

COMPANY NUMBER 3452645

**OAKBASE PLC
AND SUBSIDIARY COMPANIES
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1999**

I N D E X

1. Company Information
2. *Notice of Annual General Meeting.*
3. - 4. Directors' Report.
5. Group Profit and Loss Account.
6. Group Balance Sheet.
7. Company Balance Sheet.
8. Group Cash Flow Statement.
9. - 21. Notes to the Financial Statements.
22. Report of the Auditors.

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**OAKBASE PLC
AND SUBSIDIARY COMPANIES**
*Reports and Financial Statements
Year Ended 31st March 1999*

COMPANY INFORMATION

Number	3452645
Directors	P. E. Mizon M. Grundy P. E. Hartley
Secretary	N. T. Helsby
Registered Office	Oakbase House Trafford Street Chester CH1 3HP
Bankers	Royal Bank of Scotland Plc 15 Foregate Street Chester CH1 1HD
Auditors	Voisey & Co Chartered Accountants 8 Winmarleigh Street Warrington Cheshire WA1 1JW

**OAKBASE PLC
AND SUBSIDIARY COMPANIES**
*Reports and Financial Statements
Year Ended 31st March 1999*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Registered Office at ~~2~~ 25 August ~~am~~ o p.m on 1999 for the following purposes:-

1. To receive and, if thought fit, adopt the Directors' Report and Financial Statements for the year ended 31st March 1999.
2. To re-appoint auditors.
3. To transact any other business.

BY ORDER OF THE BOARD


.....
N.T. Helsby
Secretary

25 August 1999

A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31st March 1999.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company of a group of advertising, printing and property holding companies.

On 1st April 1999 the company commenced to trade as an advertising and design company.

BUSINESS REVIEW AND FUTURE PROSPECTS

The group's balance sheet as detailed on Page 6 shows a satisfactory position with shareholders funds amounting to £721,996.

On 14th October 1998, by special resolution, the company re-registered as a public limited company.

On 31st March 1999 the company acquired 15% of the issued share capital of Hartley Nock Walker Limited for a cash consideration of £13,600, loan stock issued to the value of £19,920 and shares issued to the value of £44,416.

On 31st March 1999 the company acquired 30% of the issued share capital of Axys Limited for a cash consideration of £2,500 and shares issued to the value of £10,825.

On 14th May 1999 the company acquired 25% of the issued share capital of Trafford Marketing and Advertising Limited for a cash consideration of £1.

On 1st April 1999 the company acquired the trade, assets and liabilities of Axys Limited, Hartley Nock Walker Limited, Oakbase Group Limited and Trafford Marketing and Advertising Limited. Assets and liabilities were acquired at net book value.

The directors consider that the company is well-placed to take advantage of opportunities arising in the future.

DIVIDEND

The Board do not recommend payment of a dividend for the year.

FIXED ASSETS

Details of tangible fixed assets are shown in note 7 to the financial statements.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political contributions were made during the year. Charitable contributions amounted to less than £200.

**REPORT OF THE DIRECTORS
(CONTINUED....)**

DIRECTORS

The Directors of the Company during the year and their interests in the Company's share capital were as follows:-

	<i>1p Ordinary shares</i>
	<i>At End</i>
	<i>of year</i>
P.E. Mizon	2,530,206
M. Grundy	2,530,206
P.E. Hartley	1,142,992

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

AUDITORS

The auditors, Voisey & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD


.....
N.T. Helsby
Secretary

..... *25 August* 1999

Address of Registered Office:
Oakbase House
Trafford Street
Chester
CH1 3HP

GROUP PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	<i>1999</i> £	<i>1998</i> £
TURNOVER		4,851,921	1,085,606
GROUP OPERATING PROFIT	2	148,336	27,578
Investment income	4	3,691	9,980
Interest payable and similar charges	5	(31,631)	(9,947)
PROFIT BEFORE TAXATION		120,396	27,611
Taxation	6	(24,736)	(9,785)
PROFIT AFTER TAXATION		95,660	17,826
Minority Interest		(9,502)	(4,479)
PROFIT ATTRIBUTABLE TO OAKBASE PLC AND RETAINED	15	86,158	13,347

CONTINUING OPERATIONS

None of the Company's activities were acquired during the year as explained at Note 17.

TOTAL RECOGNISED GAINS AND LOSSES

The Company had no recognised gains and losses other than the profit for the current year.

The notes on pages 9 to 21 form an integral part of these financial statements.

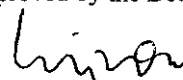
**OAKBASE PLC
AND SUBSIDIARY COMPANIES**
*Reports and Financial Statements
Year Ended 31st March 1999*

GROUP BALANCE SHEET

	Notes	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible assets	7		853,422		800,196
Intangible assets	8		125,734		140,104
Investments	9		20		20
			<hr/>		<hr/>
			979,176		940,320
CURRENT ASSETS					
Stocks	10	104,099		42,813	
Debtors	11	1,031,361		904,111	
Cash at bank and in hand		605,587		549,528	
			<hr/>	<hr/>	
			1,741,047		1,496,452
CURRENT LIABILITIES					
Creditors - amounts falling due within one year	12	(1,711,709)		(1,460,907)	
			<hr/>	<hr/>	
NET CURRENT ASSETS			29,338		35,545
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>	<hr/>	
			1,008,514		975,865
Creditors - amounts falling due after more than one year	12		(285,714)		(310,827)
Provisions for liabilities and charges			(804)		-
			<hr/>	<hr/>	
			721,996		665,038
CAPITAL AND RESERVES			<hr/>	<hr/>	
Called up share capital	14		76,151		70,468
Share premium account	15		536,104		486,546
Capital reserve	15		10,236		-
Profit and loss account	15		99,505		13,347
			<hr/>	<hr/>	
EQUITY SHAREHOLDERS' FUNDS			721,996		570,361
Minority interest			-		94,677
			<hr/>	<hr/>	
			721,996		665,038
			<hr/>	<hr/>	

The notes on pages 9 to 21 form an integral part of these financial statements.

Approved by the Board of Directors on 25 August 1999


.....
P.E. Mizon, Director

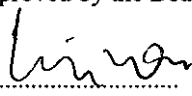
**OAKBASE PLC
AND SUBSIDIARY COMPANIES**
*Reports and Financial Statements
Year Ended 31st March 1999*

COMPANY BALANCE SHEET

	Notes	£	1999	£	£	1998	£
FIXED ASSETS							
Investments	9		867,729			773,786	
			<hr/>			<hr/>	
			867,729			773,786	
CURRENT LIABILITIES							
Creditors - amounts falling due within one year	12		(255,474)			(216,772)	
			<hr/>			<hr/>	
TOTAL ASSETS LESS CURRENT LIABILITIES			612,255			557,014	
			<hr/>			<hr/>	
			612,255			557,014	
			<hr/>			<hr/>	
CAPITAL AND RESERVES							
Called up share capital	14		76,151			70,468	
Share premium account	15		536,104			486,546	
			<hr/>			<hr/>	
			612,255			557,014	
			<hr/>			<hr/>	

The notes on pages 9 to 21 form an integral part of these financial statements.

Approved by the Board of Directors on 25 August 1999



P.E. Mizon, Director

**OAKBASE PLC
AND SUBSIDIARY COMPANIES**
*Reports and Financial Statements
Year Ended 31st March 1999*

GROUP CASH FLOW STATEMENT

	<i>Notes</i>	<i>£</i>	<i>1999</i> <i>£</i>	<i>1998</i> <i>£</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		321,977	39,854
RETURNS ON INVESTMENT AND SERVICING OF FINANCE				
Interest received		3,691		9,980
Interest paid	4	(31,631)		(9,947)
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE			(27,940)	33
TAXATION			(19,368)	(6,880)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Purchase of subsidiary undertakings (net of cash and cash equivalent)	18	(93,943)		(773,786)
Purchase of tangible fixed assets	7	(187,512)		(55,199)
Receipts from sale of tangible fixed assets		105,140		22,062
NET CASH (OUTFLOW) FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(176,315)	(806,923)
NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING			98,354	(773,916)
FINANCING				
New shares issued		55,241		557,014
New long term secured bank loans		-		110,399
Repayment of bank loans		(20,498)		(3,148)
Repayment of finance lease borrowings		(42,034)		11,164
Unsecured loan notes issued		19,120		-
			11,829	675,429
INCREASE/(DECREASE) IN CASH IN THE PERIOD	18		110,183	(98,487)

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

1.1. Basis of Accounting: The accounts have been prepared in accordance with applicable accounting standards and the historical cost accounting rules except for freehold property which is stated at valuation. Profits or losses arising on the disposal of items stated at valuation are determined by reference to the difference between the valuation and the sale proceeds. No separate profit and loss account is presented for the company, as provided by Section 230 of the Companies Act 1985..

1.2. Basis of Consolidation: The group accounts consolidate the accounts of the company and its subsidiary undertakings. Intra-group profits are eliminated on consolidation. Profits and losses of companies entering or leaving the group are included from the date of acquisition or up to the date of disposal. The net assets subsidiaries acquired are included on the basis of their fair value at the date of acquisition being the earlier of the date consideration passes or an offer is declared unconditional. Goodwill on acquisition of subsidiary undertakings is capitalised and amortised over a period of 10 years.

1.3. Associated Undertakings: The group's associated undertakings are all undertakings in which the group has 20% or more of the equity voting rights held as a long term investment over which it exerts significant influence. The group's share of retained profit less losses is included in the group profit and loss account. The group's share of retained profit and other reserves since acquisition is added to the residual cost of investment in the group balance sheet. The group's share of profits arising on trading between the group and associated undertakings has been eliminated.

1.4. Depreciations: Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation less any residual over their expected useful economic lives as follows:-

Land	Nil
Freehold buildings	2% straight line
Plant and machinery	30% straight line
Motor vehicles	25%-50% straight line
Fixtures and fittings	15%-30% straight line

1.5. Stocks: Stocks are valued at the lower cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads. Net realisable value is based on estimated selling price less the estimated cost of disposal.

1.6. Deferred Taxation: Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise or tax assets are expected to be recoverable in the foreseeable future.

OAKBASE PLC
AND SUBSIDIARY COMPANIES
Reports and Financial Statements
Year Ended 31st March 1999

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED....)

1.7. Pension Arrangements: Several of the companies within the group operate defined contributions pension schemes in respect of employees. The assets of the schemes are held in separately administered funds from the other assets of the group. The charge to the profit and loss account represents the contributions to the schemes in the year.

1.8. Operating and Finance Leases: Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the operating profit or loss. Tangible fixed assets acquired under hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract and depreciated over the expected useful life of the asset concerned. The finance charges are allocated over the period of the lease on a straight line basis.

2. GROUP OPERATING PROFIT

	1999 £	11 weeks trading to 31st March 1998 £
Turnover	4,851,921	1,085,606
Cost of sales	(3,655,723)	(900,674)
	<hr/>	<hr/>
Gross profit	1,196,198	184,932
Administration expenses	(1,047,862)	(157,354)
	<hr/>	<hr/>
Operating profit	148,336	27,578
	<hr/>	<hr/>
Costs and expenses include the following:-		
Depreciation - assets owned	97,966	31,716
- assets held under lease	36,097	8,955
Amortisation of goodwill	14,370	3,592
Staff costs (see note 3)	561,449	225,791
Auditors' remuneration	12,000	3,000
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED....)

3. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	<i>1999</i>	<i>11 weeks trading to 31st March 1998</i>
	<i>£</i>	<i>£</i>
Wages and salaries	801,900	198,720
Social security costs	79,376	18,746
Other pension costs	35,124	8,325
	<hr/>	<hr/>
	916,400	225,791
	<hr/>	<hr/>
Average number employed:	<i>Number</i>	<i>Number</i>
Production	16	14
Administrative	24	30
	<hr/>	<hr/>
	40	44
	<hr/>	<hr/>
Directors emoluments	<i>£</i>	<i>£</i>
Remuneration: Executive Directors		
- Salaries	201,514	39,257
- Pension contributions	15,893	3,950
- Benefits	22,765	4,956
	<hr/>	<hr/>
	240,172	48,163
	<hr/>	<hr/>
Emoluments (excluding social security and pension contributions):		
Highest paid director	77,627	15,487
	<hr/>	<hr/>
Other Directors:	<i>Number</i>	<i>Number</i>
£10,001 - £15,000	-	1
£15,001 - £20,000	-	1
£60,001 - £65,001	1	-
£75,001 - £80,000	1	-
	<hr/>	<hr/>
4. INVESTMENT INCOME	<i>£</i>	<i>£</i>
Bank interest	3,556	9,433
Other interest	135	547
	<hr/>	<hr/>
	3,691	9,980
	<hr/>	<hr/>

OAKBASE PLC
AND SUBSIDIARY COMPANIES
Reports and Financial Statements
Year Ended 31st March 1999

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED....)

		1999	11 weeks trading to 31 st March 1998			
		£	£			
5.	INTEREST PAYABLE AND SIMILAR CHARGES					
	Bank loans, overdrafts and loans wholly repayable within five years	526	2,347			
	Bank loans - partly repayable within five years	25,228	6,340			
	Hire purchase and lease interest	5,877	1,260			
		<hr/>	<hr/>			
		31,631	9,947			
		<hr/>	<hr/>			
6.	TAXATION					
		£	£			
	Corporation tax on profits for the period at 21%	22,564	10,980			
	Deferred tax provided	804	805			
	Corporation tax recoverable from prior years	(1,000)	(2,000)			
	Underprovision in previous years	2,368	-			
		<hr/>	<hr/>			
		24,736	9,785			
		<hr/>	<hr/>			
7.	TANGIBLE FIXED ASSETS					
			Office Equipment fixtures and fittings			
7.1	GROUP SUMMARY	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £	
	AT COST OR VALUATION					
	At 1 st April 1998	500,000	222,990	310,369	312,585	1,345,944
	Additions	-	33,746	189,480	29,165	252,391
	Disposals	-	-	(212,949)	-	(212,949)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	At 31 st March 1999	500,000	256,736	286,900	341,750	1,385,386
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	At valuation 1998	500,000	-	-	-	500,000
	At cost	-	256,736	286,900	341,750	885,386
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	DEPRECIATION					
	At 1 st April 1998	1,500	170,638	156,636	216,974	545,748
	Charge for the period	7,000	29,040	63,254	34,769	134,063
	Adjustments on disposal	-	-	(147,847)	-	(147,847)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	At 31 st March 1999	8,500	199,678	72,043	251,743	531,964
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	NET BOOK AMOUNT					
	At 31 st March 1999	491,500	57,058	214,857	90,007	853,422
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	At 31 st March 1998	498,500	52,352	153,733	95,611	800,196
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED....)

7.2 HISTORICAL COST OF PROPERTIES	£
Historical cost	134,007
Depreciation	(13,439)
	<hr/>
Historical cost net book amount	120,568
	<hr/> <hr/>

7.3 LEASED ASSETS

The Group net book amount of tangible fixed assets includes £139,215 (1998 £85,175) in respect of assets held under finance leases and hire purchase contracts.

7.4 CAPITAL EXPENDITURE AUTHORISED AND COMMITTED	<i>1999</i>	<i>1998</i>
	£	£
Contracts placed	NIL	NIL
Authorised, but contracts not placed	NIL	NIL
	<hr/>	<hr/>

8. INTANGIBLE ASSETS

Goodwill
£

AT COST	
At 31 st March 1998 and at 31 st March 1999	143,696
	<hr/> <hr/>
AMORTISATION	
At 31 st March 1998	3,592
Charge for period	14,370
	<hr/>
At 31 st March 1999	17,962
	<hr/> <hr/>
NET BOOK AMOUNT	
At 31 st March 1999	125,734
	<hr/> <hr/>
At 31 st March 1998	140,104
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED.....)

9. FIXED ASSET INVESTMENTS	<i>Investments in Associated Undertakings</i>
9.1 GROUP	<i>£</i>
At 31 st March 1998 and 31 st March 1999	20
	<hr/>

9.2 HOLDING COMPANY	<i>Investments in Subsidiary Undertakings</i>
	<i>£</i>
At 31 st March 1998	773,786
Acquisition of subsidiary undertakings (see note 17)	93,943
	<hr/>
At 31 st March 1999	867,729
	<hr/>

9.3 SUBSIDIARY UNDERTAKINGS

The company held ordinary shares in the following companies registered in England:-

	<i>Proportion Held</i>	<i>Nature of Business</i>
Oakbase Group Ltd	100%	Holding company and management services
Axys Ltd	30%	Advertising Agency
Hartley Nock Walker Ltd	15%	Advertising Agency
<i>Subsidiaries of Oakbase Group Ltd</i>		
Axys Ltd	70%	Advertising Agency
Hartley Nock Walker Ltd	85%	Advertising Agency
Oakbase Management Consultants Ltd	100%	Property Holding
Trafford Marketing and Advertising Ltd	75%	Advertising Agency
Creative Associates Ltd	100%	Dormant
Grosvenor Communications Ltd	100%	Dormant

9.4 ASSOCIATED UNDERTAKINGS

The company has a 20% investment via its subsidiary Oakbase Group Limited in Hamilton Conferences Limited, a conference organisation operating in England.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED....)

10. STOCKS AND WORK IN PROGRESS GROUP			<i>1999</i> £	<i>1998</i> £
Work in progress			104,099	42,813
			<u> </u>	<u> </u>
11. DEBTORS GROUP			£	£
Trade debtors			958,134	861,589
Prepayments and accrued income			70,817	40,522
Corporation tax recoverable			1,010	2,000
Other debtor			1,400	-
			<u> </u>	<u> </u>
			1,031,361	904,111
			<u> </u>	<u> </u>
12. CREDITORS				
		<i>Amounts Falling Due</i>	<i>Amounts Falling Due</i>	
		<i>Within One Year</i>	<i>After More Than One Year</i>	
12.1 GROUP		<i>1999</i>	<i>1998</i>	
		£	£	
Bank loans and overdrafts		446,019	492,573	250,242
Unsecured loan notes		19,120	-	278,310
Obligations under hire purchase contracts		49,313	29,423	-
Trade creditors		728,758	598,362	35,472
Corporation tax		22,564	17,000	32,517
Other taxation and social security		100,096	79,585	-
Accruals and deferred income		345,839	243,964	-
		<u> </u>	<u> </u>	<u> </u>
		1,711,709	1,460,907	285,714
		<u> </u>	<u> </u>	<u> </u>
12.2 HOLDING COMPANY SUMMARY				
			<i>Amounts falling due</i>	
			<i>within one year</i>	
			<i>1999</i>	<i>1998</i>
			£	£
Bank loans and overdrafts			232,872	216,772
Unsecured loan notes			19,120	-
Accruals and deferred income			3,482	-
			<u> </u>	<u> </u>
			255,474	216,772
			<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED....)

12.3 SECURITIES FOR BORROWINGS

The bank loans and overdrafts are secured by fixed and floating charges over the Group's assets, supported by certain intragroup guarantees and guarantees by the parent company of subsidiary undertaking borrowings.

The unsecured loan notes carry interest at 3% above the base rate of the Royal Bank of Scotland and they are repayable at the discretion of the company subsequent to 1st November 1999 and by the note holder subsequent to 6th April 2000.

12.4 GROUP BORROWINGS REPAYABLE BY INSTALMENTS

	<i>Group</i> <i>1999</i> <i>£</i>	<i>Group</i> <i>1998</i> <i>£</i>
<i>Falling due within one year:</i>		
Bank overdrafts	419,908	474,032
Bank loans	26,111	18,541
Obligations under hire purchase contracts	49,313	29,423
Unsecured loan notes	19,120	-
	<hr/> 514,452 <hr/>	<hr/> 521,996 <hr/>
<i>Between one and two years:</i>		
Bank loans	28,138	20,380
Obligations under hire purchase contracts	20,568	24,433
<i>Between two and five years:</i>		
Bank loans	104,342	74,102
Obligations under hire purchase contracts	14,904	8,084
<i>After more than five years:</i>		
Bank loans	117,762	183,828
	<hr/> 285,714 <hr/>	<hr/> 310,827 <hr/>
TOTAL REPAYABLE BY INSTALMENTS	<hr/> 799,626 <hr/>	<hr/> 832,823 <hr/>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED....)

13. PROVISIONS FOR LIABILITIES AND CHARGES GROUP

	1999		1998	
	<i>Potential Liability</i>	<i>Amounts Provided</i>	<i>Potential Liability</i>	<i>Amounts Provided</i>
	£	£	£	£
Taxation deferred by capital allowances	804	804	Nil	Nil
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The potential liability and provision are based on a corporation tax rate of 21%.

The directors are of the opinion that any gain realised by the sale of the revalued property at its valuation would be deferred by reason of rollover relief.

14. SHARE CAPITAL

	<i>Authorised</i>		<i>Called Up and Fully Paid</i>	
	<i>No. of Shares</i>	£	<i>No. of Shares</i>	£
1999				
1p Ordinary Shares	10,000,000	100,000	7,615,063	76,151
		<u> </u>		<u> </u>
1998				
1p Ordinary Shares	10,000,000	100,000	7,046,806	70,468
		<u> </u>		<u> </u>

568,257 shares were issued at a premium of 9.72p each on 31st March 1999 in consideration for subsidiary undertakings acquired.

15. RESERVES

<i>Capital Reserve</i>	<i>Share premium</i>	<i>Profit and loss account</i>
£	£	£

15.1 GROUP SUMMARY

At 31 st March 1998	-	486,546	13,347
Share premium arising on issue of shares	-	49,558	-
Profit for the period	-	-	86,158
Capital reserve arising on acquisition of Subsidiary undertaking	10,236	-	-
	<u> </u>	<u> </u>	<u> </u>
At 31 st March 1999	10,236	536,104	99,505
	<u> </u>	<u> </u>	<u> </u>

15.2 HOLDING COMPANY

	<i>Share premium</i>	<i>Profit and loss account</i>
	£	£
At 31 st March 1998	486,546	-
Share premium arising on issue of shares	49,558	-
	<u> </u>	<u> </u>
At 31 st March 1999	536,104	-
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED....)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	<i>1999</i>	<i>1998</i>
	£	£
Profit for the period	86,158	13,347
New share capital issued	5,683	70,468
Share premium on shares issued	49,558	486,546
Capital reserve arising on acquisition of subsidiary undertaking	10,236	-
	<hr/>	<hr/>
Net addition to shareholders' funds	151,635	570,361
Opening shareholders' funds	570,361	-
	<hr/>	<hr/>
Closing equity shareholders' funds	721,996	570,361
	<hr/> <hr/>	<hr/> <hr/>
 17. EQUITY MINORITY INTERESTS	 <i>1999</i>	 <i>1998</i>
	£	£
At 31 st March 1998	94,677	-
On acquired subsidiary undertaking	-	90,198
Minorities share of profit for the period	9,502	-
Elimination of minority interest on acquisition by holding company	(104,179)	4,479
	<hr/>	<hr/>
At 31 st March 1999	-	94,677
	<hr/> <hr/>	<hr/> <hr/>

17.1 POST ACQUISITION RESULTS

On 31st March 1999 the company acquired 15% of the share capital of Hartley Nock Walker Limited and 30% of the share capital of Axys Limited. Since these accounts are the year ended 31st March 1999 there are no post-acquisition results.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED....)

17.2 PRE-ACQUISITION RESULTS

The trading results of the companies in the period to the date of acquisition are summarised below:

	<i>Hartley Nock</i>	<i>Axys Ltd</i>
	<i>Walker Ltd</i>	
	£	£
Turnover	2,974,687	1,869,335
Operating profit	12,502	34,655
Interest payable	(109)	(14,618)
Interest receivable	15,001	123
Profit before taxation	27,394	20,160
Taxation	(3,975)	(196)
Retained profit for the period	23,419	19,964

17.3 ANALYSIS OF BUSINESSES ACQUIRED

Acquisition of subsidiary undertakings in period was to eliminate minority interest as majority of the share capital was already owned by the group. The net assets acquired were already shown on the group balance sheet and this acquisition only removed minority interest.

18. CASH FLOW

18.1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<i>1999</i>	<i>1998</i>
	£	£
Operating profit	148,336	27,578
Depreciation charges	134,063	40,671
Amortisation	14,370	3,592
(Profit) on sale of fixed assets	(40,038)	(13,310)
(Increase)/Decrease in work in progress	(61,286)	18,953
(Increase)/Decrease in debtors	(126,250)	77,818
Increase/(Decrease) in creditors	252,782	(115,448)
Net Cash Inflow from Operating Activities	321,977	39,854

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED....)

**18.2 ANALYSIS OF THE NET CASH OUTFLOW OF CASH
AND CASH EQUIVALENTS IN RESPECT OF THE
PURCHASE OF SUBSIDIARY UNDERTAKINGS**

	<i>1999</i>	<i>1998</i>
	<i>£</i>	<i>£</i>
Cash consideration	19,582	21,677
Cash at bank and in hand of equal undertakings	-	(586,734)
Bank overdrafts of acquired subsidiary undertakings	-	412,751
Bank loan of acquired subsidiary undertakings	-	189,600
	<hr/>	<hr/>
Net outflow of cash and cash equivalents in respect of the purchase of subsidiaries	19,582	37,294
	<hr/>	<hr/>

18.3 ANALYSIS OF CHANGES IN NET DEBT

	<i>At 1st April 1998</i>	<i>Cash Flows</i>	<i>Non-cash Flows</i>	<i>At 31st March 1999</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Cash at bank and in hand	549,528	56,059	-	605,587
Bank overdrafts	(474,032)	54,124	-	(419,908)
	<hr/>	<hr/>	<hr/>	<hr/>
	75,496	110,183	-	185,679
Loans	(296,851)	20,498	-	(276,353)
Finance leases and hire purchase contracts	(61,940)	42,034	(64,879)	(84,785)
Unsecured loan notes	-	(19,120)	-	(19,120)
	<hr/>	<hr/>	<hr/>	<hr/>
	(283,295)	153,595	(64,879)	(194,579)
	<hr/>	<hr/>	<hr/>	<hr/>

**18.4 ANALYSIS OF NET CASH FLOW TO
MOVEMENT IN NET DEBT**

	<i>1999</i>	<i>1998</i>
	<i>£</i>	<i>£</i>
Increase/(Decrease) in cash in the year	110,183	(98,487)
Cash Outflow/(Inflow) from change in net debt	43,412	(184,808)
	<hr/>	<hr/>
Change in net funds	153,595	(283,295)
New finance leases	(64,879)	-
	<hr/>	<hr/>
Decrease/(Increase) in net debt in the year	88,716	(283,295)
Net debt 1 st April 1998	(283,295)	-
	<hr/>	<hr/>
Net debt 31 st March 1999	(194,579)	(283,295)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED....)

19. PENSION COMMITMENTS

Several of the companies within the group operate defined contributions Pension Schemes. The assets of the Scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable within the group to the fund and amounted to £35,124 (1998 £8,325). No contributions were outstanding at the balance sheet date.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
OAKBASE PLC**

We have audited the financial statements on pages 5 to 21 which have been prepared on the basis of the accounting policies set out on pages 8 and 9.

Respective Responsibilities of Directors and Auditors

As described on page 4, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the affairs of the Company and Group at 31st March 1999 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

8 Winmarleigh Street,
WARRINGTON, WA1 1JW

..... 27th August 1999


VOISEY & CO.
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS