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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 2006

## **OAK HOLDINGS PLC**

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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**

15 Half Moon Street  
London  
W1J 7AT

#### **AUDITORS**

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

#### **SOLICITORS**

Field Fisher Waterhouse LLP  
35 Vine Street  
London  
EC3N 2AA

#### **NOMINATED ADVISER AND BROKER**

Arbuthnot Securities Limited  
Arbuthnot House  
20 Ropemaker Street  
London  
EC2Y 9AR

#### **REGISTRARS**

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

## **OAK HOLDINGS PLC**

### **CHAIRMAN'S STATEMENT**

I am pleased to be able to report that your Company continues to make significant progress in respect of the YES! Project in South Yorkshire. As I have previously reported, in the early part of the financial year we suffered a frustrating period of delay beyond our control, but on 31 January 2007 we were able to announce that Outline Planning Consent had been granted and the associated Section 106 Agreement signed. Without doubt this is a major hurdle which has now been successfully overcome and we are progressing the next phases of the development process with renewed vigour.

We are also encouraged by the prospects for our consultancy division and whilst growth in this area has been limited by the need to prioritise YES! Project activity, we now expect significant progress from this division in the years ahead.

#### **Results**

I am pleased to report the results for the 12 months to 31 October 2006. Due to the current nature of the Company's business and in line with the Board's expectations we made an operating loss of £582,338 (2005: £1,055,194), on a turnover of £58,674 (2005: £144,448). It will be noted that the loss is greatly reduced from the previous year due to lower levels of expenditure in relation to the YES! Project and tight control of expenditure.

During the period in which we awaited planning clearance from the Government Office and the final consent from Rotherham Metropolitan Borough Council (RMBC), costs, other than the Directors' time and effort, were held to negligible levels. I would emphasise that, at this stage, YES! Project costs are not capitalised.

As in previous years, the Company continues to exercise prudent cost control over all areas of its business, and controls and processes are monitored through a system of regular Management Meetings. In view of the loss for the year, the Company is unable to declare a dividend.

As at 31 October 2006, the Group had net assets of £10.31 million (2005: £10.88 million), the major component being intangible assets, as disclosed in the Group's Balance Sheet, of £10.83 million. This sum represents primarily the value attributed to the YES! Project Preferred Developer Agreement held by Oak Ventures Limited following its acquisition by the Group in 2003. The Directors believe that, given the grant of Outline Planning Consent post the year end, the value attributed to this scheme would, if a formal valuation were to be undertaken, be greater than the current balance sheet amount.

#### **Strategy**

At the core of the Company's strategy is the development of the YES! Project, the £350 million covered, mixed-use leisure scheme located on a 327 acre ex-coalfield site adjoining the Rother Valley Country Park in South Yorkshire. Our view remains that the YES! Project represents an exceptional opportunity to provide shareholders with value and as such we make no apologies for concentrating our resources in this area.

The Company also intends to develop its consultancy division, established to utilise the extensive skills, expertise and contacts of the Directors, to offer project consultancy on property development and investment, but will not do so to the detriment of the YES! Project.

We also wish to grow the Company by taking advantage of the significant number of development opportunities presented to it during the course of a year. The appointment of Arbutnot Securities Limited as Nomad and broker to the Company on 4 April 2007 will help develop the Company's long term strategy.

## **OAK HOLDINGS PLC**

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

#### **Funding and Capital Re-organisation**

During the year the Company has been extremely prudent with its cash resources and has utilised these to shareholders' best advantage. The Company had no banking facilities or indebtedness at the year end, but has recently raised £250,000 from its bankers Adam & Company in relation to the purchase of the 27 acres of freehold access land referred to in the Chief Executive's review.

Given the nature of the YES! Project, the flow of opportunities, and the need to expand its commercial base, the Directors have explored during the year, and continue to explore, a number of funding avenues.

The Board will be seeking permission by way of Special Resolution at the Annual General Meeting to consolidate the Company's shares to a more appropriate and manageable level.

#### **Outlook**

In summarising the Company's exceptional progress on the YES! Project, whilst from time-to-time we have suffered delays beyond our control, we should not underestimate our achievements in the year; the receipt of Outline Planning Consent for the YES! Project and the avoidance of a Government Office 'call-in' are significant milestones for your Company.

Once again I would like to take the opportunity to express the Board's appreciation of shareholder interest and support during the year.

Finally, I extend my thanks to my colleagues on the Board who, through their support and unstinting efforts, have put your Company in an excellent position to enter the next phase with every confidence.

Malcolm Savage  
Chairman

30 April 2007

## **OAK HOLDINGS PLC**

### **CHIEF EXECUTIVE'S REVIEW**

#### **The YES! Project**

Shareholders are familiar with the lengthy and exhaustive consultation process we conducted following our original submission for planning consent in January 2005. We submitted a revised scheme nine months later and secured overwhelming political and community support for our plans as the potential positive impact of a scheme like YES! could have within the South Yorkshire region.

Patient application to the consultative process led to a Resolution to Grant planning consent by the RMBC Planning Committee at their meeting on 11 May 2006 and Oak was able to announce this prior to last year's Annual General Meeting. As expected the scheme was then referred under statute to the Government Office for further consideration. Our expectation was that this consideration could take several months before an outcome was determined, with the real possibility that the application would be referred to a Public Inquiry. We were therefore delighted to announce on 14 July 2006 that the Secretary of State had decided not to intervene in the process and to refer the project back to RMBC for their determination. Diligent, preparatory work in ensuring that environmental, highway and planning issues were all properly addressed and taking time to explain the scheme to national and local politicians and other stakeholders no doubt contributed to this satisfactory outcome.

Since the year end a number of key milestones have been achieved that take the YES! Project a long way down the development road. Formal Outline Planning Consent was granted at the end of January 2007 and the numerous technical issues surrounding this major project were incorporated into a Section 106 Agreement. This completed documentation forms the launch pad for the development and reflects the close working relationship which has been established between RMBC and your Company.

Last month we acquired the freehold of 27 acres of land between the development site and the A57 which will be necessary to accommodate the new access road and entry plaza to the development. The total consideration for this acquisition is £1million with £250,000 paid on acquisition and the balance payable in March 2008. This key acquisition means that we now have freehold ownership and control over the approved access land which greatly enhances our negotiation position with third parties.

The YES! Project team is now finalising the terms of the Development Agreement with RMBC which will supercede the current Preferred Developer Agreement. Led by architect Piers Gough of CZWG, and supported by Holder Mathias, the team is proceeding with detailed designs to provide a truly exciting and innovative entertainment centre.

All members of the Project Team are 'best in class' as it is the Company's philosophy that on a scheme of this importance an exceptional design team enhances the appeal of the Project to the public and therefore improves the ultimate investment value. On completion, the YES! Project will be the UK's first multi-use, year round, covered leisure, entertainment, sports and convention centre. It will have a critical mass of diverse facilities that we believe will be anchored by a number of leading global brands underpinning the scheme's long term investment value.

In July 2006 the Company announced it had signed a Memorandum of Understanding (MoU) with E.ON, the world's largest investor-owned power and gas company, to collaborate on the YES! Project. Under the MoU, both companies are initially working together with a view to designing sustainable solutions to the scheme's power, cooling and heating needs. The new buildings will be designed to be highly environmentally friendly and at the same time will entertain and educate the public about sustainable energy production.

On 1 September 2006, the Company also signed a MoU with BT, one of the world's leading providers of communications solutions and services, to collaborate on the scheme's development. Under the MoU, BT have committed to work with Oak to explore ways in which their extensive array of networked IT services and research and development capabilities can be integrated into, and showcased within, the YES!

## **OAK HOLDINGS PLC**

### **CHIEF EXECUTIVE'S REVIEW (Continued)**

Project. BT will also provide technical support to the design team and will play a leading role in developing services and facilities which enhance visitor experience.

At the end of January, we signed a Collaboration Agreement with Skanska Construction UK Plc, one of the UK's leading construction services organisations, for it to become Construction Partner on the YES! Project. The importance of this partnership cannot be underestimated as it enables Oak to draw upon Skanska's wealth of worldwide design and construction experience. Skanska has already committed resources and personnel to the design team and we are confident that its ongoing involvement will be of tremendous benefit to the efficiency of both the design and the construction process.

Shareholders should draw comfort from the fact that multi-national companies of the calibre of E.ON, BT and Skanska have become integral members of the YES! development team thereby endorsing your Board's faith in the concept and in the ability of your Company to deliver. The Board are therefore confident that YES! will become a world class, fully integrated, leisure, sports and convention centre which will prove highly attractive to the property investment market.

We are currently in discussions with a number of leading international brands to become anchor tenants and we hope to be able to make further announcements when these discussions are finalised.

Ongoing discussions with leading bank lenders indicate that subject to normal lending criteria, the Company will be able to secure a Development Loan to progress the project to completion.

#### **Consultancy Division**

Given the limited resources currently available, the Company's consultancy division has made steady progress during the year. Oak has established an ongoing consultancy with a major Russian developer to advise on the integration of leisure and entertainment uses in a major development project adjacent to the Moscow ring road. This agreement has the potential to produce an attractive ongoing cash flow in future months.

In addition preliminary work has been undertaken on consultancy advice to a potential Europe-wide leisure property investment fund.

Following the significant progress in securing Outline Planning Consent, it is the Company's intention to take steps to increase its resource base to take advantage of new opportunities when they arise. Accordingly, since the year end we have recruited a Development Surveyor, Michael Wiseman MA MRICS, who joins us from Knight Frank, to provide further professional expertise.

Stephen Lewis  
Chief Executive

30 April 2007

## **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 2006.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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.

The key risks affecting the Group are linked with the assessments of going concern and goodwill. These are described in note 8 to the Financial Statements. The Group does not use key performance indicators to assess its performance at the present time.

#### **RESULTS AND APPROPRIATIONS**

The Group's loss for the year after taxation was £572,347 (2005: £1,040,750).

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.

## OAK HOLDINGS PLC

### REPORT OF THE DIRECTORS (Continued)

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 (2005: 30 days).

#### DIRECTORS

The directors who served during the year are listed below:

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

#### DIRECTORS' INTERESTS

The directors' beneficial interests in the share capital of the Company as at 31 October 2006 were:

	<b>Ordinary shares at 31 October 2006 of 1 pence each</b>	<b>Ordinary shares at 31 October 2005 of 1 pence each</b>
M G Savage	76,849,159	76,849,159
S B Lewis	50,372,229	50,372,229
M T A Hill	3,446,652	3,446,652
G Axford	17,257,362	17,257,362
P D Collins	76,849,159	76,849,159

Information concerning directors' share options at 31 October 2006 is disclosed in note 14 to the financial statements.

Since the year end, on 26 February 2007 the Board granted options over Ordinary shares at 1.75p to the Directors of the Company. Details are:

M G Savage	5,485,714
S B Lewis	24,571,429
M T A Hill	17,142,857
G Axford	4,571,429
P D Collins	4,571,429

These options represent approximately 7.53% of the enlarged share capital and may not be exercised for three years from the date of their issue, or more than ten years from the date of their issue. The issue price equates to the mid-market price on the day prior to issue.

#### 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. At those meetings a detailed report from the Finance Director is presented and discussed. The Chief

## **OAK HOLDINGS PLC**

### **REPORT OF THE DIRECTORS (Continued)**

Executive also presents a monthly report on the progress of group operations and in particular the YES! Project. The Board considers risk and strategy at each meeting.

An Audit Committee Meeting is established and comprises Graham Axford (Chairman), Peter Collins and Malcolm Savage. 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 Malcolm Savage (Chairman) and Peter Collins, 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. Options granted on 26 February 2007, over ordinary shares totalling 56,342,858, were awarded in recognition of the significant salary and fee sacrifices made by both Executive and Non-Executive Directors since the acquisition of Oak Holdings Limited in 2003, and also in recognition of the fact that significant progress has been made towards implementing the YES! Project. The Board took appropriate advice from the Company's solicitors and also its Nomad prior to granting these options. All Directors have service contracts, none of which has a duration of longer than 12 months.

### **STATEMENT OF DISCLOSURE TO AUDITORS**

The directors confirm that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING**

The Board have been concerned for some time about the very wide percentage spread between buying and selling prices at which the Company's shares are quoted on the London Stock Exchange. This has typically been 25% or more with a spread of ½p and a share price of 2p or less. One of the reasons for this is, the Board believe, the very low absolute price of the Company's shares and the board has therefore decided to propose that every 50 of the Company's shares of 1p each be consolidated into one ordinary share of 50p. This will mean that the number of shares in a shareholding will be reduced but the value of that total shareholding should not change except in respect of normal market movements and any fractions arising from consolidating that holding. The proportion of the Company which any shareholder owns will not be changed save again in respect of any fractions. The Board believes that this proposal should improve the percentage spread at which the shares are quoted and that this might encourage other investors to consider investing in the Company.

The Board is also proposing that the authorised share capital of the Company be increased to give the directors greater flexibility to satisfy any funding requirements over the coming year. It is also proposed that the related authorities to allot shares and to issue shares for cash on a non-pre-emptive basis are also renewed and increased for the same purposes.

Therefore in addition to the normal business of the Annual General Meeting, notice of which is set out in this document following the financial statements, the Board is proposing 4 resolutions as special business as described briefly below:

## **OAK HOLDINGS PLC**

### **REPORT OF THE DIRECTORS (Continued)**

#### **Increase in share capital**

Resolution 5 proposes an increase in the company's authorised shares from £11,000,000 to £15,000,000 to provide flexibility for future share issues.

#### **Consolidation**

Resolution 6 details the proposals for which your approval will be sought for every 50 ordinary shares of 1p each to be consolidated into a new ordinary share of 50p each.

The new ordinary shares of 50p each will have exactly the same rights as to dividends, as to voting and as to repayment of capital as the existing ordinary shares of 1p each.

Application will be made for the new ordinary shares of 50p each to be admitted to trading on Alternative Investment Market of the London Stock Exchange and it is expected that, if the proposals are approved at the Annual General Meeting, such admission will become effective and dealings commence on 29 May 2007.

Existing share certificates will continue to be valid although any shareholder who wishes to have a new certificate in respect of the new ordinary shares of 50p each should apply to the Company's registrar.

#### **Authority to allot shares**

Resolution 7 proposes that the directors be given authority to allot the whole of the authorised but unissued share capital of the Company. This authority confirms the directors' authority to allot issues already committed to (in respect of warrants and share options). The balance of the authority sought is at a level higher than in previous years specifically to enable the directors to pursue the funding options described in the Chairman's statement should this be required.

#### **Power to allot shares for cash**

Resolution 8 proposes that the directors be given power to issue the whole of the authorised but unissued share capital of the Company for cash consideration without having to offer them to shareholders first. It enables an issue to be undertaken in which the shares are, in practical terms, offered as nearly as possible to a pro rata basis save for technical and legal exclusions and confirms the directors' authority to allot issues already committed to (e.g. in respect of warrant and share options). The power sought is again at a level higher than in previous years specifically to enable the directors to pursue the funding options described in the Chairman's statement.

## **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 30 April 2007

MT A HILL  
Secretary

## **OAK HOLDINGS PLC**

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

We have audited the Group and Parent Company financial statements ("the financial statements") for the year ended 31 October 2006 which comprise the Group profit and loss account, the balance sheets, the Group cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the members, as a body, in accordance with 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 auditor's 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**

The directors' responsibilities for preparing the annual report and the Group financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration Committee Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the Directors' Report is consistent with the financial statements. In addition we report to you if in our opinion 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 other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement and the Directors' Report. We consider the implications for our report 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 International Standards on Auditing (UK and Ireland) 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 Group's and Company'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.

## **OAK HOLDINGS PLC**

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

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 31 October 2006 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

#### **Emphasis of matter**

The balance sheet of the Group at 31 October 2006 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 £1,426,153 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 finalising a Development Agreement with Rotherham Metropolitan Borough Council in respect of the YES! project, obtaining final planning permission, being able to raise development capital to realise the project and being able to secure commitments from tenants for the scheme. Furthermore the 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.

30 April 2007

#### **HAZLEWOODS LLP Chartered Accountants Registered Auditors**

Windsor House  
Barnett Way  
Barnwood  
Gloucester  
GL4 3RT

## OAK HOLDINGS PLC

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 October 2006

		<b>2006</b>	<b>2005</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	<b>2</b>	58,674	144,448
Cost of sales	<b>2</b>	–	(126,708)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		58,674	17,740
Operating expenses	<b>2</b>	(641,012)	(1,072,934)
		<hr/>	<hr/>
<b>OPERATING LOSS</b>	<b>3</b>	(582,338)	(1,055,194)
Net interest receivable	<b>4</b>	6,674	14,444
Profit on sale of investment		3,317	–
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(572,347)	(1,040,750)
Taxation	<b>6</b>	–	–
		<hr/>	<hr/>
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>		(572,347)	(1,040,750)
		<hr/> <hr/>	<hr/> <hr/>
<b>BASIC LOSS PER SHARE (IN PENCE)</b>	<b>7</b>	(0.1)	(0.1)
		<hr/> <hr/>	<hr/> <hr/>

The Profit and Loss Account has been prepared on the basis that all operations are continuing. There were no recognised gains or losses other than the result for the year as shown above.

## OAK HOLDINGS PLC

### BALANCE SHEETS

31 October 2006

	Note	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
<b>FIXED ASSETS</b>					
Intangible assets	8	10,828,446	10,828,446	–	–
Tangible assets	9	–	889	–	889
Investments	10	–	–	10,435,959	10,435,959
		<u>10,828,446</u>	<u>10,829,335</u>	<u>10,435,959</u>	<u>10,436,848</u>
<b>CURRENT ASSETS</b>					
Debtors	11	27,149	20,385	1,453,302	1,217,420
Cash at bank and in hand		45,069	449,802	45,069	449,802
		<u>72,218</u>	<u>470,187</u>	<u>1,498,371</u>	<u>1,667,222</u>
<b>CREDITORS</b> – amounts falling due within on year	12	(411,549)	(238,305)	(363,366)	(190,121)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(339,331)</u>	<u>231,882</u>	<u>1,135,005</u>	<u>1,477,101</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,489,115</u>	<u>11,061,217</u>	<u>11,570,964</u>	<u>11,913,949</u>
<b>CREDITORS</b> – amounts falling due after more than one year	13	(180,695)	(180,695)	–	–
		<u>10,308,420</u>	<u>10,880,522</u>	<u>11,570,964</u>	<u>11,913,949</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14	7,480,886	7,480,783	7,480,886	7,480,783
Share premium	15	2,987,146	2,987,004	2,987,146	2,987,004
Capital redemption reserve	15	164,667	164,667	164,667	164,667
Profit and loss account	15	(5,521,598)	(4,949,251)	(4,259,054)	(3,915,824)
Merger reserve	15	5,197,319	5,197,319	5,197,319	5,197,319
<b>SHAREHOLDERS' FUNDS</b>	16	<u>10,308,420</u>	<u>10,880,522</u>	<u>11,570,964</u>	<u>11,913,949</u>

The financial statements were approved by the board of directors and authorised for issue on 30 April 2007 and signed on its behalf by M G SAVAGE

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

for the year ended 31 October 2006

	<b>Note</b>	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>17</b>	(414,969)	(894,254)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Net interest received		6,674	14,444
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire shares in limited companies		(2,758)	–
Sale proceeds of shares in listed companies		6,075	–
<b>CASH OUTFLOW BEFORE FINANCING</b>		(404,978)	(879,810)
<b>FINANCING</b>			
Proceeds from issue of shares		245	1,135,365
<b>(DECREASE)/INCREASE IN CASH</b>	<b>18</b>	(404,733)	255,555

## **OAK HOLDINGS PLC**

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

for the year ended 31 October 2006

#### **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.

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

The Group financial statements consolidate the financial statements of Oak Holdings plc and its subsidiary undertakings at 31 October 2006 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 £343,230 (2005: £396,463) 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 2006

#### 1 ACCOUNTING POLICIES (Continued)

##### Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

##### 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 2006 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.

#### 2 TURNOVER, COST OF SALES AND OPERATING EXPENSES

	2006 £	2005 £
<b>Turnover</b>		
Consultancy and other sales	58,674	21,381
Property	–	123,067
	<hr/>	<hr/>
	58,674	144,448
	<hr/> <hr/>	<hr/> <hr/>
<b>Cost of sales</b>		
Property	–	126,708
	<hr/>	<hr/>
	–	126,708
	<hr/> <hr/>	<hr/> <hr/>
<b>Operating expenses</b>		
Administrative expenses	521,894	538,647
Project development costs	119,118	534,287
	<hr/>	<hr/>
	641,012	1,072,934
	<hr/> <hr/>	<hr/> <hr/>

Property sold in 2005 represents freehold land at Great Haywood, Staffs, originally held for resale or potential development and being part of the former trading assets of Anglo-Welsh Group plc, the December 2003 pre-reverse narrow boat business.

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 2006

#### 3 OPERATING LOSS

	2006	2005
	£	£
Operating loss is stated after charging:		
Auditors' remuneration:		
– audit services (Company £7,000 (2005: £7,200))	9,000	9,250
– non-audit services (Company £3,000 (2005: £5,000))	3,500	5,250
Depreciation of tangible assets	889	3,261
Operating lease charges – land and buildings	39,930	39,930
	<u>199,217</u>	<u>209,677</u>
Directors' emoluments were:		
Emoluments for qualifying services	199,217	209,677
Company pension contributions to a personal pension scheme were paid in 2005 for 1 director	–	2,281
	<u>199,217</u>	<u>211,958</u>

Auditors' remuneration for non-audit services comprises financial reporting advice of £2,000 (2005: £3,500) and tax advice of £1,500 (2005: £1,750).

Remuneration paid to the highest paid director amounted to £86,100; no contributions in respect of pension schemes were made on his behalf.

Details of directors' share options are given on note 14 to these financial statements.

Directors' remuneration includes fees of £48,117 payable to M G Savage, St. J Hartnell, G Axford and P Collins as non-executive directors.

#### 4 INTEREST

	2006	2005
	£	£
Interest payable and similar charges:		
On bank overdraft and loans	1	13
Interest receivable:		
Bank deposit interest	(6,675)	(14,457)
	<u>(6,674)</u>	<u>(14,444)</u>

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2006

#### 5 STAFF NUMBERS AND COSTS

	2006 No.	2005 No.
<b>Number of employees</b>		
The average number of employees (including executive directors) of the Group during the year was:		
Administration	4	4
	<u>4</u>	<u>4</u>
	<b>£</b>	<b>£</b>
<b>Employment costs</b>		
Wages and salaries	196,932	184,620
Social security costs	23,162	21,053
Other pension costs	–	2,281
	<u>220,094</u>	<u>207,954</u>

#### 6 TAXATION

	2006 £	2005 £
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	(572,347)	(1,040,750)
	<u>(572,347)</u>	<u>(1,040,750)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2005: 30%)	(171,704)	(312,225)
Effects of:		
Non deductible expenses	32,370	145,317
Depreciation in excess of capital allowances	267	396
Tax losses arising in the year not utilised	139,067	166,512
	<u>171,644</u>	<u>166,512</u>
<b>Current tax charge</b>	–	–
	<u>–</u>	<u>–</u>

The Group has estimated tax losses of £1,570,000 (2005: £1,100,000) available to carry forward against future periods.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2006

#### 7 LOSS PER SHARE

Basic loss per ordinary share of 0.1 pence (2005: 0.1 pence) is calculated using the net basis on the Group loss for the year after tax of £572,347 (2005: £1,040,750) and on the weighted average number of shares in issue of 748,086,829 (2005: 708,887,207).

	<b>2006</b>	<b>2005</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>	
As at 1 November 2005 & 31 October 2006	10,828,446

Goodwill represents the acquisition of Oak Ventures Limited on 1 December 2003 and the issue by the Group 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 Oak Ventures Limited.

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.

In co-operation with Rotherham Metropolitan Borough Council a planning application was submitted on 31 January 2005. Following initial consultations, the scheme was amended and re-submitted in September 2005. Again following exhaustive consultations a Resolution to Grant planning consent was received at the RMBC Planning Committee on 11 May 2006. The scheme was then referred under statute to the Government Office for their consideration and on 14 July 2006 the Government Office decided not to intervene in the planning process and referred the project back to RMBC. On 30 January 2007 RMBC formally granted Outline Planning Consent and resolved a number of technical issues on the project by incorporation into a Section 106 Agreement.

As previously noted upon receipt of planning permission, the Company is entitled under the Preferred Developer Agreement to acquire a 250 year lease on the development site and on the established Rother Valley Country Park. As such the Company is now finalising the terms of a Development Agreement which will supercede the Preferred Developer Agreement. In March 2007 the Company completed the key acquisition of the freehold of 27 acres adjacent to the development site, which provides the control to access to the site.

The directors have confirmed their estimate that the cost of the development of the YES! Project for which planning permission has been given 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 now planning permission has been obtained, they will be able to raise the necessary development finance and they confirm that the principles of such finance have been established.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2006

The directors have carried out an impairment review in respect of the carrying value of goodwill. Having now obtained outline planning permission and assuming that development funding is available by virtue of lenders criteria being met, 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.

A marketing campaign is now being undertaken to secure interest and subsequent commitment from major potential tenants. No development activity will take place until this objective is achieved.

Having obtained Outline Planning Permission the Group now seeks to confirm its funding options for the development of the YES! Project prior to the satisfaction of Development Loan criteria; the precise nature of such interim funding is to be determined but several alternatives are available to the Board. Further working capital funding may be required in the short term should the project encounter unforeseen delays. The Board has considered fully its options in this respect.

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 Group's ability to negotiate and confirm receipt of additional funds to progress the YES! Project and ensure that sufficient working capital is available in the interim. 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

	<b>Plant &amp; equipment £</b>
<b>Cost</b>	
At 1 November 2005 and 31 October 2006	7,757
	<hr/>
<b>Depreciation</b>	
At 1 November 2005	6,868
Charge for the period	889
	<hr/>
At 31 October 2006	7,757
	<hr/>
<b>Net book value</b>	
At 31 October 2006	–
	<hr/> <hr/>
At 31 October 2005	889
	<hr/> <hr/>

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2006

#### 10 FIXED ASSET INVESTMENTS

##### COMPANY

<b>Investment in subsidiary undertakings</b>	<b>£</b>
<b>Cost</b>	
At 1 November 2005 and 31 October 2006	10,435,961
<b>Provision for diminution in value</b>	
At 1 November 2005 and 31 October 2006	(2)
<b>Net book value</b>	
At 1 November 2005 and 31 October 2006	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 and Docklands Restaurant Boat Company Limited, dormant companies registered in England and Wales.

During the year the company acquired a listed investment for £2,758, which was subsequently sold for £6,075, thereby realising a profit of £3,317.

#### 11 DEBTORS

	<b>Group 2006 £</b>	<b>Group 2005 £</b>	<b>Company 2006 £</b>	<b>Company 2005 £</b>
Prepayments and accrued income	27,149	20,385	27,149	20,385
Amount due from subsidiary undertaking	–	–	1,426,153	1,197,035
	<u>27,149</u>	<u>20,385</u>	<u>1,453,302</u>	<u>1,217,420</u>

The amount due from subsidiary undertaking at 31 October 2006 relates to Oak Ventures Limited. Recoverability is dependent upon the successful outcome of the YES! Project, described in note 8.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2006

#### 12 CREDITORS – amounts falling due within one year

	<b>Group 2006</b>	<b>Group 2005</b>	<b>Company 2006</b>	<b>Company 2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	27,754	27,754	27,754	27,754
Other taxes and social security	18,198	18,438	547	786
Accruals and deferred income	365,597	192,113	335,065	161,581
	<u>411,549</u>	<u>238,305</u>	<u>363,366</u>	<u>190,121</u>

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

	<b>Group 2006</b>	<b>Group 2005</b>	<b>Company 2006</b>	<b>Company 2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other creditors	180,695	180,695	–	–
	<u>180,695</u>	<u>180,695</u>	<u>–</u>	<u>–</u>

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

	<b>Group 2006</b>	<b>Group 2005</b>
	<b>£</b>	<b>£</b>
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 or such later date as agreed by the Board. The Board do not anticipate repayment prior to 31 October 2007.

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

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2006

#### 14 CALLED UP SHARE CAPITAL

	2006	2005
	£	£
<b>Authorised:</b>		
1,100,000,000 (2005: 1,100,000,000)		
Ordinary shares of 1 pence each	11,000,000	11,000,000
	<u>                    </u>	<u>                    </u>
<b>Allotted issued and fully paid:</b>		
748,088,547 (2005: 748,078,236)		
Ordinary shares of 1 pence each	7,480,886	7,480,783
	<u>                    </u>	<u>                    </u>

On 2 December 2005, 10,311 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.

#### Share options

At 31 October 2006 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	23 June 2007	£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	23 June 2007	£0.0465
S G Thomson	2,500,000	17 January 2004	23 June 2007	£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 2006 warrants had been exercised on 279,290 shares leaving 101,140,397 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.

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2006

#### 15 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 2005	2,987,004	164,667	(4,949,251)	5,197,319
Retained loss for the year	–	–	(572,347)	–
Premium on shares issued in year	142	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2006	2,987,146	164,667	(5,521,598)	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 2005	2,987,004	164,667	(3,915,824)	5,197,319
Retained loss for the year	–	–	(343,230)	–
Premium on shares issued in year	142	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2006	2,987,146	164,667	(4,259,054)	5,197,319
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

<b>GROUP</b>	<b>2006 £</b>	<b>2005 £</b>
Loss for the financial year	(572,347)	(1,040,750)
Shares issued	245	1,135,365
Opening shareholders' funds	10,880,522	10,785,907
	<hr/>	<hr/>
Closing shareholders' funds	10,308,420	10,880,522
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2006 £</b>	<b>2005 £</b>
Operating loss	(582,338)	(1,055,194)
Depreciation	889	3,261
Decrease in stock	–	126,708
(Increase)/decrease in debtors	(6,764)	626
Increase in creditors	173,244	30,345
	<hr/>	<hr/>
Net cash outflow from operating activities	(414,969)	(894,254)
	<hr/> <hr/>	<hr/> <hr/>

## OAK HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2006

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

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
(Decrease)/increase in cash in the year	(404,733)	255,555
Change in net funds	(404,733)	255,555
Net funds at beginning of year	449,802	194,247
Net funds at end of year	45,069	449,802

#### 19 FINANCIAL COMMITMENTS

At 31 October 2006 the Group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Within one year	–	–
Between two and five years	–	–
In over five years	39,930	39,930
	39,930	39,930

#### 20 RELATED PARTY TRANSACTIONS

During the year the Group incurred fees of £24,000 (2005: £24,000) with 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 Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA on 24 May 2007 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 2006.
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 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 numbers 5 and 7 will be proposed as ordinary resolutions and resolution numbers 6 and 8 will be proposed as special resolutions:

#### **Ordinary Resolution**

5. THAT the authorised share capital of the Company be and is hereby increased from £11,000,000 to £15,000,000 by the creation of 400,000,000 new ordinary shares of 1p each.

#### **Special Resolution**

6. (a) (i) in respect of each holding of shares as shown in the Register of Members of the Company at the close of business on 24 May 2007, every 50 ordinary shares of 1p each shall be and are hereby consolidated into 1 new ordinary share of 50p each in the capital of the Company ("New Ordinary Shares"), provided that no member of the Company shall be entitled to a fraction of a New Ordinary Share and all fractional entitlements arising out of such consolidation shall be aggregated into New Ordinary Shares and the whole number of New Ordinary Shares so arising sold and the net proceeds of sale distributed in due proportion among those members who would otherwise be entitled to such fractional entitlements save that any entitlement to a sum of less than £3.00 shall not be so distributed, but shall be retained for the benefit of the Company;
- (ii) the authorised and unissued share capital of the Company be altered by consolidating every 50 ordinary shares of 1p each into 1 ordinary share of 50p;
- (iii) the new ordinary shares arising under paragraph (i) of this resolution shall have the rights set out under the Articles of Association as amended by paragraph (b) below;
- (b) the existing Articles of Association of the Company be amended as follows:
  - (i) by amending the definition of ordinary shares by the deletion of "1p" and the insertion of "50p"; and
  - (ii) by deleting Article 3 and inserting as Article 3: "The authorised share capital of the Company at the date these Articles were last amended is £15,000,000 divided into 30,000,000 ordinary shares of 50p each.

#### **Ordinary Resolution**

7. THAT in substitution for any existing authority subsisting at the date of this resolution (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 £7,518,755 (or if less the total amount of the authorised share capital not then in issue) 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.

## OAK HOLDINGS PLC

### NOTICE OF ANNUAL GENERAL MEETING (Continued)

#### Special Resolution

8. THAT subject to the passing of the resolution numbered 7 in the notice of this meeting and in substitution for any existing authority subsisting at the date of this resolution (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) up to a maximum nominal amount of £7,518,755 (or if less the total amount of the authorised share capital not then in issue);

provided that:

- (i) 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
- (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  
30 April 2007

*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 Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered on the Register of Members as at 10.30 am on 23 May 2007 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 Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA from 9.30 am on Thursday 24 May 2007 until the conclusion of the meeting. No director has a service contract of greater than 12 months' duration.