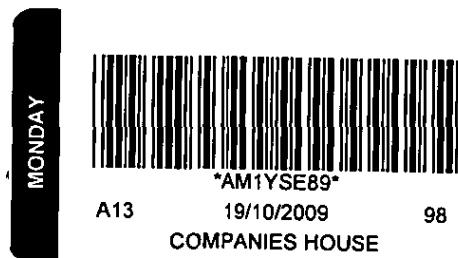


OISE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008



COMPANY NUMBER: 1322002

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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)

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 2008.

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 profit for the year after taxation amounting to £5,125,586 (2007: £481,302).

Dividends of £500,000 (2007: £nil) 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 OISE 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)

REPORT OF THE DIRECTOR (continued)

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 8 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

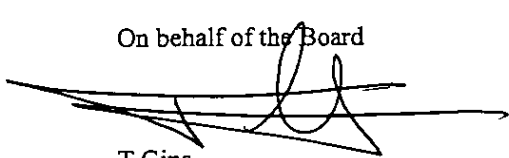
In the case of the person who is a director at the time when the report is approved, the following applies:

- 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

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: *24 September 2004*

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OISE LIMITED

We have audited the financial statements of OISE Limited for the year ended 31 December 2008 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 2008 and of its profit 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

NEXIA SMITH & WILLIAMSON LLP
Chartered Accountants and Registered Auditors
Bristol

Date: *24 September 2009*

OISE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

		2008	2007
	Note	£	£
Turnover		3,408,873	2,637,257
Administrative expenses		<u>(3,680,045)</u>	<u>(2,277,699)</u>
Operating (loss)/profit	1	(271,172)	359,558
Interest receivable		24,389	103,193
Amounts written off investments		-	(525,000)
Equity dividends receivable		5,630,060	-
Interest payable	2	<u>(249,485)</u>	<u>(358,986)</u>
Profit/(loss) on ordinary activities before taxation		5,133,792	(421,235)
Tax on profit/(loss) on ordinary activities	4	<u>(8,206)</u>	<u>(60,067)</u>
Retained profit/(loss) for the financial year		<u>5,125,586</u>	<u>(481,302)</u>

All of the activities of the company are classed as continuing.

OISE LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008	2007
	£	£
Profit/(loss) for the financial year	5,125,586	(481,302)
Total recognised profit/(loss) relating to the year	5,125,586	(481,302)
Prior year adjustment (Note 6)	(15,200)	-
Total recognised profit/(loss) since last annual report	5,110,386	(481,302)

The notes on pages 8 to 20 form part of these financial statements.

OISE LIMITED

**BALANCE SHEET
AT 31 DECEMBER 2008**

		2008 £	2007 £ (Restated)
	Note		
Fixed assets			
Tangible assets	7	2,532,610	2,591,533
Investments	8	<u>7,867,133</u>	<u>7,867,133</u>
		<u>10,399,743</u>	<u>10,458,666</u>
Current assets			
Debtors	9	2,645,388	2,529,373
Cash at bank and in hand		<u>1,500</u>	<u>727</u>
		<u>2,646,888</u>	<u>2,530,100</u>
Creditors: Amounts falling due within one year	10	<u>(6,061,152)</u>	<u>(10,559,471)</u>
Net current liabilities		<u>(3,414,264)</u>	<u>(8,029,371)</u>
Total assets less current liabilities		<u>6,985,479</u>	<u>2,429,295</u>
Creditors: Amounts falling due after more than one year	11	<u>(1,660,000)</u>	<u>(1,784,923)</u>
Provisions for liabilities and charges	13	<u>(55,521)</u>	<u>-</u>
Net Assets		<u>5,269,958</u>	<u>644,372</u>
Capital and reserves			
Called up share capital	15	950,000	950,000
Profit and loss account	17	<u>4,319,958</u>	<u>(305,628)</u>
Equity Shareholders' funds	18	<u>5,269,958</u>	<u>644,372</u>

These financial statements were approved by the director on 26 September 2009



T Gins
Director

The notes on pages 8 to 20 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.

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.

Turnover

Turnover represents rental income from subsidiary companies and income in respect of management charges made by the company to subsidiary companies to cover group running and management costs. Turnover represents income excluding Value Added Tax.

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.

Investments

Investments are included at cost less any 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.

Operating Lease

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit on a straight line basis over the period of the lease.

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/(loss) is stated after charging:

	2008 £	2007 £
Auditors' remuneration:		
Audit services	82,915	62,500
Non-audit services :		
Other services relating to taxation	28,175	29,463
Operating lease rentals – land and buildings	155,608	80,000
Depreciation:		
Write down of cost of investment	-	525,000
Tangible fixed assets, owned	90,086	78,235

The audit fee is in respect of the audit of the group accounts and each of the trading UK subsidiaries.

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
On bank loans and overdrafts	249,238	310,998
Loan note interest	247	47,988
	<u>249,485</u>	<u>358,986</u>

3 DIRECTORS AND EMPLOYEES

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

	2008 Number	2007 Number
Administration	32	19
	<u>32</u>	<u>19</u>

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	1,203,888	1,032,519
Social security costs	111,418	123,310
Other pension costs	57,086	27,568
	<u>1,372,392</u>	<u>1,183,396</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 DIRECTORS AND EMPLOYEES (continued)

Remuneration in respect of the directors was as follows:

	2008	2007
	£	£
Emoluments	135,606	372,964
Redundancy payment	25,356	43,198
Pension contributions to money purchase schemes	2,943	19,509
	<u>163,905</u>	<u>435,671</u>

The directors emoluments are in respect of the directors acting as director of all UK group companies.

During the year one director (2007: three) participated in the defined contribution pension scheme.

4 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008	2007
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 28.5% (2007: 30%)	-	60,067
Adjustment in respect of prior years	<u>77,949</u>	<u>-</u>
Total current tax	<u>77,949</u>	<u>60,067</u>
Deferred Tax		
Origination and reversal of timing differences		
Capital allowances	(6,303)	-
Other timing differences	<u>(63,440)</u>	<u>-</u>
Total deferred tax	<u>(69,743)</u>	<u>-</u>
Tax on profit/(loss) of ordinary activities	<u>8,206</u>	<u>60,067</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 TAXATION ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting current tax charge

	2008	2007
	£	£
Profit/(loss) on ordinary activities before taxation	5,133,792	(421,235)
	%	%
Standard rate of corporation tax in the UK of 28.5% (2007: 30%)	28.5	30.0
Expenses not deductible for tax purposes	2.7	(44.9)
Group relief claimed before payment	-	-
Income not taxable	(31.3)	-
Differences between depreciation and capital allowances	0.1	0.6
Adjustments in respect of prior years	1.5	-
Total current tax percentage	1.5	(14.3)

5 DIVIDENDS

	2008	2007
	£	£
Ordinary shares:		
Dividend of 2.632p per share (2007: £nil)	500,000	-
	500,000	-

6 PRIOR YEAR ADJUSTMENT

During the year the accounting policy in respect of freehold properties was changed. All freehold properties held by companies within the group now reflect all fixed assets at their historical cost less any provision for impairment in value.

In accordance with FRS 18, this change in accounting policy has been retrospectively adjusted and the comparative statements for 2007 restated to reflect this.

The previous downwards revaluation has been reflected in an impairment provision and hence the total effect of this change in accounting policy on brought forward retained earnings is a reduction of £15,200 in relation to the depreciation charge. This has had no impact on the loss in the previous year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 TANGIBLE FIXED ASSETS

	Freehold property (Restated) £	Leasehold improvements £	Fixtures and equipment £	Motor vehicles £	Total (Restated) £
Cost or valuation					
At 1 January 2008	3,052,240	1,433	187,933	36,675	3,278,281
Additions	<u>4,900</u>	<u>-</u>	<u>26,263</u>	<u>-</u>	<u>31,163</u>
At 31 December 2008	<u>3,057,140</u>	<u>1,433</u>	<u>214,196</u>	<u>36,675</u>	<u>3,309,444</u>
Depreciation					
At 1 January 2008	538,094	1,074	110,905	36,675	686,748
Charge for the year	<u>62,270</u>	<u>143</u>	<u>27,673</u>	<u>-</u>	<u>90,086</u>
At 31 December 2008	<u>600,364</u>	<u>1,217</u>	<u>138,578</u>	<u>36,675</u>	<u>776,834</u>
Net book value					
At 31 December 2008	<u>2,456,776</u>	<u>216</u>	<u>75,618</u>	<u>-</u>	<u>2,532,610</u>
At 31 December 2007	<u>2,514,146</u>	<u>359</u>	<u>77,028</u>	<u>-</u>	<u>2,591,533</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 INVESTMENTS

Shares in group
undertakings
£

Cost and net book value 1 January 2008 and 31 December 2008

7,867,133

At 31 December 2008 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 Company	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
Regent Education Group Limited	UK	Ordinary	100%	-	Holding Company
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
Nido Viajes de Idiomas SA	Spain	Ordinary	-	26%	Language Tuition
Canadoise Inc	Canada	Common	-	100%	Language Tuition

NOTES TO THE FINANCIAL STATEMENTS (continued)**8 INVESTMENTS (continued)**

Name of undertaking	Country of incorporation	Class of share capital held	Proportion held by		Nature of business
			Parent Company	Group	
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.

On 31 December 2008 the trade, assets and liabilities of S.E.S. Tutors Limited, Regent Language Training Limited, Pilgrims Limited were transferred to The Language School Company Limited as part of a group re-organisation. Consequently, these subsidiaries are now dormant.

9 DEBTORS

	2008	2007
	£	£
Amounts owed by group undertakings	2,283,588	2,491,995
Other debtors	3,231	4,868
Prepayments and accrued income	288,826	32,510
Deferred tax assets (note 14)	69,743	-
	<u>2,645,388</u>	<u>2,529,373</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 CREDITORS: amounts falling due within one year

	2008	2007
	£	£
Bank loans and overdrafts	2,708,028	5,297,139
Guaranteed loan stock	-	45,000
Trade creditors	183,779	37,086
Deferred consideration	-	120,000
Amounts owed to group undertakings	2,528,648	4,371,710
Amounts owed to associated company	31,633	-
Corporation tax	19,073	7,775
Other taxation and social security	167,470	187,502
Other creditors	18,242	106,656
Accruals	404,279	386,603
	<u>6,061,152</u>	<u>10,559,471</u>

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

The deferred consideration was in respect of the acquisition of Quaives Securities Limited, which was purchased during 2003. The consideration was interest free and fell due upon the recognition of prescribed performance criteria that were achieved during the year.

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 £45,000 (2007: £1,325,000) of loan stock was repaid.

11 CREDITORS: amounts falling due after more than one year

	2008	2007
	£	£
Bank loans	<u>1,660,000</u>	<u>1,784,923</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 BORROWINGS

Borrowings are repayable as follows:

	2008	2007
	£	£
Within one year		
Bank and other borrowings	2,708,028	5,342,139
Between one and two years		
Bank borrowings	117,000	117,000
Between two and five years		
Bank borrowings	351,000	351,000
After five years		
Bank and other borrowings	1,192,000	1,316,923
	<u>4,368,028</u>	<u>7,127,062</u>

The Fortis loan of £485,000 (2007: £526,000) 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 £1,292,000 (2007: £1,375,923) is repayable in annual instalments and will be fully repaid in June 2025. The loan bears interest at a variable rate of 4.2%.

13 PROVISIONS FOR LIABILITIES AND CHARGES

	2008	2007
	£	£
Onerous lease provision		
Addition	55,521	-
Balance carried forward	<u>55,521</u>	<u>-</u>

In accordance with FRS 12 a provision has been made in the company's accounts for an onerous lease. This relates to a property no longer occupied by the company and represents the minimum period remaining in the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 DEFERRED TAXATION

The movement in the deferred tax provision during the year was:

	2008	2007
	£	£
Provision bought forward	-	-
Profit and loss account movement arising during the year	(69,743)	-
Asset carried forward	(69,743)	-

The deferred tax asset consists of the tax effect of timing differences in respect of:

	2008	2007
	£	£
Excess of taxation allowances over depreciation on fixed assets	(6,303)	-
Short term timing differences	(63,440)	-
	(69,743)	-

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:

	2008	2007
	£	£
Accelerated capital allowances	-	4,647

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 SHARE CAPITAL

	2008	2007
	£	£
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:

	2008		2007	
	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>

16 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. None of these options have been exercised. These options are felt to be of minimal value at 31 December 2008 and 2007 and, as such, no cost has been recognised in the profit and loss account and no liability is included in the balance sheet at the year end.

17 PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
Balance brought forward as originally stated	(305,628)	190,874
Prior year adjustment	-	(15,200)
As restated	(305,628)	175,674
Profit for the financial year	5,125,586	(481,302)
Equity dividends paid	(500,000)	-
Balance carried forward	<u>4,319,958</u>	<u>(305,628)</u>

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Shareholders' funds as originally stated	644,372	1,140,874
Prior year adjustment	-	(15,200)
As restated	644,372	1,125,674
Profit for the financial year	5,125,586	(481,302)
Equity dividends paid	(500,000)	-
Closing shareholders' funds	<u>5,269,958</u>	<u>644,372</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2008 the amount outstanding was £1,739,001 (2007: £2,510,002).

The company had no other contingent liabilities at 31 December 2008.

20 COMMITMENTS UNDER OPERATING LEASES

	2008 Land and buildings £	2007 Land and buildings £
Within two to five years	141,975	168,975
After more than five years	720,652	627,550
	<u>862,627</u>	<u>796,525</u>

21 FOREIGN EXCHANGE CONTRACTS

At 31 December 2008 the company had forward exchange contracts to sell:

1,912,500 Euros at 1.275 / £1, and 575,000 Euros at 1.15 / £1 (2007: 9,156,250 Euros at 1.465 / £1).

At 31 December 2008 the company had forward exchange contracts to buy:

854,100 Euros at 1.1388 / £1 (2007: no forward exchange contracts to buy).

22 FAIR VALUE OF DERIVATIVES

At 31 December 2008 the fair value of derivatives not recognised in the financial statements was:

Forward currency contracts – liability of £322,694 (2007: £482,537).

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 2008 the company owed £11,852 (2007: £104,811) to Mr T Gins, a director and ultimate majority shareholder in OISE Limited. During the year a dividend of £350,000 was paid by OISE Holdings to Till Gins, (2007: £nil).

During the year the company paid rent of £80,000 (2007: £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.

During the year the company was charged £14,623 (2007: £nil) by Lanleya Limited, a company owned by the shareholders of OISE Holdings Limited. This charge related to the lease of a property from Lanleya Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

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.