

28 April 2011

Oak Holdings plc

Preliminary announcement of results for the year ended 31 October 2010

Oak Holdings plc announces its results for the year ended 31 October 2010.

The key features of the year were:

- Turnover £1.26m (2009: £0.76m)
- Loss before tax £11.48m (2009: profit £0.33m)
- £10.83m goodwill impairment provision charged following the termination of the development agreement for the YES! Project in January 2011 as well as significant other costs associated with the YES! Project
- Substantial overhead reductions achieved since year end
- Discussions for funding with third party continue positively
- This funding is necessary to the business and its growth
- Prospects for developing profitable leisure operations in the future

The Company's annual report and financial statements are being posted to shareholders and will be available on the Company's website shortly

Commenting on the results, Mike Woodcock, Chairman of the Company, said:

"This is not the report I imagined writing when I became chairman in the middle of 2010. The Yes! Project seems over although we continue to strive to achieve value from it and the adjacent freehold land we own. We are now focusing on developing a successful leisure business and are determined to achieve value for shareholders".

Enquiries

Oak Holdings plc

Mike Woodcock

Chairman

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Nominated Adviser to Oak Holdings plc

Cairn Financial Advisers LLP

Tony Rawlinson

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Chairman's statement

This is my first annual report as Chairman and covers a year in which there was, particularly regarding the YES! Project, much optimism followed by a period during which much of that optimism has dissipated. Your board is now working hard at re-establishing value for shareholders from the Group's assets and leisure businesses.

Termination of the development agreement

I will therefore, first deal with the significant event since the end of the period – the termination by Rotherham Metropolitan Borough Council ("RMBC") of the development agreement with your Company as this is the main influence on the results for the year. During 2010, the Company applied for, and was granted, a new planning permission for the YES! Project which would enable the project to be built on a phased basis. Planning approval was finally received in September 2010. It was in the autumn when we were in a position to start to formalise funding or involve a joint venture partner to implement the development. We also entered into constructive discussions with RMBC to extend the development agreement for a term to match the new consent.

With the delays, it had been impossible to formalise funding or to secure binding pre-lets with key tenants and, we understand, RMBC took this delay in securing formal agreements as a material lack of progress and, despite a joint presentation to RMBC with a credible joint venture partner, RMBC decided to exercise their right to give notice of termination of the development agreement with effect from 31 January 2011.

Your board sought and has since sought to revive value from the many years of hard work and expenditure which your Company has put into the YES! Project but to no avail. We continue to seek to revive value but have formed the view that for the time being it would not be prudent to ascribe any value to the consent or our involvement.

Results for the year

The results for Group for the year show a loss before taxation of £11,482,060 compared with a profit for the previous year of £325,818. £10,828,446 of this loss is attributable to an impairment provision against the goodwill previously carried in the balance sheet which related to the original acquisition of the project by the Group. A further sum of over £250,000 was spent on the Project during the year and this again has been written off.

The leisure division comprising the Rother Valley Country Park, Ringwood Town & Country Experience and Oak Heritage generated a small loss before a management charge from Oak Holdings compared with a profit in the previous year which included trading only during the busier summer months. The major contributor to this was Ringwood Town & Country Experience caused principally by the delay in Oak's investment in this business.

The balance of the trading loss was a central overhead which was designed to accommodate both a developing leisure business and a major property development which was about to start. The Company's property consultancy business was essentially a breakeven operation during the year but did defray some of the central overheads which would otherwise have been charged. Since the year end, there has been a substantial reduction in the overhead to eliminate costs supporting the Group's property development activity.

At the year end the Company had negligible cash and nearly £2 million of creditors. Active discussions are underway with creditors with a view to securing the Group's position in association with the potential new investment referred to below.

Strategy and business review

The Group now has four revenue generating activities – the Country Park, the Ringwood memorabilia business, the historic motor vehicle refurbishment business and the property

consultancy. It also has a number of valuable assets including the A57 freehold land which was to provide access to the YES! Project and the memorabilia at Ringwood.

The board has decided to focus on the leisure based activities and is therefore going to wind down its property consultancy activities.

We have some exciting potential developments to implement on the Country Park to add to the watersports, miniature railway, play areas, café activities which already exist. We will seek to begin to implement these as funding is available. In the meantime, we have maintained a tight grip on overheads at the Country Park and trading through the traditionally quiet months of November to March has produced a very small trading loss which we anticipate will be reversed by April's trading with the much more active summer months to come.

At Ringwood's memorabilia museum and restaurant/banqueting facilities on the edge of the New Forest, we are making some progress at reinvigorating the operation which has been neglected and underfunded in the last year. Trading so far this year (again in the quiet season) has been disappointing, but we are optimistic that a regular source of visitors is being established which should enable this operation to become profitable. We continue to examine opportunities to realise value from the memorabilia where the market is suitable.

The historic motor vehicle refurbishment business is making great headway in creating original Hispano Suiza vehicles for sale into a market which is small but seems to be attractive. Two vehicles are currently being restored and it is anticipated that one will be ready for sale later this year and the other ready around the end of 2011. This business has further spare parts and anticipates being able to restore further original vehicles thereafter.

In terms of the Group's valuable assets, the future of the A57 land's value is linked to the progress that RMBC make in achieving development on the YES! Project site and the board are seeking to capitalise on its value at the appropriate time. The Group's memorabilia at Ringwood can either be used for the museum (which can only display a part of the collection at any time) or can be realised and the board continue to have regard to opportunities to realise some of the stock if and when advantageous opportunities arise.

Funding

Oak is in active discussions with a third party for a significant equity or equity related investment and hopes to be able to announce further details of this in the coming weeks. This funding and the bank funding (which can only be obtained once that is in place) are critical to the board's plans for the development of the business.

Outlook

During the first months of 2011, the Group's cost base has been substantially reduced and the overheads have been cut to match the scale of the Group's operations more closely. The board is also focusing on achieving higher revenues from its leisure activities on a cost effective basis. With the further investment the Group is seeking, the board believes that a profitable future for the Group can be achieved.

M C Woodcock
Chairman

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 October 2010

	Note	2010 £	2009 £
Revenue		1,260,851	761,784
Administrative expenses		(1,958,539)	(845,334)
Impairment of goodwill		(10,828,446)	-
Release of liabilities		49,933	410,086
Operating (loss)/profit		<u>(11,476,201)</u>	<u>326,536</u>
Finance income		10	14
Finance costs		(5,869)	(732)
Finance costs – net		<u>(5,859)</u>	<u>(718)</u>
(Loss)/profit before taxation		<u>(11,482,060)</u>	<u>325,818</u>
Tax expense		-	-
(Loss)/profit for the period attributable to equity holders of the Company		<u>(11,482,060)</u>	<u>325,818</u>
(Loss)/earnings per share			
Equity holders	5	(27.2)p	2.2p

All activities are continuing.

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STATEMENT OF CHANGES IN EQUITY for the year ended 31 October 2010

	Share capital	Share premium	Retained earnings	Capital redemption reserve	Merger reserve	Total
	£	£	£	£	£	£
Group						
Balance at 1 November 2008	7,565,067	3,017,818	(6,462,857)	164,667	5,197,319	9,482,014
Profit for the year ended 31 October 2009	-	-	325,818	-	-	325,818
Cost of share based awards	-	-	35,063	-	-	35,063
At 31 October 2009	7,565,067	3,017,818	(6,101,976)	164,667	5,197,319	9,842,895
Loss for the year ended 31 October 2010	-	-	(11,482,060)	-	-	(11,482,060)
Issue of shares	2,022,036	-	-	-	-	2,022,036
Cost of share based awards	-	-	43,106	-	-	43,106
Transfer of merger reserve on write down of associated goodwill	-	-	5,197,319	-	(5,197,319)	-
At 31 October 2010	9,587,103	3,017,818	(12,343,611)	164,667	-	425,977

	Share capital	Share premium	Retained earnings	Capital redemption reserve	Merger reserve	Total
	£	£	£	£	£	£
Company						
Balance at 1 November 2008	7,565,067	3,017,818	(4,659,728)	164,667	5,197,319	11,285,143
Profit for the year ended 31 October 2009	-	-	235,368	-	-	235,368
Cost of share based awards	-	-	35,063	-	-	35,063
At 31 October 2009	7,565,067	3,017,818	(4,389,297)	164,667	5,197,319	11,555,574
Loss for the year ended 31 October 2010	-	-	(12,971,657)	-	-	(12,971,657)
Issue of shares	2,022,036	-	-	-	-	2,022,036
Cost of share based awards	-	-	43,106	-	-	43,106
Transfer of merger reserve on write down of associated investment	-	-	5,197,319	-	(5,197,319)	-
At 31 October 2010	9,587,103	3,017,818	(12,120,529)	164,667	-	649,059

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 October 2010

	Note	Group		Company	
		2010	2009	2010	2009
			£		£
Non-current assets					
Goodwill	6	-	10,828,446	-	-
Property, plant and equipment		1,687,608	1,409,417	1,321,040	1,279,071
Investments in subsidiaries	7	-	-	203	10,436,059
Total non-current assets		1,687,608	12,237,863	1,321,243	11,715,130
Current assets					
Inventories	8	579,783	56,230	15,000	-
Trade and other receivables		81,498	131,305	835,847	2,254,265
Cash at bank		1,645	32,050	52	-
Total current assets		662,926	219,585	850,899	2,254,265
Total assets		2,350,534	12,457,448	2,172,142	13,969,395
Equity					
Issued share capital		9,587,103	7,565,067	9,587,103	7,565,067
Share premium		3,017,818	3,017,818	3,017,818	3,017,818
Retained earnings		(12,343,611)	(6,101,976)	(12,120,529)	(4,389,297)
Capital Redemption Reserve		164,667	164,667	164,667	164,667
Merger Reserve		-	5,197,319	-	5,197,319
Total equity		425,977	9,842,895	649,059	11,555,574
Liabilities					
Non-current liabilities					
Borrowings	9	18,237	534,267	-	503,212
Total non-current liabilities		18,237	534,267	-	503,212
Current liabilities					
Borrowings	9	1,038,871	1,011,103	1,003,667	1,001,935
Trade and other payables		867,449	1,069,183	519,416	908,674
Total current liabilities		1,906,320	2,080,286	1,523,083	1,910,609
Total liabilities		1,924,557	2,614,553	1,523,083	2,413,821
Total equity and liabilities		2,350,534	12,457,448	2,172,142	13,969,395

These financial statements were approved and authorised for issue by the board of directors on 28 April 2011 and were signed on its behalf by:

C J Yates
Director

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CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 October 2010

	<i>Note</i>	Group		Company	
		2010	2009	2010	2009
		£	£	£	£
<i>Cash flows from operating activities</i>					
Net cash absorbed by operations	10	(439,417)	(312,221)	(608,728)	(437,126)
Net interest paid		(5,859)	(718)	(718)	(731)
Net cash absorbed by operating activities		(445,276)	(312,939)	(609,446)	(437,857)
<i>Cash flows from investing activities</i>					
Payments to acquire tangible fixed assets		(45,157)	(105,618)	(41,969)	-
Cash consideration for acquisitions		(85,000)	-	(200)	-
Net cash used in investing activities		(130,157)	(105,618)	(42,169)	-
<i>Cash flows from financing activities</i>					
Net advances on directors' and other loans		98,600	446,712	98,600	433,212
Cash from subscriptions for new shares		650,000	-	650,000	-
Net proceeds from advance of bank loan		-	251,935	-	251,935
Repayment of bank loans		(105,935)	-	-	-
Repayment of vendor mortgage loan		(100,000)	-	(100,000)	-
Repayments of obligations under hire purchase contracts		(14,054)	(750)	-	-
Net cash from financing activities		528,610	697,897	648,600	685,147
Net increase/(decrease) in cash and bank balances		(46,823)	279,340	(3,015)	247,290
Cash and bank and bank overdrafts at beginning of year		32,050	(247,290)	-	(247,290)
Cash and bank and bank overdrafts at end of year		(14,773)	32,050	(3,015)	-

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2010

1 GENERAL INFORMATION

Oak Holdings plc ("the Company") and its subsidiaries (together "the Group") were during the year property developers and consultants and the operators of leisure activities.

This preliminary announcement is authorised for issue by the Board on 28 April 2011. The financial information has been prepared in accordance with International Financial Reporting Standards adopted by the European Union and applying the same accounting policies and bases of calculation and estimation as applied in previous annual financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union.

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. Oak Holdings Plc reported a loss for the financial year of £12,971,657 (2009: profit of £235,368).

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 October 2010. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition. Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS are recognised at their fair value at the acquisition date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit maybe impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Depreciation

Freehold land is not depreciated and is included at its historical cost, which includes capitalised borrowing costs.

Plant and computer equipment and leasehold improvements are measured at cost less provision for depreciation. Depreciation is provided on these assets at rates calculated to write off the cost less estimated residual value of the assets over their expected useful lives at the following rates:-

Plant and equipment	25% to 50% of cost per annum
Leasehold improvements	Remaining life of the lease

Income recognition

Turnover represents the fair value of services provided during the year on business service assignments. Turnover is recognised as the assignment activity progresses and the right to consideration is earned. Fair value reflects the amounts expected to be recoverable from customers and is based on time spent and costs incurred to date as a percentage of total anticipated contract costs. Unbilled turnover is included within receivables.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2010 (continued)

available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share based awards

The Group has applied the requirements of IFRS 2 Share based payment.

The Group issues equity settled payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Investments in subsidiaries

Investments in subsidiaries are stated in the Company's balance sheet at cost less any attributable impairment losses.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company and the Group after deducting all of its liabilities.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3 LIQUIDITY RISK

At the balance sheet date, the Group had limited funds available. The directors have prepared forecasts for the coming 12 months and beyond in order to assess future funding requirements. These forecasts show that the Group is in need of further funding within the next 12 months, having particular regard to the seasonality of the Group's trading. The directors are currently negotiating with a potential investor regarding a placing of shares in order to provide the necessary funding. In addition, the Group has a number of creditors, including H M Revenue & Customs and the vendor of the A57 land, who are currently in arrears. Negotiations are currently ongoing with such creditors to agree settlement terms, some of which may involve a potential conversion into equity.

The directors are reasonably confident that funding will be secured and liabilities will be successfully negotiated in order to enable cash flow seasonality to be managed. On this basis, they have prepared the financial statements on the going concern basis.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2010 (continued)

4 SEGMENTAL ANALYSIS

Segmental information with regards to activity of each segment is presented below. All turnover and profits are generated in, and assets are located in, the UK.

RESULT	2010				2009			
	Consulting	Yes Project	Leisure	Consolidated	Consulting	Yes Project	Leisure	Consolidated
	£	£	£	£	£	£	£	£
Revenue	30,690	-	1,230,161	1,260,851	5,000	-	756,784	761,784
Segment operating (loss)/profit	-	(11,101,411)	(133,873)	(11,235,284)	-	70,150	142,494	212,644
Unallocated corporate costs				(290,850)				(296,194)
Release of liabilities				49,933				410,086
Operating (loss)/profit				(11,476,201)				326,536
Net finance costs				(5,859)				(718)
(Loss)/profit before tax				(11,482,060)				325,818
Tax expense				-				-
(Loss)/profit for the year				(11,482,060)				325,818

BALANCE SHEET

Goodwill	-	-	-	-	-	10,828,446	-	10,828,446
Other segment assets	34,002	1,321,092	995,440	2,350,535	5,000	1,298,271	325,731	1,629,002
Segment assets	34,002	1,321,092	995,440	2,350,535	5,000	12,126,717	325,731	12,457,448
Unallocated corporate assets				-				-
Consolidated assets				2,350,535				12,457,448
Segment liabilities	(20,124)	(960,000)	(352,080)	(1,332,203)	-	(1,504,002)	(188,032)	(1,692,034)
Unallocated corporate liabilities				(592,354)				(935,489)
Consolidated liabilities				(1,924,557)				(2,627,523)

Unallocated assets include Group cash and VAT balances. Goodwill and other assets are allocated to the appropriate segment.

Unallocated liabilities include tax balances and trade and other payables attributable to corporate overhead costs.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2010 (continued)

5 (LOSS)/EARNINGS PER SHARE

The (loss)/earnings per share is based on a loss for the year of £11,482,060 (2009: profit of £325,818) and the weighted average number of ordinary shares in issue for the year of 42,164,479 (2009: 15,130,133).

The exercise of the outstanding options and warrants at 31 October 2010 would result in the Company issuing shares at a value in excess of the average market price, and are therefore not dilutive.

There are potentially 582,856 shares that could be issued under the terms of options and are also 2,021,791 pursuant to the exercise of warrants that will potentially reduce future earnings per share.

6 GOODWILL

Group

£

Cost

At 1 November 2008, 1 November 2009 & 31 October 2010

10,828,446

Provision for impairment

At 1 November 2008 & 1 November 2009

-

Impairment charge (see below)

10,828,446

At 31 October 2010

10,828,446

Net book value

At 31 October 2010

-

At 31 October 2009

10,828,446

At 31 October 2008

10,828,446

Goodwill arose on the acquisition of Oak Ventures Limited on 1 December 2003 and the issue by the Group of 490,313,015 Ordinary shares of the then nominal value of 1p each 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 ("RMBC") to develop a major entertainment and leisure complex (the "YES! Project").

In January 2011, RMBC gave notice that it was terminating the Development Agreement with effect from the end of January 2011. The directors have therefore concluded that the goodwill previously recognised has been fully impaired. The directors have consequently made an impairment provision against the whole of the carrying value of the goodwill with an appropriate charge being made in the statement of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2010 (continued)

7 INVESTMENTS IN SUBSIDIARIES

Company	Total £
Cost	
At 1 November 2008	10,435,961
Additions during the year	<u>100</u>
At 31 October 2009	10,436,061
Additions during the year	<u>103</u>
At 31 October 2010	<u><u>10,436,164</u></u>
Provision for diminution in value	
At 1 November 2008	2
Provision in the year	<u>-</u>
At 31 October 2009	2
Provision in the year	<u>10,435,959</u>
At 31 October 2010	<u><u>10,435,961</u></u>
Net book value	
At 31 October 2010	<u><u>203</u></u>
At 31 October 2009	<u><u>10,436,059</u></u>
At 1 November 2008	<u><u>10,435,959</u></u>

Subsidiary undertakings

The Company holds 100% of the ordinary share capital of Oak Ventures Limited. Oak Ventures Limited has been engaged in the pursuit of the development of a major investment property. Oak Ventures Limited holds 100% of the ordinary share capital in Yorkshire Entertainment Sensation Limited, a dormant company. The carrying value of the investment in Oak Ventures Limited is subject to the same impairment review considerations as the value of goodwill, as described in Note 6 above and accordingly has been impaired to nil value at the balance sheet date.

During the year ended 31 October 2010, the Group acquired the whole of the issued share capital of Ringwood Town & Country Experience Limited ("RTCE"), a then recently incorporated company which had acquired the business and assets of a trade previously carried on as a partnership. RTCE is the operator of a museum and restaurant.

During the year ended 31 October 2010, the Group also acquired the whole of the issued share capital of Oak Heritage Limited, a newly formed company which had not traded. Shortly after its acquisition, Oak Heritage Limited acquired certain historic motor vehicle assets of RTCE and commenced operations in the restoration and maintenance of historic motor vehicles.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2010 (continued)

8 INVENTORIES

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Consumables	70,500	56,230	-	-
Work in progress	15,000	-	15,000	-
Memorabilia and vehicles	494,283	-	-	-
	<u>579,783</u>	<u>56,230</u>	<u>15,000</u>	<u>-</u>

The Group acquired various items of memorabilia and vehicles as part of the acquisition of RTCE. The Group is holding these assets with the intention of trading them in the future as opportunities arise. Certain of these assets are used in the interim period as display items in its museum activities. The items are currently held within inventories as shown above, although it is not anticipated that the entire amount will be disposed of at any time in the near future.

9 BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Current liabilities				
Bank loan	250,000	251,935	250,000	251,935
Bank overdraft	16,418	-	3,067	-
Hire purchase liabilities	21,854	9,168	-	-
Vendor mortgage loan	650,000	750,000	650,000	750,000
Other loans	100,600	-	100,600	-
	<u>1,038,871</u>	<u>1,011,103</u>	<u>1,003,667</u>	<u>1,001,935</u>
Non-current liabilities				
Directors' loans	-	451,858	-	438,358
Loans from related parties	-	64,854	-	64,854
Hire purchase liabilities	18,237	17,555	-	-
	<u>18,237</u>	<u>534,267</u>	<u>-</u>	<u>503,212</u>

The vendor mortgage loan represents the amount payable to the vendor of freehold land purchased by the Group in the year ended 31 October 2007 and is secured on that land. During the year, the terms of this loan have been renegotiated requiring repayment in accordance with a schedule by 31 December 2012. As part of the renegotiation, shares were issued to the vendor in settlement of accrued interest and the loan became interest free so long as it was being repaid in accordance with the schedule. Upon any default, interest became payable at 4% over the NatWest Bank base rate from the date of such default. The Company has not made the repayments of principal due on this loan of £150,000 on 31 August 2010 and of £100,000 on 31 December 2010 and accordingly the loan is in default and is immediately repayable. Active negotiations are taking place with the lender to further amend the terms of this loan.

Of the other loans, £70,000 is secured on an historic motor vehicle owned by the Group, bears interest at 12% per annum and is repayable on 17 August 2011 and a further loan of £22,500 is secured on the spare parts associated with that motor vehicle, bears interest at 7% per annum and is repayable in instalments by 31 March 2012. The remaining loans have no formal terms and do not bear interest.

During the year the directors' loans were used to subscribe for new ordinary shares in the Company or waived or, in the case of accruals relating to a former director, reclassified as an accrual.

£21,854 of the hire purchase loans are repayable within 12 months, £14,077 in between one and two years from the balance sheet date and the balance of £4,160 is repayable in more than two years but less than five years from the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2010 (continued)

10 CASH ABSORBED BY OPERATIONS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Operating (loss)/profit	(11,476,201)	326,536	(12,970,939)	236,099
Depreciation	36,682	2,745	-	-
Impairment of goodwill and investment	10,828,446	-	12,763,889	-
Share based awards	43,106	35,063	43,106	35,063
Increase in inventories	(33,207)	(56,230)	(15,000)	-
Decrease/(increase) in receivables	(68,339)	(91,652)	(390,914)	(217,692)
(Decrease)/increase in payables	230,096	(347,988)	(38,870)	(490,596)
Adjustment for waiver of loans	-	(180,695)	-	-
Cash absorbed by operations	<u>(439,417)</u>	<u>(312,221)</u>	<u>(608,728)</u>	<u>(437,126)</u>

11 ACQUISITIONS

On 1 December 2009 the Company acquired the whole of the issued share capitals of Ringwood Town and Country Experience Limited and of Oak Heritage Limited ("RTCE") for an aggregate consideration of £200 paid in cash. Oak Heritage Limited had cash of £100 and no other assets or liabilities. RTCE had, immediately prior to its acquisition by the Company, acquired the business and assets of an unincorporated business operating a museum and restaurant facility at their book value.

The following table summarises the amounts of the assets and liabilities of RTCE at the date of acquisition and represents the acquisition costs for RTCE and the directors' estimate of fair value at the date of acquisition:

Leasehold improvements	209,654
Inventories of memorabilia	487,274
Inventories of consumables	3,072
Cash	100
Trade and other payables	(6,000)
Bank loan	(104,000)
Vendor loan	(505,000)
Cash provided by the Group prior to acquisition	<u>(85,000)</u>
Consideration paid in cash	<u>100</u>

No acquisition-related costs have been allocated to this acquisition and no goodwill has been recognised.

The vendor loan was exchanged for 10,100,000 new ordinary shares in March 2010.

The revenue included in the consolidated statement of comprehensive income since 1 December 2009 contributed by RTCE was £58,152. RTCE contributed a loss of £84,878 over the same period. As the business owned by RTCE was operated as an unincorporated business for the period prior to its acquisition, it is not practicable to provide comparable figures for the amounts which would have been contributed had RTCE been consolidated from 1 November 2009, but the directors do not believe that the additional revenues or profit or loss would have been material.

12 POST BALANCE SHEET EVENTS

In January 2011, Rotherham Metropolitan Borough Council gave notice that it was terminating the Development Agreement between itself and the Company's subsidiary, Oak Ventures Limited, with effect from the end of January 2011. As a result of this termination, the Group's investment in the YES! Project has ceased to have any future or value and the directors have therefore concluded that the goodwill previously recognised has been fully impaired. The directors have therefore made an impairment provision against the whole of the carrying value of the goodwill with an appropriate charge being made in the statement of comprehensive income. This property development activity has therefore ceased since the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2010 (continued)

13 STATUS OF FINANCIAL INFORMATION

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Consolidated Statement of Financial Position at 31 October 2010 and the Consolidated Statement of Comprehensive Income, the Statement of Changes in Equity and the Consolidated Cash Flow Statement and associated notes for the year then ended have been extracted from the Group's 2010 statutory financial statements on which the auditors will give an unqualified report, but with a statement drawing attention to the use of the going concern basis for the accounts.

14 ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 11.30 am on 25 May 2011 at the offices of Starr & Partners, 5th Floor, 21 Garlick Hill, London EC4V 2AU

15 MAILING OF ACCOUNTS

The Annual Report and Accounts is being mailed to registered shareholders at their registered address and copies of the Annual Report will be made available to the public free of charge for one month at the Company's registered office, 38 South Molton Street, London W1K 5RL and from the Company's website: www.oakholdings.co.uk.