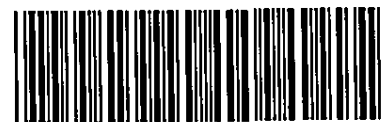


OISE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

COMPANY NUMBER: 1322002

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OISE LIMITED

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OISE LIMITED

COMPANY INFORMATION**COMPANY REGISTRATION NUMBER**

1322002

REGISTERED OFFICE

38 Binsey Lane
Oxford
OX2 0EY

DIRECTORS

T Gins
C C Davis (Appointed 19 December 2007, resigned 18 April 2008)
C W Smith (Resigned 29 May 2007)
A Meyrick (Resigned 25 May 2007)
B Dean (Resigned 29 May 2007)

SECRETARY

Diamond College Limited

BANKERS

Fortis Bank
Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

SOLICITORS

Wilmer Cutler Pickering Hale and Dorr LLP
Park Gate
25 Milton Park
Oxford
OX14 4SH

AUDITORS

Nexia Smith & Williamson LLP
Chartered Accountants
Registered Auditors
Portwall Place
Portwall Lane
Bristol
BS1 6NA

REPORT OF THE DIRECTOR

The director presents his report and the financial statements of the company for the year ended 31 December 2007

Principal activities and business review

The principal activity of the company is the management of the OISE group

On 16 January 2008 a subsidiary of the company acquired 78 voting shares in Nido Viajes de Idiomas S A, a Spanish company, for Euros 78,000. At the same time, the subsidiary entered into a call option, covering the period 1 January 2009 to 30 June 2009, giving the subsidiary the right to acquire a further 75 non-voting shares in Nido at a total price of Euros 99,000 and guaranteeing the working capital requirements of Nido to the end of this period.

A more detailed review of the OISE Group business activity in the period can be seen in the Directors' Report of the group's annual report, which does not form part of this report.

Results and dividends

There was a loss for the year after taxation amounting to £481,302 (2006 profit of £912,111)

Dividends of £nil (2006 £3,400,000) were paid in the year. No dividends are proposed.

Key Performance Indicators

The directors of OISE Holdings Limited manage the group's operations on a divisional basis. For this reason, the company's director believes that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance and position of the business of Regent Language Training Limited. The key performance indicators of OISE Holdings Limited are discussed in the Directors' Report of the group's annual report, which does not form part of this report.

Principal Risks, Uncertainties and Risk Management

There are a number of risks and uncertainties which may affect the company's performance. The company ensures that its exposure to a downturn in a particular trading sector is managed by continuing to broaden its activities both by depth of product range and geographically. The company also has a wide range of customers which limits exposure to any material loss of revenue from any one specific source.

The international nature of the company's operations creates exposure to currency risks, which are managed by financing investment by local financial instruments as appropriate.

The financial risk management objectives of the company in relation to financial instruments are set by the director with a view to minimising the company's exposure to price, credit, liquidity and cashflow risks. The use of derivative instruments is made to mitigate risks or enhance returns, subject to strict control of exposures.

The directors

The directors who served the company during the year were as follows:

T Gins

C C Davis (appointed 19 December 2007, resigned 18 April 2008)

C W Smith (resigned 29 May 2007)

A Meyrick (resigned 25 May 2007)

B Dean (resigned 29 May 2007)

REPORT OF THE DIRECTOR (continued)

Land and buildings

The aggregate market value of the land and buildings at director's valuation exceeds the cost as adjusted by the revaluation carried out in 2005, and as shown in the financial statements, by £580,000 (2006 £580,000). This excess has not been reflected in the financial statements. If the land and buildings were realised at this figure without qualifying re-investment, corporation tax of approximately £nil (2006 £nil) would be payable on the surplus arising.

Directors' responsibilities

Company law in the United Kingdom requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to select suitable accounting policies, as described on page 7 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of Information to Auditor

In the case of the person who is a director at the time when the report is approved, the following applies:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- The director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

On 18th February 2008 Smith & Williamson Solomon Hare Audit LLP changed its name to Nexia Smith & Williamson Audit (Bristol) LLP, trading as Nexia Smith & Williamson LLP.

A resolution to re-appoint Nexia Smith & Williamson LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

On behalf of the Board


T Gins
Director

Date

25/6/08

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF OISE LIMITED

We have audited the financial statements of OISE Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We read the information contained within the Director's Report and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

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 state in our report whether in our opinion the information given in the Director's Report is consistent with the financial statements. We also 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 the information specified by law regarding director's remuneration and transactions with the company is not disclosed.

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 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.

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 affairs of the company as at 31 December 2007 and of its 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 Director's Report is consistent with the financial statements.



NEXIA SMITH & WILLIAMSON LLP
Chartered Accountants and Registered Auditors
Bristol

Date 25/6/08

OISE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

| | | 2007 | 2006 |
|---|------|--------------------|--------------------|
| | Note | £ | £ |
| Turnover | | 2,637,257 | 2,744,694 |
| Administrative expenses | | <u>(2,277,699)</u> | <u>(2,304,109)</u> |
| Operating profit | 1 | (359,558) | 440,585 |
| Profit on sale of freehold property | | <u>-</u> | <u>91,315</u> |
| | | (359,558) | 531,900 |
| Dividends receivable | | - | 900,000 |
| Interest receivable | | 103,193 | 48,092 |
| Amounts written off investments | | (525,000) | - |
| Interest payable | 2 | <u>(358,986)</u> | <u>(403,759)</u> |
| (Loss)/profit on ordinary activities before taxation | | (421,235) | 1,076,233 |
| Tax on (loss)/profit on ordinary activities | 4 | <u>(60,067)</u> | <u>(164,122)</u> |
| Retained (loss)/profit for the financial year | | <u>(481,302)</u> | <u>912,111</u> |

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

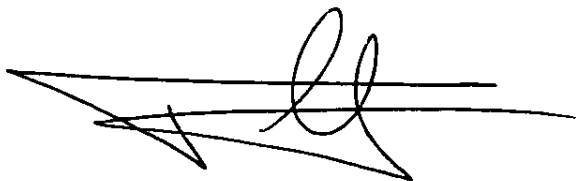
The notes on pages 7 to 17 form part of these financial statements

OISE LIMITED**BALANCE SHEET
AT 31 DECEMBER 2007**

| | | 2007 | 2006 |
|--|------|---------------------|---------------------|
| | Note | £ | £ |
| Fixed assets | | | |
| Tangible assets | 6 | 2,606,733 | 2,654,771 |
| Investments | 7 | 7,867,133 | 8,392,133 |
| | | <u>10,473,866</u> | <u>11,046,904</u> |
| Current assets | | | |
| Debtors | 8 | 2,529,373 | 2,008,302 |
| Cash at bank and in hand | | 727 | 1,370,634 |
| | | <u>2,530,100</u> | <u>3,378,936</u> |
| Creditors: Amounts falling due within one year | 9 | <u>(10,559,471)</u> | <u>(11,390,966)</u> |
| Net current liabilities | | <u>(8,029,371)</u> | <u>(8,012,030)</u> |
| Total assets less current liabilities | | <u>2,444,495</u> | <u>3,034,874</u> |
| Creditors: Amounts falling due after more than one year | 10 | <u>(1,784,923)</u> | <u>(1,894,000)</u> |
| | | <u>659,572</u> | <u>1,140,874</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 950,000 | 950,000 |
| Profit and loss account | 15 | (290,428) | 190,874 |
| Equity Shareholders' funds | 17 | <u>659,572</u> | <u>1,140,874</u> |

These financial statements were approved by the director on

25/6/08



T Gins
Director

The notes on pages 7 to 17 form part of these financial statements

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of freehold properties

The director has taken advantage of the exemption not to prepare group financial statements as the company is a wholly owned subsidiary and the results of the company are included in the consolidated financial statements of its parent company. These accounts therefore present the results of the company as an individual entity.

Cash flow statement

The director has taken advantage of the exemption in FRS 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|------------------------|------------------------------|
| Freehold buildings | 2% straight line |
| Leasehold improvements | Over the period of the lease |
| Fixtures and equipment | 10% - 25% straight line |
| Motor vehicles | 25% straight line |

Freehold land is not depreciated.

Leased assets

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

Investments

Investments are included at cost less provisions in impairment in value. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date and is not discounted.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme for employees. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

NOTES TO THE FINANCIAL STATEMENTS**1 OPERATING PROFIT**

Operating profit is stated after charging

| | 2007 | 2006 |
|-------------------------------------|---------|--------|
| | £ | £ |
| Auditors' remuneration | | |
| Audit services | 62,500 | 55,225 |
| Non-audit services | | |
| Other services relating to taxation | 29,463 | 20,772 |
| Other | - | 39,160 |
| Operating lease rentals | 80,000 | 80,000 |
| Depreciation | | |
| Write down of cost of investment | 525,000 | - |
| Tangible fixed assets, owned | 78,235 | 92,674 |

2 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2007 | 2006 |
|------------------------------|----------------|----------------|
| | £ | £ |
| On bank loans and overdrafts | 310,998 | 171,043 |
| Loan note interest | 47,988 | 232,716 |
| | <u>358,986</u> | <u>403,759</u> |

3 DIRECTORS AND EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

| | 2007 | 2006 |
|----------------|-----------|-----------|
| | Number | Number |
| Administration | 19 | 15 |
| | <u>19</u> | <u>15</u> |

The aggregate payroll costs of the above were

| | 2007 | 2006 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 984,674 | 911,153 |
| Social security costs | 171,154 | 103,178 |
| Other pension costs | 27,568 | 27,243 |
| | <u>1,183,396</u> | <u>1,041,574</u> |

NOTES TO THE FINANCIAL STATEMENTS (continued)**3 DIRECTORS AND EMPLOYEES (continued)**

Remuneration in respect of the directors was as follows

| | 2007 | 2006 |
|---|----------------|----------------|
| | £ | £ |
| Emoluments | 372,964 | 506,096 |
| Redundancy payment | 43,198 | - |
| Pension contributions to money purchase schemes | 19,509 | 16,024 |
| | <u>435,671</u> | <u>522,120</u> |

Remuneration of the highest paid director was as follows

| | 2007 | 2006 |
|------------|----------------|----------------|
| | £ | £ |
| Emoluments | 309,600 | 409,600 |
| | <u>309,600</u> | <u>409,600</u> |

During the year the non-executive directors also invoiced the company £15,510 (2006 £16,200) in respect of services provided during the year

During the year three directors (2006 two) participated in the defined contribution pension scheme

4 TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

| | 2007 | 2006 |
|--|---------------|----------------|
| | £ | £ |
| Current tax | | |
| UK Corporation tax based on the results for the year at 30% (2006 30%) | 60,067 | 110,911 |
| Adjustment in respect of prior years | - | 53,211 |
| Total current tax | <u>60,067</u> | <u>164,122</u> |

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained as follows

OISE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****4 TAXATION ON ORDINARY ACTIVITIES (continued)****(b) Factors affecting current tax charge**

| | 2007 | 2006 |
|--|-------------------|-------------------|
| | £ | £ |
| (Loss)/profit on ordinary activities before taxation | (421,235) | 1,076,233 |
| | <u> </u> | <u> </u> |
| | % | % |
| Standard rate of corporation tax in the UK of 30% (2006 30%) | 30.0 | 30.0 |
| Expenses not deductible for tax purposes | (44.9) | 5.7 |
| Income not taxable | - | (25.1) |
| | | |
| Differences between depreciation and capital allowances | 0.6 | (0.3) |
| Adjustments in respect of prior years | - | 4.9 |
| | <u> </u> | <u> </u> |
| Total current tax percentage | (14.3) | 15.2 |
| | <u> </u> | <u> </u> |

5 DIVIDENDS

| | 2007 | 2006 |
|---|-------------------|-------------------|
| | £ | £ |
| Ordinary shares | | |
| Dividend 1 of 0.00p per share (2006 17.89p per share) | - | 150,000 |
| Dividend 2 of 0.00p per share (2006 17.89p per share) | - | 3,250,000 |
| | <u> </u> | <u> </u> |
| | - | 3,400,000 |
| | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 TANGIBLE FIXED ASSETS

| | Freehold property £ | Leasehold improvements £ | Fixtures and equipment £ | Motor vehicles £ | Total £ |
|--------------------------|---------------------------|--------------------------------|-----------------------------------|------------------------|------------|
| Cost or valuation | | | | | |
| At 1 January 2007 | 2,672,226 | 1,433 | 157,736 | 48,764 | 2,880,159 |
| Additions | - | - | 30,197 | - | 30,197 |
| Disposals | - | - | - | (12,089) | (12,089) |
| At 31 December 2007 | 2,672,226 | 1,433 | 187,933 | 36,675 | 2,898,267 |
| Depreciation | | | | | |
| At 1 January 2007 | 89,438 | 930 | 86,256 | 48,764 | 225,388 |
| Charge for the year | 53,442 | 144 | 24,649 | - | 78,235 |
| On disposals | - | - | - | (12,089) | (12,089) |
| At 31 December 2007 | 142,880 | 1,074 | 110,905 | 36,675 | 291,534 |
| Net book value | | | | | |
| At 31 December 2007 | 2,529,346 | 359 | 77,028 | - | 2,606,733 |
| At 31 December 2006 | 2,582,788 | 503 | 71,480 | - | 2,654,771 |

The company's freehold properties were valued in 2005 by FPD Savills on an existing use basis. This valuation has not been updated as, in the director's opinion, there has been no significant change.

No provision has been made for the capital gains tax charge of £nil (2006: £nil) which would be payable if the assets were sold at their market value at the balance sheet date without qualifying reinvestment.

Land and buildings are stated at

| | 2007 £ | 2006 £ |
|-----------------|------------------|------------------|
| Cost | 3,052,240 | 3,052,240 |
| Revalued amount | (380,014) | (380,014) |
| | <u>2,672,226</u> | <u>2,672,226</u> |

The historical cost and net book value of land and buildings are

| | 2007 £ | 2006 £ |
|----------------|------------------|------------------|
| Cost | 3,052,240 | 3,052,240 |
| Depreciation | (160,185) | (99,140) |
| Net book value | <u>2,892,055</u> | <u>2,953,100</u> |

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 INVESTMENTS

| | Shares in group undertakings £ |
|--|--------------------------------------|
| Cost and net book value 1 January 2007 | 8,392,133 |
| Write down of the cost of investment | (525,000) |
| Cost and net book value 31 December 2007 | 7,867,133 |

At 31 December 2007 the company held 20% or more of the issued share capital of the following trading companies

| Name of undertaking | Country of incorporation | Class of share capital held | Proportion held by | | Nature of business |
|--|--------------------------|-----------------------------|--------------------|-------|--------------------|
| | | | Parent | Group | |
| Subsidiary undertakings | | | | | |
| The Language School Company Limited | UK | Ordinary | 100% | - | Language Tuition |
| S E S Tutors Limited | UK | Ordinary | 100% | - | Language Tuition |
| The Education and Training Company Limited | UK | Limited by Guarantee | 100% | - | Language Tuition |
| L'Européenne de Séjours Linguistique SA | Switzerland | Ordinary | 100% | - | Language Tuition |
| Sub-Subsidiary undertakings | | | | | |
| Pilgrims Limited | UK | Ordinary | - | 100% | Language Tuition |
| Regent Language Training Limited | UK | Ordinary | - | 100% | Language Tuition |
| Swissoise SA | Switzerland | Ordinary | - | 100% | Language Tuition |
| OISE Séjours et Voyages SARL | France | Ordinary | - | 100% | Language Tuition |
| OISE Formation SARL | France | Ordinary | - | 99.8% | Language Tuition |
| OISE Sprachtraining (Deutschland) GmbH | Germany | Ordinary | - | 100% | Language Tuition |
| OISE Italy SRL | Italy | Ordinary | - | 100% | Language Tuition |
| OISE Australia Pty Limited | Australia | Ordinary | - | 100% | Language Tuition |
| OISE Boston Inc | USA | Ordinary | - | 100% | Language Tuition |
| ACE Consultores de Idiomas SA | Spain | Ordinary | - | 100% | Language Tuition |
| Canadoise Inc | Canada | Common | - | 100% | Language Tuition |
| The Gins Language Centre Inc | Canada | Common | - | 100% | Language Tuition |
| OISE USA Inc | USA | Ordinary | - | 100% | Holding company |

The financial positions and results of the above subsidiaries are included in the consolidated financial statements of the parent company, OISE Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 DEBTORS

| | 2007 | 2006 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts owed by group undertakings | 2,491,995 | 1,952,318 |
| Other debtors | 4,868 | - |
| Prepayments and accrued income | 32,510 | 55,984 |
| | <u>2,529,373</u> | <u>2,008,302</u> |

9 CREDITORS amounts falling due within one year

| | 2007 | 2006 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Bank loans and overdrafts | 5,297,139 | 4,810,161 |
| Guaranteed loan stock | 45,000 | 1,370,000 |
| Trade creditors | 37,086 | 60,114 |
| Deferred consideration | 120,000 | 189,523 |
| Amounts owed to group undertakings | 4,371,710 | 3,924,652 |
| Corporation tax | 7,775 | 139,149 |
| Other taxation and social security | 187,502 | 202,204 |
| Other creditors | 106,656 | 128,693 |
| Accruals | 386,603 | 566,470 |
| | <u>10,559,471</u> | <u>11,390,966</u> |

Bank loans and overdrafts are secured by fixed charges over the property of group companies in the United Kingdom

The deferred consideration is in respect of the acquisition of Quaives Securities Limited, which was purchased during 2003. The consideration is interest free and will fall due upon the recognition of prescribed performance criteria that are expected to be achieved over the next 12 months.

As part of the consideration for the acquisition of Regent Education Group Limited guaranteed loan stock of £1,467,000 was issued. During the year £1,325,000 (2006: £52,000) of loan stock was repaid. The remaining loan stock of £45,000 was repaid on 14 February 2008.

10 CREDITORS: amounts falling due after more than one year

| | 2007 | 2006 |
|------------|------------------|------------------|
| | £ | £ |
| Bank loans | <u>1,784,923</u> | <u>1,894,000</u> |

Bank loans are secured by a fixed charge over certain freehold properties of the group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 BORROWINGS

Borrowings are repayable as follows

| | 2007 | 2006 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Within one year | | |
| Bank and other borrowings | 5,342,139 | 6,180,161 |
| Between one and two years | | |
| Bank and other borrowings | 117,000 | 117,000 |
| Between two and five years | | |
| Bank borrowings | 351,000 | 351,000 |
| After five years | | |
| Bank and other borrowings | 1,316,923 | 1,426,000 |
| | <u>7,127,062</u> | <u>8,074,161</u> |

The Fortis loan of £526,000 (2006 £567,000) is repayable in annual instalments and will be fully repaid in July 2020. The loan bears interest at a floating rate of 1% above the Fortis Bank base rate.

The Dunfermline loan of £1,375,923 (2006 £1,451,923) is repayable in annual instalments and will be fully repaid in June 2025. The loan bears interest at a variable rate of 6.95%.

12 DEFERRED TAXATION

No provision has been made in the financial statements and the amounts of unprovided deferred tax assets at the end of the year are as follows:

| | 2007 | 2006 |
|--------------------------------|--------------|--------------|
| | £ | £ |
| Accelerated capital allowances | <u>4,647</u> | <u>7,474</u> |

13 SHARE CAPITAL

| | 2007 | 2006 |
|----------------------------------|------------------|------------------|
| | £ | £ |
| Authorised share capital: | | |
| 50,000,000 shares of 5p each | <u>2,500,000</u> | <u>2,500,000</u> |

Allotted, called up and fully paid:

| | 2007 | | 2006 | |
|----------------------------|-------------------|----------------|-------------------|----------------|
| | Number | £ | Number | £ |
| Ordinary shares of 5p each | <u>19,000,000</u> | <u>950,000</u> | <u>19,000,000</u> | <u>950,000</u> |

14 SHARE OPTIONS

On 21 June 2005 C W Smith was granted share options on 1,000,000 shares at a price of 75p per share. The exercise period runs from 21 June 2005 until 31 August 2011. No options were exercised during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
15 PROFIT AND LOSS ACCOUNT

| | 2007 | 2006 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| At 1 January 2007 | 190,874 | 1,797,907 |
| (Loss)/profit for the year | (481,302) | 912,111 |
| Transfer from revaluation reserve | - | 880,856 |
| | <u>(290,428)</u> | <u>3,590,874</u> |
| Dividends paid | - | (3,400,000) |
| At 31 December 2007 | <u>(290,428)</u> | <u>190,874</u> |

16 REVALUATION RESERVE

| | 2007 | 2006 |
|-------------------------------------|----------|-----------|
| | £ | £ |
| At 1 January 2007 | - | 880,856 |
| Transfer to profit and loss account | - | (880,856) |
| At 31 December 2007 | <u>-</u> | <u>-</u> |

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2007 | 2006 |
|-------------------------------------|------------------|--------------------|
| | £ | £ |
| Profit for the financial year | (481,302) | 912,111 |
| Dividends paid | - | (3,400,000) |
| Revaluation reserve | - | 880,856 |
| Net decrease in shareholders' funds | <u>(481,302)</u> | <u>(1,607,033)</u> |
| Opening shareholders' equity funds | <u>1,140,874</u> | <u>2,747,907</u> |
| Closing shareholders' equity funds | <u>659,572</u> | <u>1,140,874</u> |

18 POST BALANCE SHEET EVENTS

On 16 January 2008 a subsidiary of the group acquired 78 voting shares in Nido Viajes de Idiomas S A, a Spanish company, for Euros 78,000. At the same time, the subsidiary entered into a call option, covering the period 1 January 2009 to 30 June 2009, giving the subsidiary the right to acquire a further 75 non-voting shares in Nido at a total price of Euros 99,000 and guaranteeing the working capital requirements of Nido to the end of this period.

19 CONTINGENT LIABILITIES

In the normal course of business, the company has provided an unlimited guarantee as valuable security in connection with the banking facilities of various subsidiary undertakings. At 31 December 2007 the amount outstanding was £2,510,002 (2006 £2,749,960).

The company had no other contingent liabilities at 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS (continued)**20 COMMITMENTS UNDER OPERATING LEASES**

| | 2007 Land and buildings £ | 2006 Land and buildings £ |
|----------------------------|------------------------------------|------------------------------------|
| After more than five years | 80,000 | 80,000 |
| | <u>80,000</u> | <u>80,000</u> |

21 FOREIGN EXCHANGE CONTRACTS

At 31 December 2007 the company had forward exchange contracts to sell

9,156,250 Euros at 1.465 / £1 (2006 no forward contracts)

22 FAIR VALUE OF DERIVATIVES

At 31 December 2007 the fair value of derivatives not recognised in the financial statements was

Forward currency contracts – liability of £482,537 (2006 £nil)

23 RELATED PARTY TRANSACTIONS

As a subsidiary of OISE Holdings Limited the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by OISE Holdings Limited on the grounds that consolidated financial statements are publicly available from Companies House

At 31 December 2007 the company owed £104,811 (2006 £424,758) to Mr T Gins, a director and ultimate majority shareholder in OISE Limited.

During the year the company paid rent of £80,000 (2006 £80,000) to Till Gins and James Hay Pension Trustees Limited (Company Number 1435887), who are the trustees of the pension fund of Till Gins, a director and ultimate majority shareholder in OISE Limited

24 FINANCIAL INSTRUMENTS

The company's financial instruments, other than derivatives, comprise borrowings, cash at bank and various items including trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to fund the company's operations.

The company also enters into derivative transactions. These are forward foreign currency contracts, the purpose of which is to manage the currency risks arising from the company's operations. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

25 INTEREST RATE RISK

Due to the seasonal nature of its business the company's exposure to interest rate risk is limited. At different times in the year the company finances its operations through a mixture of retained profits and bank borrowings or surplus cash.

For the financing of freehold property the company borrows at floating rates of interest.

OISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 ULTIMATE CONTROLLING PARTY

The directors consider the ultimate controlling party to be Mr T Gins by virtue of his shareholding in OISE Holdings Limited, the company's ultimate holding company

The largest and smallest group of companies for which group financial statements are drawn up is that headed by OISE Holdings Limited. Consolidated accounts of OISE Holdings Limited are available from Companies House