonable endeavours to procure, as agent for the Company, subscribers for 3,000,000 Ordinary Shares to be issued pursuant to the Placing and, as agent for the Selling Shareholders, purchasers for 3,000,000 Ordinary Shares by means of the Placing. As part of the Placing Davy has agreed pursuant to the Placing Agreement to place approximately 95,000 shares of the Placing Shares with employees.

Under and subject to the terms of the Placing Agreement, the Company has agreed to pay Davy a fee of IR£75,000 (exclusive of value added tax) and commissions equivalent to 2% of the aggregate value at the Placing Price of the Placing Shares being issued by the Company in connection with the Placing (other than those Placing Shares which are placed with employees). The Company shall pay all expenses (other than those payable by the Selling Shareholders) incidental to the Placing and Admission. The Selling Shareholders will pay the commissions relating to the placing of the 3,000,000 Placing Shares being sold by them (other than such shares placed with employees) together with all stamp duty payable in respect thereof.

The Placing Agreement contains representations, warranties and indemnities in favour of Davy from the Company and certain of the Directors and restrictions on future dealing in the Company's shares given by the Selling Shareholders.

The obligations of Davy under the Placing Agreement are conditional and may be terminated by Davy by reason inter alia, of its becoming aware of any matter giving rise to a material breach of the warranties.

(b) The Share Exchange Agreement (1)

An agreement dated 22 December, 1998 between all the shareholders in Computer Placement and the Company under which the Company acquired the entire issued share capital of Computer Placement in consideration for the issue of 13,298,720 shares of IR10p each to the shareholders of Computer Placement credited as fully paid, in the proportion of 1,344 shares in the Company for every one share held in Computer Placement.

(c) The Share Exchange Agreement (2)

An agreement dated 22 December, 1998 between all the shareholders in CPL Solutions and the Company under which the Company acquired the entire issued share capital of CPL Solutions in consideration for the issue of 13,298,720 shares of IR10p each to the shareholders of CPL Solutions credited as fully paid, in the proportion of 1,344 shares in the Company for every one share held in CPL Solutions.

(7) TAXATION

The following summary outlines certain aspects of Irish and United Kingdom tax law and practice regarding acquisition and disposal of Ordinary Shares and dividends derived therefrom. This summary relates only to Ordinary Shares held as capital assets and therefore does not deal with other classes of shareholders such as dealers in securities. Shareholders are advised to consult their own tax advisers regarding the taxation implications of acquiring, owning and disposing of shares as the summary is not exhaustive. The summary hereunder is based on Irish and UK tax legislation currently in force and also on the current Double Taxation Treaty between the Republic of Ireland and the United Kingdom. United Kingdom resident shareholders should seek their own tax advice as to whether they are to rely on the terms of the above treaty.

Capital Gains Tax

(i) *Irish Taxation – Sale of Ordinary Shares*

A disposal of Ordinary Shares by an Irish resident shareholder will constitute a disposal for the purposes of Irish capital gains tax. As a result, it may give rise to a liability to Irish capital gains tax depending on the specific circumstances of the shareholder after taking account of indexation and any other reliefs and allowances which may then be available.

Shareholders in the Company who are neither resident nor ordinarily resident in Ireland and who do not hold the shares as part of the assets of a business carried on in Ireland are not subject to Irish capital gains tax on gains arising on the disposal of Ordinary Shares.

(ii) *United Kingdom Taxation – Sale of Ordinary Shares*

A disposal of Ordinary Shares by a United Kingdom resident shareholder will constitute a disposal for the purposes of United Kingdom capital gains tax. As a result, it may give rise to a liability to capital gains tax depending on the specific circumstances of the shareholder after taking account of taper relief and any other reliefs and allowances which may then be available.

Income and Corporation Tax

(i) *Irish Taxation – Dividends on Ordinary Shares*

With effect from 6 April, 1999, a withholding at the standard rate of income tax (currently 24%) will apply to dividends paid by an Irish resident company. The withholding tax requirement will not apply to dividends paid to certain categories of Irish resident shareholders nor to dividends paid to certain categories of non-resident shareholders, provided appropriate declarations are made by such shareholders to the company that pays the dividends.

Irish resident shareholders who can avail of the exemption must be one of the following:

- an Irish resident company;
- a pension scheme;
- a qualifying employee share ownership trust;
- a collective investment undertaking; or
- charity.

Non-resident shareholders who can avail of the exemption must be one of the following:

- Persons (other than companies) who are neither resident nor ordinarily resident in Ireland and who are resident for tax purposes in a country which has a tax treaty with Ireland (i.e. a tax treaty country) or an EU Member State other than Ireland;
- Companies not resident in Ireland which are controlled directly or indirectly by persons who are resident for tax purposes in a tax treaty country or an EU Member State other than Ireland and who are not controlled directly or indirectly by persons who are not resident for tax purposes in a tax treaty country or an EU Member State;
- Companies (and their 75% subsidiaries) the principal class of shares of which are substantially and regularly traded on a recognised stock exchange in a tax treaty country or an EU Member State other than Ireland.

To qualify for exemption, the recipient must make a declaration on a prescribed form to the Company. In the case of a resident of an EU Member State or tax treaty country other than a company, the declaration must be accompanied by a current certificate of residence from the Revenue authorities in the shareholder's country of residence. In the case of non-resident companies which are controlled by residents of an EU Member State or a tax treaty country or whose shares are substantially and regularly traded on a recognised stock exchange in the EU or a tax treaty country, certification by their auditors is required which must be followed by certification by the Irish Revenue Commissioners that they have received the auditors' certificate and are satisfied with it. No declarations are required where the shareholder is a 25 per cent parent company resident in another EU Member State pursuant to Council Directive 90/435/EEC (Parent/Subsidiary Directive).

Transitional measures apply during the first year of the new withholding tax regime to allow distributions to be paid gross to certain non-resident shareholders without the requirement to produce declarations. In such circumstances, the address on the share register will suffice as proof of residence.

Individual shareholders resident or ordinarily resident in Ireland will be liable to Irish income tax on the gross dividend (i.e. before withholding). The resulting income tax liability will be reduced by the tax withheld by the Company. An individual may also be liable to Irish health levies of 2 per cent on the gross dividend. An individual shareholder who is not liable or fully liable to income tax will be entitled to receive an appropriate refund of the tax withheld.

In general, an Irish resident shareholder which is a company will not be subject to Irish corporation tax on dividends received from the company. Closely held companies may be subject to a corporation tax surcharge on such income to the extent that it is not distributed.

(ii) *United Kingdom Taxation – Dividends on Ordinary Shares*

Under the Double Taxation Treaty between the United Kingdom and the Republic of Ireland and under United Kingdom domestic tax legislation, dividends which are paid by the Company to a United Kingdom resident shareholder, other than a tax exempt person, are liable to United Kingdom taxation.

UK resident individual shareholders of the Company who are tax payers, will be liable to UK tax at their marginal rate on the gross dividend. To the extent that the individual is neither resident nor ordinarily resident for tax purposes in Ireland but is resident in the UK, he or she should not suffer withholding tax provided an appropriate declaration accompanied by a current certificate of residence from the UK Inland Revenue is provided to the Company. Transitional measures in the first year of the withholding tax regime will allow the address on the share register to suffice as proof of residence.

A UK corporate shareholder is taxable in the UK on the gross dividend. To avoid Irish withholding tax, a UK resident corporate shareholder which is controlled by residents of the UK or whose shares are regularly and substantially traded on a recognised stock exchange in the UK will require certification by its auditors which must be followed by certification by the Irish Revenue Commissioners that they have received the auditors certificate and are satisfied with it. No declarations are required where the shareholder is a 25 per cent UK resident parent of the Company.

In the case of a United Kingdom resident corporate shareholder who controls either alone, or together with one or more associated companies, directly or indirectly, 10% or more of the voting rights of the Company, the amount which is taxable comprises the dividend and the related underlying Irish corporation tax. The underlying tax is available for set off against the United Kingdom corporation tax on the dividend income.

Stamp Duty

A transfer of Ordinary Shares (including transfers effected through CREST) whether on sale, in contemplation of a sale or by way of a gift, will attract duty at the rate of 1% on the consideration given or, where the purchase price is inadequate or unascertainable, on the market value of the shares. Transfers which are not liable to duty at the rate of 1% will normally attract a fixed duty of IR£10. Stamp duty is normally payable within 30 days after the date of execution of the transfer.

Special Investment Schemes for Irish Residents

An Irish resident individual may invest in certain shares using a Special Portfolio Investment Account (SPIA) which attracts Irish tax at a rate of 20%.

Depending on the amount invested by an individual in other schemes, the limit for investment in a SPIA will be either IR£25,000, IR£50,000 or IR£75,000. These limits are increased from 6 April, 1997 for a period of three years, by the amount which is invested by way of a SPIA in shares of DCM companies, subject to a maximum increase of IR£10,000.

(8) PREMISES

The Group's principal establishments are for business use and are as follows

Property	Tenure	Current Annual Rent
83 Merrion Square, Dublin 2.	Two 21 year leases term from 1 December, 1996	IR£85,100
Steamboat Quay Limerick	Freehold	n/a

Ross House Galway	4 years and 9 months from 5 October, 1998	IR£12,000
1st/2nd Floor, Fitzwilliam Street Dublin 2	2 years from June, 1998	IR£19,888

(9) INDEBTEDNESS

At the close of business on 31 May, 1999, the Group had secured bank loans, overdrafts and finance lease obligations outstanding totalling IR£763,422.

At the same date the Group had cash and bank balances of IR£95,278.

Save as aforesaid, and apart from intra-group liabilities, as at that date, the Group did not have outstanding any borrowings, loan capital outstanding or created but unissued, or any term loans, or any mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptance (other than normal trade bills) or acceptance credits, hire purchase commitments, finance lease obligations, guarantees or material contingent liabilities.

(10) WORKING CAPITAL

The Company, having made due and careful enquiry, are satisfied that the working capital available to the Group will, from the time of Admission, be sufficient for its present requirements, that is for at least the next twelve months.

(11) LITIGATION

No legal or arbitration proceedings are active, pending or threatened against, or being brought by, any member of the Group which are having, may have or have had in the previous 12 months a significant effect on the Company's or the Group's financial position.

(12) SUBSIDIARY UNDERTAKINGS

Name	Percentage Ownership	Nature of Business
CPL Solutions Limited	100%	Contract staffing
Computer Placement Limited	100%	Permanent placement
Tallas Software Limited	100%	Consultancy

(13) GENERAL

- (a) Apart from the goodwill of the Group in the name "CPL" and the licences held by Computer Placement, CPL Solutions and CPL Engineering pursuant to the Employment Agency Act, 1971 there are no patents or other intellectual property rights, licences or particular contracts, which are of fundamental importance to the Company's business.
- (b) The minimum amount, which in the opinion of the Directors must be raised by the Company under the Placing to provide the sums required in respect of the matters specified in paragraph 21 of Schedule 1 of the UK Public Offers of Securities Regulations 1995 and in paragraph 4 of the Third Schedule to the 1963 Act is IR£275,000, divided as follows:

	IR£000
(i) purchase price of any property purchased or to be purchased;	NIL
(ii) preliminary expenses of the Placing and Admission;	275
(iii) repayment of preference shares and monies borrowed in respect of the foregoing; and	NIL
(iv) working capital	NIL

If applications for all of the Placing Shares are not received, the Placing and the applications for Admission will not proceed.

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- (c) The financial information contained in Part 3 of this document does not constitute full accounts within the meaning of section 19 of the Companies (Amendment) Act, 1986. That information has been prepared on the basis set out in "Basis of Preparation" on page 19. Tighe & Company of 15 Lower Pembroke Road, Dublin 2 were the auditors to Computer Placement for the twelve month periods ended 31 March, 1996 and 31 March, 1997 and for CPL Solutions for the period from incorporation (22 November, 1995) to 30 June 1997. Arthur Andersen, Andersen House, IFSC, Dublin 1 were the auditors to both companies, for the 15 months ended 30 June, 1998 in the case of Computer Placement and the 12 months ended 30 June, 1998 in the case of CPL Solutions. The reports of the auditors in each case were unqualified. Copies of the aforementioned accounts of Computer Placement and CPL Solutions were annexed to the relevant annual returns delivered to the Registrar of Companies. A copy of the accounts of the Company will be annexed to the annual return, which will be delivered by it to the Registrar of Companies following the first annual general meeting of the Company.
- (d) No member of the Group has established a place of business in the UK.
- (e) Davy has given and not withdrawn its written consent to the issue of this document, with the inclusion herein of the references to it in the form and context in which they appear.
- (f) Arthur Andersen has given and not withdrawn its written consent to the inclusion of its letter on the profit forecast in Part 2 of this document and its accountants' report in Part 3 of this document and the references thereto and its name, in the form and context in which they appear.
- (g) The Ordinary Shares are in registered form and the liability of members is limited to the amount, if any, unpaid on their shares.

The Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 of Ireland (the "Regulations") make provisions for the transfer without a written transfer, and the evidencing otherwise than by a share certificate, of title to shares, provided that such title is evidenced and transferred in accordance with certain computer-based systems and procedures. The Articles of Association of the Company permit title to the Ordinary Shares to be evidenced and transferred without a written instrument in accordance with the Regulations.

The Company has made an application for the Ordinary Shares to be admitted to CREST. The permission of CRESTCo Limited, the operator of the CREST system, must be given before the Ordinary Shares can be transferred and evidenced in uncertificated form. It is expected that the Ordinary Shares will be admitted to CREST on 29 June, 1999. The Company's Articles of Association disapply in relation to Ordinary Shares that are held in uncertificated form those provisions of the Articles that require written instruments of transfer and share certificates.

A shareholder is not obliged to hold his Ordinary Shares in uncertificated form. Each holder of Ordinary Shares can choose whether or not to hold his Ordinary Shares in uncertificated form. The Company's Registrars will continue to register written instruments of transfer and to issue share certificates in respect of shares held in certificated form, in accordance with the provisions of the Articles of Association.

- (h) The Ordinary Shares have a nominal value of €0.10 and the premium on issue of the Ordinary Shares pursuant to the Placing will be €0.67 per share. The Placing Price is payable in full on application.
- (i) There are no significant investments under consideration by the Group at the present time.
- (j) The Directors are not aware of any arrangement under which future dividends are waived or agreed to be waived.
- (k) Preliminary expenses of IR£550 were incurred in connection with the formation of the Company and have been paid by the Company.
- (l) The total expenses (including commission) payable by the Company in connection with the Placing and Admission are estimated to amount to approximately IR£275,000, excluding VAT. The amounts payable by the Company to Davy for procuring subscriptions for 3,000,000 Ordinary Shares will include a commission of 2% of the amounts subscribed.
- (m) There has been no significant change in the financial or trading position of the Group since 31 December, 1998, the date to which the most recent audited non-statutory accounts have been prepared.
- (n) No part of the Placing has been underwritten or guaranteed.

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- (o) Except for fees payable to professional advisers whose names appear on page 3 of this document and payments to trade suppliers, no person has received any fees, securities or other benefit to a value of IR£10,000 (excluding VAT) or more, directly or indirectly, from the Group within the 12 months preceding the application for Admission, or has entered into any contractual arrangements to receive any such fees, securities or other benefit, directly or indirectly, from the Group on or after Admission other than Mr. John Hennessy who has acted as a consultant to the Group since December, 1997. In connection with advice provided in this role Mr. Hennessy has received fees of IR£22,000.
 - (p) The Directors are, or may be deemed to be, promoters of the Company. No payment, security or other benefit has been or is to be made, issued or given to any of them in consideration of his or her acting as a promoter of the Company.
 - (q) The Company has carried on business since 22 December, 1998 being the date on which it acquired shares in Computer Placement and CPL Solutions.
 - (r) The Placing Shares are not being offered generally and applications from the public will not be accepted. The application list pursuant to the Placing will open on 22 June, 1999 and may be closed at any time thereafter.
 - (s) The arrangements for paying for the Placing Shares are set out in the placing letters issued by Davy. They provide as follows: Application must be made in accordance with the placing letter at the price of €0.77 per Placing Share, payable in full on application and forwarded in the case of payments in Euro or Irish pounds by electronic funds transfer, by post or by hand to Bank of Ireland, 34 College Green, Dublin 2, in the case of payments in sterling by electronic funds transfer, by post or by hand to Bank of Ireland, 20 Berkeley Square, London W1X 6LY. Applications will be accepted only on the terms and conditions set out in the placing letter. Evidence of identity of placees may be requested as appropriate.

Funds transferred, cheques or bankers drafts should be made payable to Davy Stockbrokers, account number 43767674 for Irish pound and euro amounts and Davy Stockbrokers, account number 97501505 for sterling pound amounts.

The Placing will close as soon after the opening of the application list as all of the Placing Shares have been applied for and, in any event no later than 15 July, 1999, unless extended by the Company and Davy.

All monies received from placees will be held by Davy prior to Admission, when the net proceeds will be paid to the Company and the Selling Shareholders. Temporary documents of title will not be issued. It is expected that share certificates for shares held in certificated form will be sent to placees by post at the risk of the placee within three business days of the completion of the Placing, unless placees have elected to hold their Ordinary Shares in CREST, in which case it is expected that CREST accounts will be credited within the same period.

If the Placing Agreement shall cease and determine in accordance with its terms or the requirements of Part IV of the Criminal Justice Act, 1994 of Ireland are not satisfied in relation to any applicant, all application monies in the case of the former or the application monies of the applicant in question in the case of the latter, will be returned by cheque as soon as reasonably practicable thereafter to the persons entitled thereto by post at their risk.

- (e) the executive Directors' service agreements referred to in paragraph (5) above and the non-executive Directors' letters of appointment;
- (f) the material contracts referred to in paragraph (6) above;
- (g) the written consents referred to in paragraph 13(e) above; and
- (h) the Share Option Scheme referred to in paragraph (3) above.

(14) AVAILABILITY OF DOCUMENTS

Copies of this document will be available, free of charge to the public, at the offices of the Company Announcements Office, The Irish Stock Exchange, 28 Anglesea Street, Dublin 2, CPL Resources plc, 83 Merrion Square, Dublin 2, Davy Stockbrokers, Davy House, 49 Dawson Street, Dublin 2 and Lawrence Graham, 190 Strand, London WC2R 1 JN, during normal business hours on any weekday (Saturdays and public holidays excepted) until close of business on 13 July, 1999.

22 June, 1999



cpl

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