

# Oak Holdings PLC - Final Results

Oak Holdings plc ('Oak' or 'the Company')

## Preliminary Results

Oak Holdings plc, the AIM listed property development and consultancy group, announces its results for the year ended 31 October 2005.

### Overview

- \* In line with the Board's expectations operating loss before exceptional items of £1,055,194 (2004: £725,642), on a turnover of £144,448 (2004: £102,611)
- \* Net assets of £10.88 million (2004: £10.79 million) and cash of £449,802 (2004: £194,247)
- \* Good progress at major leisure development, the YES! project, in South Yorkshire
- \* Anticipate obtaining a Resolution to Grant from Rotherham Metropolitan Borough Council before AGM on 25 May
- \* Well placed to achieve outline planning consent in the near future which should enable construction to commence in 2007 and the development to be completed in 2009
- \* Potential anchor tenants in place and further expected following receipt of the Resolution to Grant
- \* Good prospects for consultancy division with a considerable number of opportunities being progressed
- \* Exploring a number of development opportunities to expand area of operations and provide attractive returns

### Further enquiries:

Oak Holdings plc

Mike Hill, Finance Director      Tel: 020 7493 5522

St Brides Media & Finance Ltd

Isabel Crossley                      Tel: 020 7242 4477

### Chairman's Statement

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

### Results

I am pleased to report the results for the 12 months to 31 October 2005. In line with the Board's expectations we made an operating loss before exceptional items of £1,055,194 (2004: £725,642), on a turnover of £144,448 (2004: £102,611). The major part of this loss is a consequence of the expenditure in relation to the YES! Project, which, as in past years, has not been capitalised. Despite delays suffered as we move the project towards consent, expenditure has been tightly controlled and contained within planned forecast levels and significant progress has been made. The Company continues to

exercise prudent cost control over all areas of its business. In view of the Company's loss for the year, no dividend is recommended (2004: nil).

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

#### Strategy

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

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

#### Current Trading

##### The YES! Project

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

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

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

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

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

#### Consultancy Division

A considerable number of consultancy opportunities are being progressed, which we hope will come to fruition imminently and boost revenue in the short-term. As previously announced, we signed consultancy agreements to advise on two

major themed leisure parks in the UK - Shakespeare's World near Banbury and Outlaw's Kingdom near Mansfield. Also, on 28 November 2005, Oak announced that it had been retained by the SupperClub London Limited to advise on the development, investment and management process involved in establishing this international lifestyle concept in the UK. In addition to consultancy fees and in part exchange for a proportion of its fees, Oak has acquired a 10% shareholding in SupperClub London Limited. The 'fees for a combination of cash and equity' model is our preferred consultancy offering, which we expect will in time bring substantial capital gain for the Company.

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

#### Funding

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

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

#### Conclusion

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

Finally, I wish to record the deep sense of loss, which my fellow Directors and I feel at the death on 19 December 2005 after a short illness of our great friend and charming colleague, St. John Hartnell. St. John was always a strong advocate of the YES! Project and was a founder shareholder of Oak Holdings Limited prior to its reversal into AWG Services plc. His contribution to the Company will be sadly missed.

Malcolm Savage

27 April 2006

OAK HOLDINGS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 October 2005

	2005	2004
Note	£	£
TURNOVER - continuing	144,448	-
- discontinued	-	102,611
Cost of sales	(126,708)	(98,269)
GROSS PROFIT	17,740	4,342
Operating expenses	(1,072,934)	(729,984)
OPERATING LOSS - continuing	(1,055,194)	(729,984)
- discontinued	-	4,342

		(1,055,194)	(725,642)
Net interest receivable		14,444	23,882
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,040,750)	(701,760)
Taxation		-	-
RETAINED LOSS FOR THE FINANCIAL YEAR		(1,040,750)	(701,760)
BASIC LOSS PER SHARE (IN PENCE)	1	(0.1)	(0.1)

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

#### OAK HOLDINGS PLC

#### BALANCE SHEETS

31 October 2005

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

reserve

Profit and loss account	(4,949,251)	(3,908,501)	(3,915,824)	(3,519,361)
Merger reserve	5,197,319	5,197,319	5,197,319	5,197,319
SHAREHOLDERS' FUNDS	10,880,522	10,785,907	11,913,949	11,175,047

OAK HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 October 2005

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

OAK HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2005

1 LOSS PER SHARE

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

2005	2004
pence	pence

Basic loss per share (0.1) (0.1)

## 2 CALLED UP SHARE CAPITAL

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

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

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

### Share options

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

#### Approved share option scheme:-

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

#### Unapproved share option scheme:-

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

No options have been exercised during the year.

### Warrants

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

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

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

## 3 PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this preliminary announcement does not

constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The consolidated balance sheet as at 31 October 2005 and the consolidated profit and loss account, consolidated cash flow statement and associated notes for the year have been extracted from the group's financial statements.

#### 4 AVAILABILITY OF ACCOUNTS

Copies of the accounts will be sent to shareholders shortly and will also be available at the Company's registered office, 15 Half Moon Street, London W1J 7AT.