



(Incorporated in England and Wales with registered number 2929801)

Annual Report and Financial Statements

for the year ended 31 October 2005

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OAK HOLDINGS PLC

DIRECTORS AND ADVISERS

DIRECTORS

M G Savage (Chairman)
S B Lewis
M T A Hill
G Axford
P D Collins

SECRETARY

M T A Hill

REGISTERED OFFICE

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OAK HOLDINGS PLC

CHAIRMAN'S STATEMENT

The year has been particularly busy for the Company in respect of our major leisure development, the YES! Project, in South Yorkshire, where we have made significant progress. Following a frustrating period of delay beyond our control, we now believe that the project is well placed to achieve outline planning consent in the near future and we anticipate obtaining a Resolution to Grant from Rotherham Metropolitan Borough Council prior to the Company's Annual General Meeting on 25 May 2006. We are also encouraged by the consultancy division's prospects and we anticipate a growth in income from this division in the years ahead.

Results

I am pleased to report the results for the 12 months to 31 October 2005. In line with the Board's expectations we made an operating loss before exceptional items of £1,055,194 (2004: £725,642), on a turnover of £144,448 (2004: £102,611). The major part of this loss is a consequence of the expenditure in relation to the YES! Project, which, as in past years, has not been capitalised. Despite delays suffered as we move the project towards consent, expenditure has been tightly controlled and contained within planned forecast levels and significant progress has been made. The Company continues to exercise prudent cost control over all areas of its business. In view of the Company's loss for the year, no dividend is recommended (2004: nil).

As at 31 October 2005, the Group had net assets of £10.88 million (2004: £10.78 million), the major components being intangible assets, as disclosed in the Group's Balance Sheet, and cash of £449,802 (2004: £194,247).

Strategy

The foundation of the Company's strategy is the development of the YES! Project, the £270 million covered, mixed-use leisure scheme located on a 327 acre ex-coalfield site adjoining the Rother Valley Country Park in South Yorkshire. We believe that this project represents an exceptional opportunity to provide our shareholders with value and as such, when required, we prioritise our resources to this end.

The development of the consultancy division, established to utilise the extensive skills, expertise and contacts of the Directors to offer project consultancy on every aspect of property development and investment is also a key strategic goal. The Directors believe it is capable of providing significant growth and shareholder return. Additionally with an international reputation in the leisure, retail and hotel sectors, Oak's Directors are frequently offered a number of property opportunities where the application of their skills could generate substantial rewards. The Board will in the coming year seek to develop the ability to participate in these opportunities and to broaden the commercial base of the Oak brand.

Current Trading

The YES! Project

Following the appointment of internationally acclaimed architect, Piers Gough of CZWG, together with Holder Mathias, as designers to the project, an Outline Planning Application was submitted in January 2005. The Company then undertook an exhaustive consultative process resulting in amendments to the application to ensure harmony with the Renaissance South Yorkshire programme. The redefined scheme draws upon the increasing appeal of extreme sports participation and offers a truly world class facility. Importantly, the changes have improved both political and local support for the project including endorsement from Sheffield City Council. The revised planning application was submitted on 1 September 2005. The scheme has been well received by the architectural press and will be a landmark for the region.

During the consultative process considerable effort has been expended in securing support from the relevant Government Agencies. Whilst this has been frustrating, it has been crucial to ensure that there were no outstanding issues that could potentially have a negative impact on the planning process. We now have a scheme which we are increasingly confident will achieve a planning consent.

OAK HOLDINGS PLC

CHAIRMAN'S STATEMENT (Continued)

The Board has been advised that the YES! Project will be presented to Rotherham Metropolitan Borough Council's Planning Committee in the very near future and I expect to be able to announce at our Annual General Meeting on 25 May 2006 the receipt of the Borough Council's Resolution to Grant. Whilst the scheme has statutorily to be referred to the Regional Office of the Deputy Prime Minister, we believe that achievement of the Resolution to Grant represents the most significant milestone to date and an ensuing planning permission should enable construction to commence in 2007 and the development to be completed in 2009.

Dialogue with potential anchor tenants including Baydrive Group, which owns the TopGolf courses, Sony UK Ltd and Venture Xtreme UK Ltd, the specialist extreme sports activity company, continues. Following receipt of the Resolution to Grant we will follow up the considerable interest expressed by other significant potential tenants in this exciting scheme.

On completion the YES! Project will comprise the first multi-use, year round, covered leisure and entertainment centre in the UK. With a critical mass of differing facilities, the scheme will produce a new genre of property investment, allowing it to command an investment value on a par with other prime investment categories rather than that historically associated with the leisure sector.

Consultancy Division

A considerable number of consultancy opportunities are being progressed, which we hope will come to fruition imminently and boost revenue in the short-term. As previously announced, we signed consultancy agreements to advise on two major themed leisure parks in the UK – Shakespeare's World near Banbury and Outlaw's Kingdom near Mansfield. Also, on 28 November 2005, Oak announced that it had been retained by the SupperClub London Limited to advise on the development, investment and management process involved in establishing this international lifestyle concept in the UK. In addition to consultancy fees and in part exchange for a proportion of its fees, Oak has acquired a 10% shareholding in SupperClub London Limited. The 'fees for a combination of cash and equity' model is our preferred consultancy offering, which we expect will in time bring substantial capital gain for the Company.

During the year, the land at Great Haywood was sold at around book value. Whilst the site had planning consent for a development, it was of a limited and specialist nature. This, together with a difficult planning history and site conditions, led the Board to conclude that shareholder funds should not be risked in pursuit of an uncertain outcome.

Funding

In April 2005 at the time of last year's preliminary results announcement, the Company raised £1.1 million, net of expenses, through a share placing, to provide sufficient working capital to take the YES! Project through to Resolution to Grant. Upon receipt of a Resolution to Grant, your Company will seek further funding to develop the YES! Project. The precise nature of any funding is to be determined and several avenues are being explored by your Board. The Directors are mindful of the need to provide further working capital for the consultancy division and the business in general.

The Company continues to be presented with development opportunities, which upon initial assessment, appear to provide the potential to expand the Company's area of operations and to provide attractive returns. The Company will therefore seek, as appropriate, additional lines of funding to develop and participate in such opportunities to create shareholder value.

Corporate Governance

The Board has considered its responsibility for good corporate governance and re-confirmed its view that at this point in the Company's development it has neither the resource nor the necessity to establish complex formal governance procedures. The Board meets on a formal basis usually once per month.

OAK HOLDINGS PLC

CHAIRMAN'S STATEMENT (Continued)

At those meetings a detailed report from the Finance Director is presented and discussed. The Chief Executive also presents a monthly report on the advancement of group operations and in particular the YES! Project. The Board considers risk and strategy at each meeting.

An Audit Committee is established and comprises Graham Axford (Chairman), Peter Collins and myself. The Committee has met with the auditors and considered the results and the audit process, and has satisfied itself as to the auditor's independence.

The Company has a Remuneration Committee, which comprises Graham Axford, Peter Collins and myself as Chair, but the Board presently sees no value to the shareholders by the inclusion of a formal report of the Remuneration Committee in this annual report. All Directors have service contracts, none of which has a duration of longer than 12 months.

Once again I would like to take the opportunity to express the Board's appreciation of shareholders unwavering interest and support during the year, a year in which, despite the delay suffered by the YES! Project, tangible progress has been achieved. I would also like to extend my thanks to my colleagues on the Board who, through their support and unstinting efforts, have put us in a position to look forward to the future positively.

Finally, I wish to record the deep sense of loss, which my fellow Directors and I feel at the death on 18 December 2005 after a short illness of our great friend and charming colleague, St. John Hartnell. St. John was always a strong advocate of the YES! Project and was a founder shareholder of Oak Holdings Limited prior to its reversal into AWG Services plc. His contribution to the Company will be sadly missed.

Malcolm Savage

27 April 2006

OAK HOLDINGS PLC

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report, together with the financial statements of the Group for the year ended 31 October 2005.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether any applicable accounting standards have been followed subject to any departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

A review of activities is given in the Chairman's Statement.

RESULTS AND APPROPRIATIONS

The Group's loss for the year after taxation was £1,040,750 (2004: £701,760).

The directors are unable to recommend the payment of a dividend, given the deficit on distributable reserves.

CREDITOR PAYMENT POLICY

The Group's policy concerning the payment of creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the Group's contractual and other legal obligations.

The number of days outstanding between receipt of invoices and date of payment, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the amounts invoiced by suppliers during the year was 30 days (2004: 30 days).

OAK HOLDINGS PLC

REPORT OF THE DIRECTORS (Continued)

DIRECTORS

The directors who served during the year are listed below:

M G Savage
S G Thomson (resigned 23 December 2005)
S B Lewis
M T A Hill
G Axford
P D Collins
St. J Hartnell (deceased 18 December 2005)

DIRECTORS' INTERESTS

The directors' beneficial interests in the share capital of the Company as at 31 October 2005 were:

	Ordinary shares at 31 October 2005 of 1 pence each	Ordinary shares at 31 October 2004 of 1 pence each
M G Savage	76,849,159	72,590,915
S B Lewis	50,372,229	72,590,195
M T A Hill	3,446,652	2,500,000
G Axford	17,257,362	24,270,520
P D Collins	76,849,159	72,590,915

Information concerning directors' share options is disclosed in note 15 to the financial statements.

The Estate of St. J Hartnell is the holder of 76,849,159 Ordinary Shares, which represents 10.3% of the Company's issued share capital.

AUDITORS

A resolution for the re-appointment of Hazlewoods LLP as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board on 27 April 2006

M T A HILL
Secretary

OAK HOLDINGS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OAK HOLDINGS PLC

We have audited the financial statements for the year ended 31 October 2005 which comprise the profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of the directors and auditors

As described in the directors' report the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We read the directors' report and chairman's statement and consider the implications for our audit if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

The balance sheet of the Group at 31 October 2005 includes £10,828,446 in respect of goodwill arising on the acquisition of Oak Ventures Limited, whilst the balance sheet of the Company includes £10,435,959 in respect of an investment in that company and a debtor of £1,197,035 owing therefrom. As explained in note 8 to the financial statements, the value of this goodwill and the investment by the Company is dependent upon Oak Ventures Limited being granted planning permission on a major property development prior to expiry of its Preferred Developer Status, being able to raise development capital to realise the project and being able to secure commitments from tenants for the scheme. Furthermore the

OAK HOLDINGS PLC

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OAK HOLDINGS PLC
(Continued)**

Group will need to secure further funds to provide working capital to enable it to continue to pursue the project and continue as a going concern. In view of the significance of these uncertainties, we consider that they should be drawn to your attention; our opinion is not, however, qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 October 2005 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HAZLEWOODS LLP

Chartered Accountants
Registered Auditors
Windsor House
Barnett Way
Barnwood
Gloucester
GL4 3RT

Gloucester

27 April 2006

OAK HOLDINGS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 October 2005

	Note	2005 £	2004 £
TURNOVER – continuing	2	144,448	–
– discontinued	2	–	102,611
Cost of sales	2	(126,708)	(98,269)
GROSS PROFIT		17,740	4,342
Operating expenses	2	(1,072,934)	(729,984)
OPERATING LOSS – continuing	3	(1,055,194)	(729,984)
– discontinued		–	4,342
		(1,055,194)	(725,642)
Net interest receivable	4	14,444	23,882
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,040,750)	(701,760)
Taxation	6	–	–
RETAINED LOSS FOR THE FINANCIAL YEAR		(1,040,750)	(701,760)
BASIC LOSS PER SHARE (IN PENCE)	7	(0.1)	(0.1)

There were no recognised gains or losses other than the result for the year as shown above.

OAK HOLDINGS PLC

BALANCE SHEETS

31 October 2005

	Note	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
FIXED ASSETS					
Intangible assets	8	10,828,446	10,828,446	–	–
Tangible assets	9	889	4,150	889	4,150
Investments	10	–	–	10,435,959	10,435,959
		<u>10,829,335</u>	<u>10,832,596</u>	<u>10,436,848</u>	<u>10,440,109</u>
CURRENT ASSETS					
Stock	11	–	126,708	–	126,708
Debtors	12	20,385	21,011	1,217,420	568,759
Cash at bank and in hand		449,802	194,247	449,802	194,247
		<u>470,187</u>	<u>341,966</u>	<u>1,667,222</u>	<u>889,714</u>
CREDITORS – amounts falling due within one year	13	(238,305)	(207,960)	(190,121)	(154,776)
NET CURRENT ASSETS		<u>231,882</u>	<u>134,006</u>	<u>1,477,101</u>	<u>734,938</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,061,217	10,966,602	11,913,949	11,175,047
CREDITORS – amounts falling due after more than one year	14	(180,695)	(180,695)	–	–
		<u>10,880,522</u>	<u>10,785,907</u>	<u>11,913,949</u>	<u>11,175,047</u>
CAPITAL AND RESERVES					
Called up share capital	15	7,480,783	6,539,483	7,480,783	6,539,483
Share premium	16	2,987,004	2,792,939	2,987,004	2,792,939
Capital redemption reserve	16	164,667	164,667	164,667	164,667
Profit and loss account	16	(4,949,251)	(3,908,501)	(3,915,824)	(3,519,361)
Merger reserve	16	5,197,319	5,197,319	5,197,319	5,197,319
SHAREHOLDERS' FUNDS	17	<u>10,880,522</u>	<u>10,785,907</u>	<u>11,913,949</u>	<u>11,175,047</u>

The financial statements were approved by the board of directors on 27 April 2006 and signed on its behalf by M G SAVAGE

OAK HOLDINGS PLC**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31 October 2005

	Note	2005		2004	
		£	£	£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	18		(894,254)		(706,371)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Net interest received			14,444		23,882
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets			–		(4,620)
ACQUISITIONS					
Bank overdraft acquired with subsidiary		–		(20,478)	
Costs of acquisition		–		(310,509)	
			–		(330,987)
CASH OUTFLOW BEFORE FINANCING			(879,810)		(1,018,096)
FINANCING					
Repayment of loans		–		(25,624)	
Proceeds from issue of shares		1,135,365		3,566	
			1,135,365		(22,058)
INCREASE/(DECREASE) IN CASH	19		255,555		(1,040,154)

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

1 ACCOUNTING POLICIES

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

The principal accounting policies of the Group are set out below.

Turnover

Turnover is stated net of VAT. All sales arise in the United Kingdom.

Stock

The costs of the YES! Project are currently written off to the profit and loss account.

The cost of developing other projects where it is the Group's intention to sell the site on completion, are categorised as current assets and stated at the lower of cost and net realisable value.

Depreciation

Depreciation is calculated to write off the cost of fixed assets to estimated residual value over their expected useful lives by the straight line method at the following rates per annum:

Plant and equipment 33% of cost per annum

Computer equipment 50% of cost per annum

Freehold land is not depreciated.

Investments

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

Deferred taxation

In accordance with Financial Reporting Standard 19 Deferred Tax, full provision is made for deferred tax arising from timing differences between the differing treatment of certain items for taxation and accounting purposes. The provision is calculated at the rates of taxation at which it is estimated the liability will arise and is not discounted. No provision is made in respect of timing differences arising from the sale of fixed assets unless there is a commitment to the disposal of the assets at the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider there to be suitable taxable profits from which the underlying timing differences can be deducted.

Pension costs

The Company, until 31 July 2005, contributed to the individual personal pension policy of one employee. Contributions were charged to the profit and loss account as they became payable in accordance with the rules of the scheme.

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

1 ACCOUNTING POLICIES (Continued)

Group financial statements

The Group financial statements consolidate the financial statements of Oak Holdings plc and its subsidiary undertakings at 31 October 2005 using the acquisition method.

No Company profit and loss account is presented in accordance with the exemptions provided by S.230 of the Companies Act 1985. Of the consolidated loss for the financial year attributable to the shareholders of Oak Holdings plc, a loss of £396,463 (2004: £312,620) has been dealt with in the financial statements of the Company.

Goodwill

Goodwill arising in the prior year on the acquisition of Oak Ventures Limited is explained in note 8 to the financial statements. No amortisation of goodwill is provided as the directors consider that the useful life of the acquired goodwill is closely associated with the realisation of the major development project outlined in note 8. The policy of amortisation will therefore be matched to the useful life of the project once completed. The directors have, however, carried out an impairment review as at 31 October 2005 as described in note 8.

Goodwill, being the excess of the costs of interests acquired over the fair value of underlying net tangible assets, was previously fully written off against reserves in the year of acquisition.

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

2 TURNOVER, COST OF SALES AND OPERATING EXPENSES

	2005	2004
	£	£
Turnover		
Property	123,067	–
Consultancy and other sales	21,381	–
Discontinued activities	–	102,611
	<u>144,448</u>	<u>102,611</u>
	<u><u>144,448</u></u>	<u><u>102,611</u></u>
Cost of sales		
Property	126,708	–
Discontinued activities	–	98,269
	<u>126,708</u>	<u>98,269</u>
	<u><u>126,708</u></u>	<u><u>98,269</u></u>
Operating expenses		
Administrative expenses	538,647	440,844
Project development costs	534,287	289,140
	<u>1,072,934</u>	<u>729,984</u>
	<u><u>1,072,934</u></u>	<u><u>729,984</u></u>

Property sold in the year represents freehold land, held for resale or potential development, as described in note 11.

Discontinued activities in 2004 relate to realisation of residual assets of the Group's former narrow boat and timeshare operations.

Project development costs reflect professional fees incurred in relation to the pursuit of planning permission for the YES! Project by Oak Ventures Limited, as described in note 8.

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

3 OPERATING LOSS

	2005	2004
	£	£
Operating loss is stated after charging:		
Auditors' remuneration:		
– audit services (Company £7,200 (2004: £7,000))	9,250	9,000
– non audit services (Company £5,000 (2004: £6,048))	5,250	6,400
Depreciation of tangible assets	3,261	2,992
	<u> </u>	<u> </u>

The auditors also received remuneration in 2004 of £25,000 in respect of their role as reporting accountants in relation to the AIM admission document issued as a consequence of the acquisition of Oak Ventures Limited.

	£	£
Directors' emoluments were:		
Emoluments for qualifying services	209,677	202,294
Company pension contributions to a personal pension scheme were paid for 1 director (2004: 1 director)	2,281	3,785
	<u> </u>	<u> </u>
	211,958	206,079
	<u> </u>	<u> </u>

Remuneration paid to the highest paid director amounted to £76,900; no contributions in respect of pension schemes were made on his behalf.

Details of directors' share options are given on note 15 to these financial statements.

Directors' remuneration includes fees of £57,166 payable to M G Savage, St. J Hartnell, G Axford and P Collins as non-executive directors.

4 INTEREST

	2005	2004
	£	£
Interest payable and similar charges:		
On bank overdraft and loans	13	13
On other loans	–	128
	<u> </u>	<u> </u>
	13	141
Interest receivable:		
Bank deposit interest	(14,457)	(24,023)
	<u> </u>	<u> </u>
	(14,444)	(23,882)
	<u> </u>	<u> </u>

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

5 STAFF NUMBERS AND COSTS

	2005	2004
	No	No
Number of employees		
The average number of employees (including executive directors) of the Group during the year was:		
Administration	4	4
	<u>4</u>	<u>4</u>
	£	£
Employment costs		
Wages and salaries	184,620	179,901
Social security costs	21,053	18,413
Other pension costs	2,281	3,785
	<u>207,954</u>	<u>202,099</u>

6 TAXATION

	2005	2004
	£	£
No taxation charge arises based on the loss for the year.		
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(1,040,750)	(701,760)
	<u>(1,040,750)</u>	<u>(701,760)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2004: 30%)	(312,225)	(210,528)
Effects of:		
Non deductible expenses	145,317	86,762
Depreciation in excess of capital allowances	396	316
Tax losses arising in the year not utilised	166,512	123,292
Tax losses foregone on cessation of trade	–	158
	<u>–</u>	<u>–</u>
Current tax charge	<u>–</u>	<u>–</u>

The Group has estimated tax losses of £1,100,000 (2004: £520,000) to carry forward to future periods.

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

7 LOSS PER SHARE

Basic loss per ordinary share of 0.1 pence (2004: 0.1 pence) is calculated using the net basis on the Group loss for the year after tax of £1,040,750 (2004: £701,760) and on the weighted average number of shares in issue of 708,887,207 (2004: 612,837,889)

	2005	2004
	pence	pence
Basic loss per share	(0.1)	(0.1)

8 INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost and net book value	
As at 1 November 2004 & 31 October 2005	10,828,446

Goodwill represents the Group's acquisition of Oak Ventures Limited on 1 December 2003 by the issue of 490,313,015 Ordinary shares at a value of 2.06p per share in exchange for the whole of the issued share capital of the acquired company.

The goodwill arising on the acquisition was attributable primarily to the fact that Oak Ventures Limited had been granted preferred developer status by Rotherham Metropolitan Borough Council to develop a major entertainment and leisure complex (the "YES! Project"). Furthermore, the Company was and continues to be managed by an experienced board with considerable expertise in delivering major commercial property development projects. Once planning permission has been obtained then the Preferred Developer Agreement entitles the Company to acquire a 250 year lease on the development site and on the established Rother Valley Country Park.

In co-operation with Rotherham Metropolitan Borough Council a planning application was submitted on 31 January 2005. During a lengthy consultative period the scheme was amended and in September 2005 resubmitted. As explained more fully in the Chairman's Statement, the directors are confident that they have presented a strong case for planning consent to be granted and expect to receive a Resolution to Grant from Rotherham Borough Council's May 2006 Planning Committee.

As in any planning application there can be no certainty that consent will be granted. Furthermore, the land on which the YES! Project is to be developed is currently zoned as "green belt". Since the land is owned by the Local Authority, the directors consider that the approval from the Office of the Deputy Prime Minister will be required.

The directors estimate that the cost of the development of the YES! Project for which planning permission has been submitted will be in the region of £250 million. Delivery of the project and confirmation of the economic value of the acquired goodwill is therefore dependent on the Group being able to raise sufficient development capital or, if this is not possible, being able to assign the rights to the project to a third party for in excess of the carrying value of the goodwill. The directors believe that once planning permission has been obtained, they will be able to raise the necessary development finance.

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

8 INTANGIBLE FIXED ASSETS (Continued)

The directors have carried out an impairment review in respect of the carrying value of goodwill. On the assumption that planning permission is granted and development funding will be available, in their opinion no impairment in the carrying value of goodwill has arisen based on current forecast costs and rental streams estimated from the completed project. Whilst costs and the completed financial value of the YES! Project may change from the Company's preliminary assessments, the Directors are confident that the current goodwill carrying value will not be impaired.

Once outline planning consent is granted negotiations with the three potential 'anchor tenants' who have entered into Memorandum of Understanding will be brought to a conclusion and a marketing campaign will be undertaken to secure commitments from other major occupiers. No development activity will take place until this objective is achieved.

The Board are confident that the Resolution to Grant will be forthcoming in the near future and that the Preferred Developer Agreement (which may expire prior to planning permission being granted) will be extended. The Group will then seek funds to develop the YES! Project; the precise nature of such funding is to be determined and several alternatives are being explored by the Board. Additionally, further working capital funding will be required, particularly if the Resolution to Grant is further delayed, and the Board is currently in discussion with bankers and other third parties to secure such funding, though these negotiations have not yet been concluded.

The Board have considered expenditure commitments and anticipated fees from the consultancy business. The Board are aware of the Group's ability to operate as a going concern, and appreciate the need to draw attention to the fact that the appropriateness of the going concern basis of accounting is dependent upon the outcome of negotiations to secure further funding. However the Board remains confident that funds will be secured to develop the YES! Project and to meet the Group's other working capital requirements.

9 TANGIBLE FIXED ASSETS

GROUP AND COMPANY

	Plant & equipment £
Cost	
At 1 November 2004 and 31 October 2005	7,757

Depreciation	
At 1 November 2004	3,607
Charge for the period	3,261

At 31 October 2005	6,868

Net book value	
At 31 October 2005	889
	=====
At 31 October 2004	4,150
	=====

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

10 FIXED ASSET INVESTMENTS

COMPANY

Investment in subsidiary undertakings £

Cost

At 1 November 2004 and 31 October 2005 10,435,961

Provision for diminution in value

At 1 November 2004 and 31 October 2005 (2)

Net book value

At 1 November 2004 and 31 October 2005 10,435,959

The Company holds 100% of the ordinary share capital of Oak Ventures Limited (incorporated in England and Wales). Oak Ventures Limited is engaged in the pursuit of the development of a major investment property as more fully described in Note 8. Oak Ventures Limited holds shares in Yorkshire Entertainment Sensation Limited, a dormant company also registered in England and Wales. The carrying value of the investment in Oak Ventures Limited is subject to the same uncertainties as the value of goodwill, as described in note 8 above.

The Company also owns 100% of the ordinary share capital of Time Afloat Limited, a dormant company registered in England and Wales.

11 STOCK

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Former trading assets held for resale	–	126,708	–	126,708

At 31 October 2004 the former trading assets held for re-sale or potential development represented freehold land at Great Haywood, Staffs. This property was sold during the year.

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

12 DEBTORS

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Prepayments and accrued income	20,385	17,859	20,385	17,859
Other taxes and social security	–	3,152	–	3,152
Amount due from subsidiary undertaking	–	–	1,197,035	547,748
	<u>20,385</u>	<u>21,011</u>	<u>1,217,420</u>	<u>568,759</u>

The amount due from subsidiary undertaking at 31 October 2005 relates to Oak Ventures Limited. Recoverability is dependent upon the successful outcome of the YES! Project; the uncertainties in connection therewith are described in note 8 above.

13 CREDITORS – amounts falling due within one year

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Trade creditors	27,754	27,754	27,754	27,754
Other taxes and social security	18,438	17,652	786	–
Accruals and deferred income	192,113	162,554	161,581	127,022
	<u>238,305</u>	<u>207,960</u>	<u>190,121</u>	<u>154,776</u>

14 CREDITORS – amounts falling due after more than one year

	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
Other creditors	180,695	180,695	–	–

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

14 CREDITORS – amounts falling due after more than one year (Continued)

Other creditors comprise loans from current and former directors as follows:

	Group 2005	Group 2004
	£	£
St. J Hartnell	29,930	29,930
M Savage	34,337	34,337
P Collins	17,700	17,700
S Lewis	71,318	71,318
G Axford	11,230	11,230
R Brown	16,180	16,180
	<u>180,695</u>	<u>180,695</u>

All loans from directors are interest free and repayable on 30 June 2007.

15 CALLED UP SHARE CAPITAL

	2005	2004
	£	£
Authorised:		
1,100,000,000 (2004: 1,100,000,000) Ordinary shares of 1 pence each	<u>11,000,000</u>	<u>11,000,000</u>
Allotted issued and fully paid:		
748,078,236 (2004: 653,948,279) Ordinary shares of 1 pence each	<u>7,480,783</u>	<u>6,539,483</u>

On 7 December 2004 119,147 shares of 1p each were issued at price of 2.38p per share as a result of the exercise of a warrant instrument dated 24 October 2003

On 12 April 2005 the Company issued 94,010,810 ordinary shares of 1p each at 1.25p in order to raise funds to continue with the development of the YES! Project.

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

15 CALLED UP SHARE CAPITAL (Continued)

Share options

At 31 October 2005 the following current and former directors held the following options to acquire Company shares:

Approved share option scheme:

Director	Number of Shares	First date of exercise	Last date of exercise	Exercise price per share
S G Thomson	622,860	28 July 2003	28 July 2010	£0.0465
M T A Hill	622,860	28 July 2003	28 July 2010	£0.0465

Unapproved share option scheme:

Director	Number of Shares	First date of exercise	Last date of exercise	Exercise price per share
S G Thomson	833,220	28 July 2003	28 July 2007	£0.0465
S G Thomson	2,500,000	17 January 2004	17 January 2008	£0.0212
M T A Hill	2,500,000	17 January 2004	17 January 2008	£0.0212

No options have been exercised during the year.

Warrants

The Company issued warrants on 24 October 2003 entitling warrant holders to subscribe in cash at a price of 2.38p per Ordinary share for up to 101,419,687 Ordinary shares. At 31 October 2005 warrants had been exercised on 268,979 shares leaving 101,150,708 unexercised. The warrants can be exercised on 1 December in any year up to and including 2013.

On 19 December 2005, the Company issued warrants to David Taylor Partnerships Limited (DTP), consultants acting for The Company on the YES! Project, entitling them to subscribe for up to 4,500,000 Ordinary shares at a price of 2p each. The warrants are exercisable at any time between receiving a planning consent that can be implemented in respect of the YES! Project and 31 December 2007.

The warrants were issued in recognition of DTP invoicing only a small proportion of its normal level of fees and as such the Company agreed that DTP could invoice a success fee when an implementable planning consent was received. Such success fee will be wholly satisfied by the issue of ordinary shares against the exercised warrants.

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

16 RESERVES

GROUP	Share premium account £	Capital redemption reserve £	Profit & loss account £	Merger reserve £
At 1 November 2004	2,792,939	164,667	(3,908,501)	5,197,319
Retained loss for the year	–	–	(1,040,750)	–
Premium on shares issued in year	194,065	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2005	2,987,004	164,667	(4,949,251)	5,197,319
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
COMPANY	Share premium account £	Capital redemption reserve £	Profit & loss account £	Merger reserve £
At 1 November 2004	2,792,939	164,667	(3,519,361)	5,197,319
Retained loss for the year	–	–	(396,463)	–
Premium on shares issued in year	194,065	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2005	2,987,004	164,667	(3,915,824)	5,197,319
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The merger reserve arises on the acquisition of Oak Ventures Limited on 1 December 2003 and represents the difference between the fair value (as agreed by the respective Boards of the combining entities) of shares of Oak Holdings Plc issued in exchange for shares in Oak Ventures Limited and the nominal value thereof representing a premium on issue. The shares qualify for merger relief under S.131 of the Companies Act 1985. The premium has therefore been credited to a non-statutory merger reserve.

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP	2005 £	2004 £
Loss for the financial year	(1,040,750)	(701,760)
Shares issued	1,135,365	10,129,016
Opening shareholders' funds	10,785,907	1,358,651
	<hr/>	<hr/>
Closing shareholders' funds	10,880,522	10,785,907
	<hr/> <hr/>	<hr/> <hr/>

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

18 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	2005	2004
	£	£
Operating loss	(1,055,194)	(725,642)
Depreciation	3,261	2,992
Decrease in stock	126,708	95,178
Decrease/(increase) in debtors	626	(4,874)
Decrease in creditors	30,345	(74,025)
	<hr/>	<hr/>
Net cash outflow from operating activities	(894,254)	(706,371)
	<hr/> <hr/>	<hr/> <hr/>

19 RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

	2004	2003
	£	£
Increase/(decrease) in cash in the year	255,555	(1,040,154)
Repayment of loans	–	25,624
	<hr/>	<hr/>
Change in net funds	255,555	(1,014,530)
Net funds at beginning of year	194,247	1,208,777
	<hr/>	<hr/>
Net funds at end of year	449,802	194,247
	<hr/> <hr/>	<hr/> <hr/>

20 FINANCIAL COMMITMENTS

At 31 October 2005 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Within one year	–	–
Between two and five years	–	–
In over five years	39,930	39,150
	<hr/>	<hr/>
	39,930	39,150
	<hr/> <hr/>	<hr/> <hr/>

21 RELATED PARTY TRANSACTIONS

During the year the Group paid fees of £24,000 (2004: £65,000) to Corporate Finance Partners Limited for financial advisory services. Graham Axford, a director of the Company, has a material financial interest in Corporate Finance Partners Limited.

OAK HOLDINGS PLC
(Incorporated in England and Wales with registered number 2929801)
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of Kirkpatrick & Lockhart, Nicholson Graham LLP, 110 Canon Street, London EC4N 6AR on 25 May 2006 at 11.00 am for the following purposes:

Ordinary business

1. To receive and adopt the directors' report and audited accounts for the year ended 31 October 2005.
2. To re-appoint, as a director of the Company, Malcolm Savage, who retires in accordance with the Company's Articles of Association and offers himself for re-appointment.
3. To re-appoint, as a director of the Company, Stephen Lewis, who retires in accordance with the Company's Articles of Association and offers himself for re-appointment.
4. To re-appoint Hazlewoods LLP the auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the directors to fix their remuneration.

Special business

To consider and, if thought fit, pass the the following resolutions of which resolution number 5 will be proposed as an ordinary resolution and resolution number 6 will be proposed as a special resolution:

5. THAT in substitution for any existing authority subsisting at the date of this resolution (save to the extent that the same may already have been exercised and save for such powers granted by statute), the directors be and they are hereby authorised, generally and unconditionally for the purposes of section 80 of the Companies Act 1985 ("the Act"), to allot relevant securities (as defined in section 80(2) of the Act) up to a maximum aggregate nominal amount of £2,389,254, provided that:
 - (a) this authority shall expire at the commencement of the Annual General Meeting next held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution; and
 - (b) the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired.
6. THAT subject to the passing of the Resolution numbered 5 in the notice of this meeting and in substitution for any existing authority subsisting at the date of this resolution (save to the extent the same may already have been exercised and save for any such powers granted by statute), the directors be and they are hereby empowered, pursuant to Section 95 of the act to allot equity securities (as defined in Section 94(2) of the Act) out of any relevant securities (as defined in section 80(2) of the Act) which they are from time to time authorised to allot as if section 89(1) of the Act did not apply to such allotment:
 - (a) in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of securities (as so defined) in proportion as nearly as may be to their respective holdings of such securities or in accordance with the rights attaching thereto, but with such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, record dates or other legal practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or as regards shares held by an approved depository or an issue in uncertificated form; and
 - (b) otherwise up to a maximum nominal amount of £1,496,177;provided that:
 - (i) this authority shall expire at the commencement of the Annual General Meeting next held after the date of the passing this resolution or, if earlier, fifteen months from the date of the passing of this resolution; and

OAK HOLDINGS PLC

NOTICE OF ANNUAL GENERAL MEETING (Continued)

- (ii) the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired.

By order of the Board

M.T.A. Hill

Secretary

27 April 2006

Registered Office
15 Half Moon Street
London
W1J 7AT

NOTES:

1. (a) A member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. Only shareholders, proxies and authorised representatives of corporations which are shareholders are entitled to attend the meeting.
 - (b) In the case of joint holders the signature of one holder on the form of proxy will be accepted by the vote of the senior who tenders a vote whether in person or by proxy to the exclusion of the votes of any other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of such joint holding.
 - (c) In the case of a corporation the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.
 - (d) To be effective the form of proxy together with any power of attorney or other authority under which it is executed or a copy thereof certified notarially or in accordance with the Power of Attorney Act 1971 or as the directors shall accept must be sent to the company secretary, M.T.A. Hill, c/o Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8FB so as to arrive not later than 48 hours before the start of the meeting.
 - (e) Any alteration made to the form of proxy should be initialled.
 - (f) Completion of the form of proxy will not affect the right of a member to attend and vote at the meeting.
 - (g) Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that only those shareholders registered on the Register of Members as at 10.30 am on 23 May 2006 shall be entitled to attend or vote at the above Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the relevant Register of Members after that time will be disregarded in determining the rights of the person to attend and vote at the meeting.
2. The register of directors' share interests will be available for inspection at the Registered Office of the Company during normal business hours on any week day from the date of this notice until the date of the meeting convened by this notice and also on the day of the meeting at Kirkpatrick & Lockhart, Nicholson Graham LLP, 110 Canon Street, London EC4N 6AR from 9.30 am on Thursday 25 May 2006 until the conclusion of the meeting. No director has a service contract of greater than 12 months duration.
3. The purpose of Resolutions 5 and 6 are as follows:

Under the Companies Act 1985 ("the Act") the Board is not able to allot shares except with the general or specific authority of the shareholders. Resolution 5 is being proposed to renew the existing authority, given to the directors at an Annual General Meeting held on 19 May 2005 to allot relevant securities for the purposes of section 80 of the Companies Act 1985 ("the Act"). This resolution will supersede the resolution passed at the Annual General Meeting held on 19 May 2005 and will give the directors authority to allot up to 244,592,746 ordinary shares (representing approximately one third of the ordinary share capital currently in issue).

Save on (i) exercise of options under the Company's existing share option schemes, (ii) the allotment and issue of equity securities up to an aggregate nominal amount of £1,011,507.08 in connection with the grant of warrants (as defined in the Company Admission Document dated 7 November 2003) and (iii) the allotment and issue of equity securities up to an aggregate nominal amount of £45,000 in connection with the grant of warrants to David Taylor Partnerships Limited, as announced on 19 December 2005, the directors have no present intention to exercise this authority, which will expire at the commencement of the next Annual General Meeting of the Company.

The Act also provides that when equity securities are being issued for cash, such securities must first be offered to existing ordinary shareholders in proportion to the nominal value of their existing shareholding unless the Board is given the power to allot them without regard to this requirement. Resolution 6 is being proposed so that the directors may be given a limited authority to issue equity securities for cash otherwise than to existing shareholders in proportion to their existing holdings, notwithstanding the pre-emption provisions of section 89 of the Act. This limited authority would empower the directors to deal with practical issues which commonly arise in rights issues which would otherwise be made on a pre-emptive basis, and to make other cash issues provided they do not exceed in aggregate an amount equal to 20% of the currently issued share capital. The authority in this resolution will expire at the commencement of the next Annual General meeting of the Company.

The level of authority of 20% requested is in excess of the 5% recommended under the guidelines issued by the Investment Protection Committees of the Association of British Insurers and the National Association of Pension Funds, but is permitted under the Act and the Articles of Association of the Company. The directors consider that this level of authority provides a practical amount of securities that could be issued should the right opportunities arise, without significantly diluting the shareholdings of existing members.