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(Incorporated in England and Wales with registered number 2929801)

## **Annual Report and Financial Statements**

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for the year ended 31 October 2004

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## **OAK HOLDINGS PLC**

### **DIRECTORS AND ADVISERS**

#### **DIRECTORS**

M G Savage (Chairman)  
S G Thomson (Deputy Chairman)  
S B Lewis  
M T A Hill  
St J Hartnell  
G Axford  
P D Collins

#### **SECRETARY**

M T A Hill

#### **REGISTERED OFFICE**

15 Half Moon Street  
London  
W1J 7AT

#### **AUDITORS**

Hazlewoods  
Chartered Accountants  
Windsor House  
Barnett Way  
Barnwood  
Gloucester  
GL4 3RT

#### **NOMINATED ADVISERS**

City Financial Associates Ltd  
Pountney Hill House  
6 Laurence Pountney Hill  
London  
EC2R 0BL

#### **NOMINATED BROKER**

Fiske plc  
Salisbury House  
London Wall  
London  
EC2M 5QS

#### **REGISTRARS**

Computershare Investor Services plc  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 7NH

## **OAK HOLDINGS PLC**

### **CHAIRMAN'S STATEMENT**

This has been a good year for Oak Holdings during which the foundations have been laid towards the creation of a major development company focused on the leisure and entertainment sector and a successful property consultancy.

#### **Results**

I am pleased to report the results for the 12 months to 31 October 2004. In line with your Board's expectations, the Group made an operating loss before exceptional items of £725,642 (2003: £156,862). The Company continues to exercise prudent cost control; the major proportion of costs in the 12 months was incurred in advancing the YES! Project, which the Board believes will generate substantial returns in the future. In view of this loss no dividend is recommended (2003: nil).

As at 31 October 2004 the Group had net assets of £10.78 million, the major component being intangible assets, as disclosed in the Group's Balance Sheet, (2003: £1.36 million) and cash of £194,247 (2003: £1,208,777).

#### **Strategy**

The year started with the Directors fulfilling their strategy of identifying a suitable reverse takeover acquisition, which was approved by shareholders at an Extraordinary General Meeting, held on 1 December 2003. Since that time, the strategic focus has been to progress the development of the YES! Project, a major covered mixed-use leisure scheme in South Yorkshire, and to begin building a property consultancy operation.

The YES! ('Yorkshire Entertainment Sensation') Project is located on a 327 acre ex-coalfield site adjoining the Rother Valley Country Park in Rotherham. Following the Company's success in the OJEC competition process and the award of a Preferred Developer Agreement by Rotherham Metropolitan Borough Council, an outline planning application was submitted on 31 January 2005 for a state-of-the-art leisure and entertainment centre.

The scheme comprises two hotels, two theatres, an extreme sports facility, a golf driving range, entertainment centre, live TV studio, health and fitness spa together with a wide range of restaurants, cafés and bars. The Preferred Developer Agreement envisages the grant of a 250 year lease of the development site and a similar interest in the adjoining Country Park.

Whilst we continue to negotiate with a number of companies which have expressed interest in the project, including leading international hotel operators, the Company has already entered into Memoranda of Understanding with the following three potential anchor tenants:

- Clear Channel Entertainment, for a 2,500 seat 'West End' style theatre capable of staging major productions;
- Baydrive Group Ltd, for a driving range using computer chip technology; and
- Venture Xtreme (UK) Ltd, for an extreme sports centre including white water canoe slalom.

It is encouraging to note that there is continuing local support for the scheme, due in part to the wide variety of new employment opportunities that the project will bring together with the inward investment which will be attracted to the area. Whilst there is obviously some risk in the planning process considerable time and effort has been put into researching the market, canvassing local opinion and taking political soundings. The feedback received has led the Company to believe that consent will be secured around the end of the calendar year for a major leisure and entertainment scheme on this site. It is anticipated that the development will be completed in early 2009.

## **OAK HOLDINGS PLC**

### **CHAIRMAN'S STATEMENT (Continued)**

The Group is establishing a reputation in the leisure field and a number of other potential projects have been assessed during the year. We will continue to evaluate opportunities in order to identify projects which have the potential to make good returns for our shareholders.

Using the professional skills and experience available within the Company, we are also able to offer a complete property advisory service to the owners of commercial real estate. Marketed as a 'bolt-on property company', it enables owners to secure holistic guidance concerning their real estate investment strategy from a single source. The prospects for an increasing revenue stream and possible equity participation from this aspect of the business look promising.

#### **Current Trading**

The planning submission period for the YES! Project has been longer than the Board originally envisaged due to the complexity of the scheme and need to put time and effort into research and local lobbying to ensure the best possible reception for the proposal. Following advice, new architects were appointed and full traffic and environmental assessments undertaken. In addition, the analysis of other development opportunities and preparatory work on the consultancy side of the business has required modest investment of time and money which should deliver value and broaden your Company's opportunities.

#### **Placing of Shares**

Since the Company has concentrated on progressing the YES! Project, there has, as forecast by the Board, inevitably been net cash outflow in the 12 month period. Since the year end the cash outflow has continued on a controlled basis and in line with our projections. As explained earlier in my statement, for good reasons the date of the planning decision will be later than previously envisaged and the Company requires additional funding to take it through to that date. Accordingly the Company has sought the necessary further funding and I am pleased to announce a successful share placing raising £1.1 million net of expenses through the issue of 94,010,810 new ordinary shares of 1p at 1.25p per share.

The investors who have subscribed to the New Shares include the Oak Directors, the Concert Party and related interests as to 22,640,810 New Shares, certain advisers to the Company and other individuals as to 4,400,000 New Shares and investors arranged through Fiske plc as to 66,970,000 New Shares. The New Shares will rank *pari passu* in all respects with the existing issued ordinary shares of the Company. Application has been made for the New Ordinary Shares to be admitted to trading on AIM and dealings are expected to commence on 19 April 2005.

#### **Corporate Governance**

The Board has carefully considered its responsibility for good corporate governance. However at this point of the development of the Company it has neither the resource nor the necessity to establish complex formal governance procedures. The Board meets on a formal basis at least once per month. At those meetings a detailed report from the Finance Director is presented and discussed. The Chief Executive also presents a formal 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 has been established which comprises Stephen Thomson (Chair), Graham Axford and Peter Collins. 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 Remuneration Committee, comprising St. John Hartnell, Peter Collins and myself as Chair, has not sat in the period since the last annual report. The Board however continues to be remunerated at the rate set out in the AIM Admission Document issued on 1 December 2003. The Board therefore 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 have a duration of longer than 12 months.

**OAK HOLDINGS PLC**

**CHAIRMAN'S STATEMENT (Continued)**

We appreciate the support our shareholders have given us and I would also like to extend my thanks to my colleagues on the Board who, through their support and efforts, have put us in a position to look forward to the future positively.

Malcolm Savage

13 April 2005

## **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 2004.

#### **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 £701,760 (2003: £118,708).

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 (2003: 30 days).

## OAK HOLDINGS PLC

### REPORT OF THE DIRECTORS (Continued)

#### DIRECTORS

The directors who served during the year are listed below:

S G Thomson

M T A Hill

D L Court (resigned 1 December 2003)

M G Savage (appointed 1 December 2003)

S B Lewis (appointed 1 December 2003)

St J Hartnell (appointed 1 December 2003)

G Axford (appointed 1 December 2003)

P D Collins (appointed 1 December 2003)

#### DIRECTORS' INTERESTS

The directors' beneficial interests in the share capital of the Company as at 31 October 2004 were:

	<b>Ordinary shares at 31 October 2004 of 1 pence each</b>	<b>Ordinary shares at 31 October 2003 of 1 pence each</b>
M G Savage	72,590,915	–
S G Thomson	5,495,579	5,495,579
S B Lewis	46,113,985	–
M T A Hill	2,500,000	2,500,000
St J Hartnell	72,590,915	–
G Axford	14,562,312	–
P D Collins	72,590,915	–

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

#### AUDITORS

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

By order of the Board on 13 April 2005

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 2004 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.

#### **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 and going concern**

The balance sheet of the Group at 31 October 2004 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 £547,748 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, being able to raise development capital to realise the project and being able to secure commitments from tenants for the scheme. Furthermore should a delay in the grant in planning consent arise the Group could need to raise further funds to enable it to continue to pursue the project and

## **OAK HOLDINGS PLC**

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

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 2004 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**

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

#### **Gloucester**

13 April 2005

## OAK HOLDINGS PLC

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 October 2004

		2004		2003	
	Note	£	£	£	£
<b>TURNOVER – discontinued activities</b>			102,611		86,167
Cost of sales – normal	2		(98,269)		(44,716)
– exceptional	2		–		25,020
			<hr/>		<hr/>
<b>GROSS PROFIT</b>			4,342		66,471
Operating expenses	2		(729,984)		(223,333)
			<hr/>		<hr/>
<b>OPERATING LOSS</b>	3		(725,642)		(156,862)
Operating loss comprises:					
Continuing activities	2	(729,984)		–	
Discontinued	2	4,342		(156,862)	
		<hr/>		<hr/>	
		(725,642)		(156,862)	
		<hr/>		<hr/>	
Interest	4		23,882		38,154
			<hr/>		<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(701,760)		(118,708)
Taxation	6		–		–
			<hr/>		<hr/>
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>			(701,760)		(118,708)
			<hr/> <hr/>		<hr/> <hr/>
<b>BASIC LOSS PER SHARE (IN PENCE)</b>	7		(0.1)		(0.1)
			<hr/> <hr/>		<hr/> <hr/>

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

The result attributable to continuing activities of the Group relates to the operations of Oak Ventures Limited which was acquired during the year and the establishment of a newly launched property consultancy business, together with the Group's administrative expenses.

## OAK HOLDINGS PLC

### BALANCE SHEETS

31 October 2004

	Note	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
<b>FIXED ASSETS</b>					
Intangible assets	8	10,828,446	–	–	–
Tangible assets	9	4,150	127,323	4,150	127,323
Investments	10	–	–	10,435,959	–
		<u>10,832,596</u>	<u>127,323</u>	<u>10,440,109</u>	<u>127,323</u>
<b>CURRENT ASSETS</b>					
Stock	11	126,708	95,178	126,708	53,597
Debtors	12	21,011	7,639	568,759	49,876
Cash at bank and in hand		194,247	1,234,401	194,247	1,232,245
		<u>341,966</u>	<u>1,337,218</u>	<u>889,714</u>	<u>1,335,718</u>
<b>CREDITORS</b> – amounts falling due within one year	13	(207,960)	(89,893)	(154,776)	(88,393)
<b>NET CURRENT ASSETS</b>		<u>134,006</u>	<u>1,247,325</u>	<u>734,938</u>	<u>1,247,325</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,966,602	1,374,648	11,175,047	1,374,648
<b>CREDITORS</b> – amounts falling due after more than one year	14	(180,695)	(15,997)	–	(15,997)
		<u>10,785,907</u>	<u>1,358,651</u>	<u>11,175,047</u>	<u>1,358,651</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15	6,539,483	1,622,718	6,539,483	1,622,718
Share premium	16	2,792,939	2,778,007	2,792,939	2,778,007
Capital redemption reserve	16	164,667	164,667	164,667	164,667
Profit and loss account	16	(3,908,501)	(3,206,741)	(3,519,361)	(3,206,741)
Merger reserve	16	5,197,319	–	5,197,319	–
<b>SHAREHOLDERS' FUNDS</b>	17	<u>10,785,907</u>	<u>1,358,651</u>	<u>11,175,047</u>	<u>1,358,651</u>

The financial statements were approved by the board of directors on 13 April 2005 and signed on its behalf by M G SAVAGE

**OAK HOLDINGS PLC****CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31 October 2004

		<b>2004</b>		<b>2003</b>	
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>18</b>		(706,371)		(176,941)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Net interest received			23,882		38,154
<b>CAPITAL EXPENDITURE</b>					
Payments to acquire tangible fixed assets		(4,620)		(1,230)	
Receipts from the sale of tangible fixed assets		–		800	
Net cash outflow from capital expenditure			(4,620)		(430)
<b>ACQUISITIONS</b>					
Bank overdraft acquired with subsidiary		(20,478)		–	
Costs of acquisition		(310,509)		–	
			(330,987)		–
<b>CASH OUTFLOW BEFORE FINANCING</b>			(1,018,096)		(139,217)
<b>FINANCING</b>					
Repayment of loans		(25,624)		(41,866)	
Proceeds from issue of shares		3,566		–	
			(22,058)		(41,866)
<b>DECREASE IN CASH</b>	<b>19</b>		(1,040,154)		(181,083)

## **OAK HOLDINGS PLC**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 October 2004

#### **1 ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The going concern basis of accounting has been applied on the basis of the assumptions more fully explained in note 8.

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

##### **Turnover**

Turnover is stated net of VAT and represents amounts realised from residual trading assets of the Group's former business, including the temporary hire thereof prior to sale. All sales arise in the United Kingdom.

##### **Stock**

Stock is valued at the lower of cost and net realisable value.

##### **Depreciation**

Depreciation is calculated to write off the cost of fixed assets less 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

Freehold land is not depreciated.

##### **Investments**

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

##### **Deferred taxation**

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 contributes to individual personal pension policies on behalf of certain employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

##### **Group financial statements**

The Group financial statements consolidate the financial statements of Oak Holdings plc and its subsidiary undertakings at 31 October 2004 using the acquisition method of consolidation.

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 £312,620 (2003: £118,560) has been dealt with in the financial statements of the Company.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 1 ACCOUNTING POLICIES (Continued)

##### Goodwill

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.

Goodwill arising in the 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 carried out an impairment review as at 31 October 2004 as described in note 8.

#### 2 COST OF SALES AND OPERATING EXPENSES

	2004			2003		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
<b>Cost of sales</b>						
Normal	–	98,269	98,269	–	44,716	44,716
Exceptional	–	–	–	–	(25,020)	(25,020)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Operating expenses</b>						
Administrative expenses	440,844	–	440,844	–	223,333	223,333
Project development costs	289,140	–	289,140	–	–	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>729,984</u>	<u>          </u>	<u>729,984</u>	<u>          </u>	<u>223,333</u>	<u>223,333</u>

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

The exceptional cost of sales in the comparative period related to an upward adjustment in the realisable values of the Group's narrow boat stock.

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 2004

#### 3 OPERATING LOSS

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Operating loss is stated after charging:		
Auditors' remuneration:		
– audit services (Company £7,000 (2003: £3,750))	9,000	5,250
– non audit services (Company £6,048 (2003: £9,750))	6,400	9,750
Depreciation of tangible assets	2,992	830
	<u>          </u>	<u>          </u>

The auditors also received remuneration 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.

	<b>£</b>	<b>£</b>
Directors' emoluments were:		
Emoluments for qualifying services	202,294	123,321
Company pension contributions to a personal pension scheme were paid for 1 director (2003: 1 director)	3,785	6,893
	<u>          </u>	<u>          </u>
	206,079	130,214
	<u>          </u>	<u>          </u>

Remuneration paid to the highest paid director amounted to £68,292; 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 £52,251 payable to D Court, M G Savage, St. J Hartnell and P Collins as non-executive directors.

#### 4 INTEREST

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Interest payable and similar charges:		
On bank overdraft and loans	13	2,742
On other loans	128	7,955
	<u>          </u>	<u>          </u>
	141	10,697
Interest receivable:		
Bank deposit interest	(24,023)	(48,851)
	<u>          </u>	<u>          </u>
	(23,882)	(38,154)
	<u>          </u>	<u>          </u>

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 5 STAFF NUMBERS AND COSTS

	<b>2004</b>	<b>2003</b>
	<b>No</b>	<b>No</b>
<b>Number of employees</b>		
The average number of employees (including executive directors) of the Group during the year was:		
Administration	4	2
	<u>          </u>	<u>          </u>
	<b>£</b>	<b>£</b>
<b>Employment costs</b>		
Wages and salaries	179,901	123,427
Social security costs	18,413	7,899
Other pension costs	3,785	6,893
	<u>          </u>	<u>          </u>
	202,099	138,219
	<u>          </u>	<u>          </u>

#### 6 TAXATION

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
No taxation charge arises based on the loss for the year.		
<b>Factors affecting the tax charge for the year</b>		
Loss on ordinary activities before taxation	(701,760)	(118,708)
	<u>          </u>	<u>          </u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2003: 30%)	(210,528)	(35,612)
Effects of:		
Non deductible expenses	66,691	996
Depreciation in excess of capital allowances	898	–
Decrease in general provisions	–	(13,774)
Tax losses arising in the year not utilised	142,781	34,571
Group relief surrendered	–	13,819
Tax losses foregone on cessation of trade	158	–
	<u>          </u>	<u>          </u>
<b>Current tax charge</b>	–	–
	<u>          </u>	<u>          </u>

The Group has unutilised excess management expenses available for offset against future taxable income of £1,084,710.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 7 LOSS PER SHARE

Basic loss per ordinary share of 0.1 pence (2003: 0.1 pence) is calculated using the net basis on the Group loss for the year after tax of £701,760 (2003: £118,708) and on the weighted average number of shares in issue of 612,837,889 (2003: 162,271,750).

	<b>2004</b>	<b>2003</b>
	<b>pence</b>	<b>pence</b>
Basic loss per share	(0.1)	(0.1)

#### 8 INTANGIBLE FIXED ASSETS

	<b>Goodwill</b>
	<b>£</b>
<b>Cost and net book value</b>	
Additions and as at 31 October 2004	10,828,446

The goodwill arose on the acquisition of Oak Ventures Limited on 1 December 2003 by way of issue of 490,313,105 Ordinary shares at a value of 2.06p per share in exchange for the whole of the issued share capital of Oak Ventures Limited.

The goodwill arising on the acquisition was attributable primarily to the fact that Oak Ventures Limited has been granted preferred developer status by Rotherham Metropolitan Borough Council to develop a major entertainment and leisure complex (the "YES! Project"). Furthermore, the Company is 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 years lease on the development site and on the established Rother Valley Country Park.

Since acquisition Oak Ventures Limited has been working on the preparation of a planning application in co-operation with Rotherham Metropolitan Borough Council. This was submitted on 31 January 2005. 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.

It should, however, be noted that 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 "green belt". Due to the fact that the land is owned by the Local Authority, the directors consider that approval from the Office of the Deputy Prime Minister is required.

The directors estimate that the cost of development of the YES! Project for which planning permission has been submitted is in the region of £270 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, then they will be able to raise the necessary development finance.

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 currently forecast

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 8 INTANGIBLE FIXED ASSETS (Continued)

costs and rental streams estimated from the completed project. It should, however, be noted that costs and completed financial value of the YES! Project are subject to variation and these will be kept under review for any future indication of impairment in value. The value of the project is also dependent upon being able to attract tenants. The Group has entered into Memoranda of Understanding with three potential 'anchor tenants' but at this stage there can be no guarantee that these will be converted into firm commitments.

Once outline planning consent is granted a marketing campaign will be undertaken to secure commitments from major occupiers and until this is achieved the Group will not proceed with the project.

On 12 April 2005 the Company issued 94,010,810 new Ordinary shares of 1p each at a Placing price of 1.25p per share, giving rise to net proceeds after commission of £1,132,529.

The additional funds are required to provide further working capital to deal with outstanding planning issues and meet day to day operating expenses. The directors have reviewed current expenditure commitments and consider that these funds combined with anticipated fees from the property consultancy business will provide sufficient working capital to enable the Company to continue to pursue the YES! Project, provided no further unforeseen delays in the planning process arise. As explained above, development finance will be required to complete the proposed development project and further funds could be required if there are unforeseen delays in the grant of planning consent. If such funds were not forthcoming or if the Group was unable to generate a sufficient level of consultancy fees from its newly formed consultancy business to cover its ongoing operating overheads then this could affect the ability of the Group to continue as a going concern and hence the appropriateness of the going concern basis of accounting.

At 1 December 2003 (the date of acquisition) the fair value of the net tangible liabilities of Oak Ventures Limited was as shown below:

	£
Fixed assets	1,907
Debtors	8,498
Creditors due in less than 1 year	(222,197)
Creditors due in greater than 1 year	(180,695)
	<hr/>
Net liabilities acquired	(392,487)
	<hr/>
<b>Consideration and cost of acquisition</b>	
Fair value of ordinary shares of Oak Holdings plc issued in exchange	10,100,450
Costs of acquisition	335,509
	<hr/>
	10,435,959
	<hr/>
Goodwill arising on acquisition	10,828,446
	<hr/> <hr/>

Costs of acquisition include £25,000 that was settled by way of an issue of 1,213,592 Ordinary shares at 2.06p per share. The cash outflow in respect of acquisition was hence £310,509.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 9 TANGIBLE FIXED ASSETS

##### GROUP

	<b>Freehold land £</b>	<b>Plant &amp; equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 November 2003	126,708	1,230	127,938
Additions	–	6,527	6,527
Transfer to stock	(126,708)	–	(126,708)
	-----	-----	-----
At 31 October 2004	–	7,757	7,757
	-----	-----	-----
<b>Depreciation</b>			
At 1 November 2003	–	615	615
Charge for the period	–	2,992	2,992
	-----	-----	-----
At 31 October 2004	–	3,607	3,607
	-----	-----	-----
<b>Net book value</b>			
At 31 October 2004	–	4,150	4,150
	=====	=====	=====
At 31 October 2003	126,708	615	127,323
	=====	=====	=====

##### COMPANY

	<b>Freehold land £</b>	<b>Plant &amp; equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 November 2003	126,708	1,230	127,938
Additions	–	4,620	4,620
Transferred from subsidiary undertaking	–	1,907	1,907
Transfer to stock	(126,708)	–	(126,708)
	-----	-----	-----
At 31 October 2004	–	7,757	7,757
	-----	-----	-----
<b>Depreciation</b>			
At 1 November 2003	–	615	615
Charge for the period	–	2,992	2,992
	-----	-----	-----
At 31 October 2004	–	3,607	3,607
	-----	-----	-----
<b>Net book value</b>			
At 31 October 2004	–	4,150	4,150
	=====	=====	=====
At 31 October 2003	126,708	615	127,323
	=====	=====	=====

The net book value of freehold land has been transferred to stock. This land was a residual asset from the Group's previous trading activity. The directors no longer see an ongoing purpose for this asset and therefore intend to dispose of this when a suitable opportunity arises in the near future.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 10 FIXED ASSET INVESTMENTS

##### COMPANY

<b>Investment in subsidiary undertakings</b>	<b>£</b>
<b>Cost</b>	
Investments in subsidiary undertakings:	
At 1 November 2003	2
Additions	10,435,959
	<hr/>
At 31 October 2004	10,435,961
<b>Provision for diminution in value</b>	
At 1 November 2003 and 31 October 2004	(2)
	<hr/>
<b>Net book value</b>	
At 31 October 2004	10,435,959
	<hr/> <hr/>
At 31 October 2003	–
	<hr/> <hr/>

The only remaining investment in subsidiary undertakings at 31 October 2003 represented shares held in Time Afloat Limited a wholly owned subsidiary company incorporated in England and Wales. This investment is still held at 31 October 2004 and the company is now dormant. Additions to investments represent the acquisition of 100% of the issued share capital of Oak Ventures Limited (incorporated in England and Wales) acquired on 1 December 2003. 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.

During the financial period to the date of acquisition Oak Ventures Limited incurred a loss of £152,534. This financial period started on 1 May 2003. The previous financial period started on 1 June 2002 and the loss for the eleven months ended 30 April 2003 was £240,053.

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.

#### 11 STOCK

	<b>Group 2004 £</b>	<b>Group 2003 £</b>	<b>Company 2004 £</b>	<b>Company 2003 £</b>
Former trading assets held for resale	126,708	95,178	126,708	53,597
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

At 31 October 2004 the assets held for re-sale represent freehold land. At 31 October 2003 these assets comprised narrow boats.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 12 DEBTORS

	<b>Group 2004</b>	<b>Group 2003</b>	<b>Company 2004</b>	<b>Company 2003</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other debtors	–	1,399	–	1,399
Prepayments and accrued income	17,859	363	17,859	–
Other taxes and social security	3,152	5,877	3,152	5,105
Amount due from subsidiary undertaking	–	–	547,748	43,372
	<u>21,011</u>	<u>7,639</u>	<u>568,759</u>	<u>49,876</u>

The amount due from subsidiary undertaking at 31 October 2004 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

	<b>Group 2004</b>	<b>Group 2003</b>	<b>Company 2004</b>	<b>Company 2003</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other loans	–	9,627	–	9,627
Trade creditors	27,754	39,254	27,754	39,254
Other taxes and social security	17,652	–	–	–
Accruals and deferred income	162,554	41,012	127,022	39,512
	<u>207,960</u>	<u>89,893</u>	<u>154,776</u>	<u>88,393</u>

#### 14 CREDITORS – amounts falling due after more than one year

	<b>Group 2004</b>	<b>Group 2003</b>	<b>Company 2004</b>	<b>Company 2003</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other creditors	180,695	–	–	–
Other loans	–	15,997	–	15,997
	<u>180,695</u>	<u>15,997</u>	<u>–</u>	<u>15,997</u>

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

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

Other creditors comprise loans from directors and Roger Brown, the former Company Secretary until 1 December 2003 of Oak Ventures Limited and were as follows:

	<b>Group 2004</b>	<b>Group 2003</b>
	<b>£</b>	<b>£</b>
St. J Hartnell	29,930	–
M Savage	34,337	–
P Collins	17,700	–
S Lewis	71,318	–
G Axford	11,230	–
R Brown	16,180	–
	<u>180,695</u>	<u>–</u>

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

	<b>Group 2004</b>	<b>Group 2003</b>	<b>Company 2004</b>	<b>Company 2003</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other loans were repayable as follows:				
Due within one year	–	9,627	–	9,627
Due between one and two years	–	7,143	–	7,143
Due between two and five years	–	8,854	–	8,854
	<u>–</u>	<u>25,624</u>	<u>–</u>	<u>25,624</u>
Amounts subject to fixed rates of interest	–	23,140	–	23,140
Amounts subject to variable rates of interest	–	2,484	–	2,484
	<u>–</u>	<u>25,624</u>	<u>–</u>	<u>25,624</u>
Weighted average rate of interest – on fixed interest loans	–	9.1%	–	9.1%
Weighted average unexpired term of fixed interest loans	–	39 months	–	39 months

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

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

Borrowings were secured as follows:

	<b>Group 2004</b>	<b>Group 2003</b>	<b>Company 2004</b>	<b>Company 2003</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Marine or chattel mortgages over specific narrow boats	–	25,624	–	25,624
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The Group has not used financial instruments for financial risk management or hedging purposes. All assets and liabilities are denominated in sterling, financial assets and liabilities are considered to be stated at their fair value to the Group.

#### 15 CALLED UP SHARE CAPITAL

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
1,100,000,000 (2003: 250,000,000) Ordinary shares of 1 pence each	11,000,000	2,500,000
	<u>          </u>	<u>          </u>
<b>Allotted issued and fully paid:</b>		
653,948,279 (2003: 162,271,750) Ordinary shares of 1 pence each	6,539,483	1,622,718
	<u>          </u>	<u>          </u>

On 1 December 2003 the Company passed a Special Resolution to increase the authorised share capital to 1,100,000,000 ordinary shares of 1p each.

On 1 December 2003 the Company issued 490,313,105 ordinary shares of 1p each at 2.06p (giving a premium of 1.06p per share) reflecting the fair value of each entity agreed by the Boards of the combining parties as consideration for 100% of the issued share capital of Oak Ventures Limited.

On 15 December 2003 149,832 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.

1,213,592 shares of 1p each were issued at a price of 2.06p per share in settlement of the costs of acquisition of Oak Ventures Limited.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 15 CALLED UP SHARE CAPITAL (Continued)

##### Share options

At 31 October 2004 the following 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 101,419,483 Ordinary shares. At 31 October 2004 warrants had been exercised on 149,832 shares leaving 101,269,651 unexercised. The warrants can be exercised on 1 December in any year up to and including 2013.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 16 RESERVES

<b>GROUP</b>	<b>Share premium account £</b>	<b>Capital redemption reserve £</b>	<b>Profit &amp; loss account £</b>	<b>Merger reserve £</b>
At 1 November 2003	2,778,007	164,667	(3,206,741)	–
Retained loss for the year	–	–	(701,760)	–
Premium on shares issued in year	14,932	–	–	5,197,319
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2004	2,792,939	164,667	(3,908,501)	5,197,319
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>COMPANY</b>	<b>Share premium account £</b>	<b>Capital redemption reserve £</b>	<b>Profit &amp; loss account £</b>	<b>Merger reserve £</b>
At 1 November 2003	2,778,007	164,667	(3,206,741)	–
Retained loss for the year	–	–	(312,620)	–
Premium on shares issued in year	14,932	–	–	5,197,319
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2004	2,792,939	164,667	(3,519,361)	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

<b>GROUP</b>	<b>2004 £</b>	<b>2003 £</b>
Loss for the financial year	(701,760)	(118,708)
Shares issued	10,129,016	–
Opening shareholders' funds	1,358,651	1,477,359
	<hr/>	<hr/>
Closing shareholders' funds	10,785,907	1,358,651
	<hr/> <hr/>	<hr/> <hr/>

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 18 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Operating loss	(725,642)	(156,862)
Loss on disposal of tangible fixed assets	–	569
Depreciation	2,992	830
Decrease in stock	95,178	2,328
(Increase)/decrease in debtors	(4,874)	10,993
Decrease in creditors	(74,025)	(34,799)
	<hr/>	<hr/>
Net cash outflow from operating activities	(706,371)	(176,941)
	<hr/> <hr/>	<hr/> <hr/>

#### 19 RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Decrease in cash in the year	(1,040,154)	(181,083)
Repayment of loans	25,624	41,866
	<hr/>	<hr/>
Change in net funds	(1,014,530)	(139,217)
Net funds at beginning of year	1,208,777	1,347,994
	<hr/>	<hr/>
Net funds at end of year	194,247	1,208,777
	<hr/> <hr/>	<hr/> <hr/>

#### 20 ANALYSIS OF CHANGES IN NET FUNDS

	<b>Net funds at</b>		<b>Net funds at</b>
	<b>1 November</b>	<b>Cash</b>	<b>31 October</b>
	<b>2003</b>	<b>flows</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	1,234,401	(1,040,154)	194,247
Debt due within one year	(9,627)	9,627	–
Debt due after more than one year	(15,997)	15,997	–
	<hr/>	<hr/>	<hr/>
Total	1,208,777	(1,014,530)	194,247
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2004

#### 21 FINANCIAL COMMITMENTS

At 31 October 2004 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£	£
<b>Expiry date:</b>		
Within one year	–	–
Between two and five years	–	–
In over five years	39,150	–
	<hr/>	<hr/>
	39,150	–
	<hr/> <hr/>	<hr/> <hr/>

#### 22 RELATED PARTY TRANSACTIONS

During the year the Group paid fees of £65,000 to Corporate Finance Partners Limited for financial advisory services including £45,000 paid for advice relating to the acquisition of Oak Ventures Limited. 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 19 May 2005 at 10.30 am for the following purposes:

**Ordinary business**

1. To receive and adopt the directors' report and audited accounts for the year ended 31 October 2004.
2. To re-appoint, as a director of the Company, Michael Hill, 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, Graham Axford, who retires in accordance with the Company's Articles of Association and offers himself for re-appointment.
4. To re-appoint, as a director of the Company, Peter Collins, who retires in accordance with the Company's Articles of Association and offers himself for re-appointment.
5. To re-appoint Hazlewoods as 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 6 will be proposed as an ordinary resolution and resolution number 7 will be proposed as a special resolution:

6. 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 £2,493,594, 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.
7. THAT subject to the passing of the Resolution numbered 6 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 £1,496,156;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.

*Registered Office*  
15 Half Moon Street  
London  
W1J 7AT

By order of the board  
**M.T.A. Hill**  
Secretary  
22 April 2005

#### 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 notari ally 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, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 7NH 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 17 May 2005 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 9.00 am on Thursday 19 May 2005 until the conclusion of the meeting. No director has a service contract of greater than 12 months duration.
3. The purpose of Resolutions 6 and 7 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 6 is being proposed to renew the existing authority, given to the directors at an Annual General Meeting held on 30 April 2004 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 30 April 2004 and will give the directors authority to allot up to 249,359,412 ordinary shares (representing approximately one third of the ordinary share capital currently in issue).

Save on exercise of options under the Company's existing share option schemes and 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) 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 7 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.

# OAK HOLDINGS PLC

## PROXY FORM

**For use by holders of ordinary shares of 1p each ("Ordinary Shares") at the Annual General Meeting to be held at the offices of Kirkpatrick & Lockhart, Nicholson Graham LLP, 110 Canon Street, London EC4N 6AR on 19 May 2005.**

I/We \_\_\_\_\_  
(BLOCK CAPITALS PLEASE)

of \_\_\_\_\_

being a member/members of OAK HOLDINGS PLC entitled to attend and vote at the above stated Annual General Meeting by virtue of my/our holding of Ordinary Shares hereby appoint the Chairman of the Meeting or (see note 1 below):

\_\_\_\_\_ as my/our proxy vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 10.30 am on 19 May 2005 and at any adjournment thereof in relation to the resolutions to be considered at the Meeting.

I/We direct my/our proxy to vote as follows (see note 2 below):

<b>Resolution</b>	<b>For</b>	<b>Against</b>
Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	<input type="checkbox"/>	<input type="checkbox"/>

Dated this \_\_\_\_\_ 2005

Signature \_\_\_\_\_

*Delete as applicable*

### NOTES

1. If it is desired to appoint a person other than the Chairman as proxy the words "the Chairman of the Meeting or" should be deleted and the name of the proxy (who need not be a member of the Company) inserted into the appropriate space. Any alteration to the form of proxy must be initialled by the person(s) signing the form.
2. Please indicate with an "X" how you wish your proxy to vote. Unless otherwise directed the proxy will vote or abstain as he or she thinks fit.
3. This form should be signed and dated. A proxy need not be a member of the Company.
4. In the case of joint holders the signature of one holder on the form of proxy will be accepted and the vote of the senior who tenders a vote whether in person or by proxy will be accepted 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 on the register of members in respect of such a joint holding.
5. 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.
6. 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 notorially 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, PO Box 1075, Bristol, BS99 3FA, so as to arrive no later than 48 hours before the start of the meeting.
7. Any alteration made to the form of proxy should be initialled.
8. Completion of the form of proxy will not effect the right of a member to attend and vote at the meeting.



THIRD FOLD AND TUCK IN

PLEASE  
AFFIX  
STAMP  
HERE

FIRST FOLD

**Computershare Investor Services PLC**  
**PO Box 1075**  
**Bristol**  
**BS99 3FA**

SECOND FOLD