

**OAKBASE PLC
AND SUBSIDIARY COMPANIES
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2004**

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COMPANY INFORMATION

Number 3452645

Directors P. E. Mizon
M. Grundy
D.G. Owen
M. J. Dangerfield

Secretary N. T. Helsby

Registered Office Oakbase House
Trafford Street
Chester
CH1 3HP

Bankers Barclays Bank Plc
P O Box 32
40-41 High Street
Wrexham
LL11 1WA

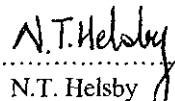
Auditors Voisey & Co
Chartered Accountants
8 Winmarleigh Street
Warrington
Cheshire
WA1 1JW

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 2.00 p.m. on 22nd July 2004 for the following purposes:-

1. To receive and, if thought fit, adopt the Directors' Report and Financial Statements for the year ended 31st March 2004.
2. To re-appoint auditors.
3. To approve the interim and final dividends
4. To transact any other business.

BY ORDER OF THE BOARD


.....
N.T. Helsby
Secretary

8th July 2004

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.

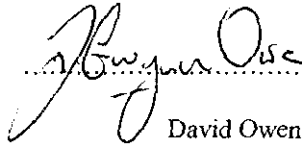
CHAIRMAN'S STATEMENT

In my first full year as Chairman, I am please to be able to announce growth in turnover and profit. With sales increasing by 10%, we were able to increase cash generation and expand our workforce. Old faces have gone on to pastures new and we welcome new people who bring with them the "big agency" experience that Oakbase needs to retain existing clients and win new ones.

Oakbase appointed Phil Read-Shaw as Managing Director during the year and he has been instrumental in introducing a revised structure for account teams and new business generation. Of necessity, such action does not bear immediate fruit but we have won substantial new business both in the year reported on and since. Current activity augurs well for this year's achievement of an ambitious budget.

Oakbase continues to seek acquisitions both in its core competencies and allied fields. We would expect to add to our business through this avenue during the current year.

No company exists in a vacuum and it is only fitting that I use this occasion to thank all those who have worked so hard to produce satisfactory results in the year reported. Oakbase is a company embracing change in an increasingly changing market and those who journey with us will enjoy an ever more exciting and rewarding future.


David Owen
Chairman

22nd July 2004

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31st March 2004.

PRINCIPAL ACTIVITY

The principal activity of the company is that of the business of advertising, design, artwork production and publicity agents.

BUSINESS REVIEW AND FUTURE PROSPECTS

The results for the year and financial position of the group are as shown in the annexed financial statements.

The group's balance sheet as detailed on Page 7 shows a satisfactory position with shareholders' funds amounting to £929,258.

In the year the subsidiary property holding company disposed of its freehold land and buildings to the shareholders at open market value of £600,000. The company has continued in its lease of the property from where the company trades.

DIVIDEND

An interim dividend of £235,013 was paid to the shareholders on the 29th December 2003. A final dividend of £78,333 has been proposed at the year end.

FIXED ASSETS

Details of tangible fixed assets are shown in note 8 to the financial statements.

POLITICAL AND CHARITABLE CONTRIBUTIONS

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

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 At End of Year</i>	<i>1p Ordinary Shares at Beginning of Year or Date of Appointment</i>
P.E. Mizon	2,530,206	2,530,206
M. Grundy	2,530,206	2,530,206
M. J. Dangerfield	533,054	533,054
S J Nock (resigned 3 rd June 2003)	-	228,452
D.G. Owen	-	-

PURCHASE OF OWN SHARES

During the year the company purchased 456,904 Ordinary 1p shares for £73,986 under an agreement with S J Nock and E Nock for the disposal of their shareholding.

REPORT OF THE DIRECTORS
(CONTINUED....)

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:

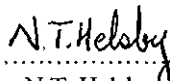
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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

..... 22nd July 2004

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

GROUP PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	2004 £	2003 £
TURNOVER		7,586,506	6,889,370
OPERATING PROFIT	2	314,082	218,746
Interest receivable and similar income	4	10,235	9,460
Interest payable and similar charges	5	(318)	(1,269)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		323,999	226,937
Taxation	6	(50,392)	(52,837)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		273,607	174,100
Dividends	7	(313,346)	-
(LOSS)/PROFIT ATTRIBUTABLE TO OAKBASE PLC AND RETAINED	16	(39,739)	174,100

CONTINUING OPERATIONS

None of the Group and Company's activities were acquired or discontinued during the year.

TOTAL RECOGNISED GAINS AND LOSSES

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

The notes on pages 10 to 20 form an integral part of these financial statements.

OAKBASE PLC
AND SUBSIDIARY COMPANIES
Reports and Financial Statements
Year Ended 31st March 2004

GROUP BALANCE SHEET

	Notes	£	2004 £	2003 £
FIXED ASSETS				
Tangible assets	8		171,163	619,186
Intangible assets	9		48,768	62,114
			<hr/>	<hr/>
			219,931	681,300
CURRENT ASSETS				
Stocks	11	168,523		119,819
Debtors	12	1,032,084		1,070,089
Cash at bank and in hand		1,100,252		580,799
		<hr/>	<hr/>	<hr/>
		2,300,859		1,770,707
CURRENT LIABILITIES				
Creditors - amounts falling due within one year	13	(1,584,914)		(1,407,560)
		<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS			715,945	363,147
			<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			935,876	1,044,447
Provision for liabilities and charges	14		(6,618)	(1,464)
			<hr/>	<hr/>
			929,258	1,042,983
			<hr/>	<hr/>
CAPITAL AND RESERVES				
Called up share capital	15		60,152	64,721
Share premium account	16		536,104	536,104
Capital redemption reserve	16		15,999	11,430
Profit and loss account	16		317,003	430,728
			<hr/>	<hr/>
			929,258	1,042,983
			<hr/>	<hr/>

The notes on pages 10 to 20 form an integral part of these financial statements.

Approved by the Board of Directors on 22nd July 2004

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

COMPANY BALANCE SHEET

	Notes	£	2004 £	£	2003 £
FIXED ASSETS					
Tangible assets	8		171,163		154,583
Investments	10		773,786		775,345
			<hr/>		<hr/>
			944,949		929,928
CURRENT ASSETS					
Stocks	11	168,523		119,819	
Debtors	12	1,032,084		1,103,558	
Cash at bank and in hand		1,100,252		580,799	
			<hr/>	<hr/>	
			2,300,859	1,804,176	
CURRENT LIABILITIES					
Creditors - amounts falling due within one year	13	(2,578,594)		(1,468,832)	
			<hr/>	<hr/>	
NET CURRENT (LIABILITIES)/ ASSETS			(277,735)		335,344
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>	<hr/>	
			667,214		1,265,272
Creditors - amounts falling due after one year	13		-		(516,187)
Provision for liabilities and charges	14		(6,618)		(1,464)
			<hr/>	<hr/>	
			660,596		747,621
CAPITAL AND RESERVES			<hr/>	<hr/>	
Called up share capital	15		60,152		64,721
Share premium account	16		536,104		536,104
Capital redemption reserve	16		15,999		11,430
Profit and loss account	16		48,341		135,366
			<hr/>	<hr/>	
			660,596		747,621
			<hr/>	<hr/>	

The notes on pages 10 to 20 form an integral part of these financial statements.

Approved by the Board of Directors on 22nd July 2004

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

GROUP CASH FLOW STATEMENT

	Notes	£	2004 £	£	2003 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17		283,891		9,434
RETURNS ON INVESTMENT AND SERVICING OF FINANCE					
Interest received	4	10,235		9,460	
Interest paid	5	(318)		(1,269)	
Equity Dividends Paid	7	(235,013)		-	
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE			(225,096)		8,191
TAXATION			(52,043)		(42,364)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets	8	(93,501)		(55,392)	
Receipts from sale of tangible fixed assets		609,234		55,389	
Receipts from sale of fixed asset investments		-		1	
NET CASH (OUTFLOW) FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			515,733		(2)
NET CASH (OUTFLOW)/ INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING			522,485		(24,741)
FINANCING					
Capital element of hire purchase repayments		-		(6,334)	
Repurchase of equity share capital		(73,986)		(174,215)	
			(73,986)		(180,549)
INCREASE/(DECREASE) IN CASH IN THE YEAR	17		448,499		(205,290)

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. Depreciation: 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 value 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%-straight line

1.4. Stocks: Stocks are valued at the lower of 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.

1.5. 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.

1.6. Pension Arrangements: The holding company operates defined contribution 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.

1.7. 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.

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

2. GROUP OPERATING PROFIT

	2004	2003
	£	£
Turnover	7,586,506	6,889,370
Cost of sales	(6,076,261)	(5,422,427)
Gross profit	1,510,245	1,466,943
Administration expenses	(1,235,382)	(1,252,449)
Other income	39,219	4,252
Operating profit	314,082	218,746
Costs and expenses include the following:-		
Depreciation - assets owned	68,917	70,254
Amortisation of goodwill	13,346	13,346
Staff costs (see note 3)	1,152,148	1,055,447
Auditors' remuneration	11,900	11,950
Auditors' remuneration non-audit work	10,175	-
(Profit)/Loss on disposal of fixed assets	(136,627)	3,475
Hire of Plant and Machinery	3,786	5,342

3. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2004	2003
	£	£
Wages and salaries	1,011,599	922,446
Social security costs	102,150	91,519
Other pension costs	38,399	41,482
	1,152,148	1,055,447
Average number employed:	Number	Number
Production	8	9
Administrative	23	25
	31	34

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

3. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) CONT'D

	<i>2004</i>	<i>2003</i>
	<i>£</i>	<i>£</i>
Directors emoluments		
Remuneration:		
- Emoluments	311,185	314,757
- Pension contributions	20,944	21,914
	<u>332,129</u>	<u>336,671</u>
Emoluments (excluding social security and pension contributions):		
Highest paid director	<u>88,996</u>	<u>86,254</u>
Other Directors:	<i>Number</i>	<i>Number</i>
£1 - £5,000	-	1
£10,001 - £15,000	1	-
£30,001 - £35,000	-	1
£40,001 - £45,000	1	-
£55,001 - £60,000	-	2
£75,001 - £80,000	1	1
£85,001 - £90,000	1	-
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows:-

Money Purchase Scheme	4	4
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>£</i>	<i>£</i>
Bank interest	10,235	9,460
	<u>10,235</u>	<u>9,460</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>2004</i>	<i>2003</i>
	<i>£</i>	<i>£</i>
Hire purchase and lease interest	-	764
Other Interest	318	505
	<u>318</u>	<u>1,269</u>

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

6. TAXATION	2004	2003
	£	£
6.1 Corporation tax on profits for the year	45,345	52,150
(Over)/Under provision in previous years	(107)	(777)
	<hr/>	<hr/>
Total Current Taxation (see note 6.2)	45,238	51,373
Deferred Taxation (see note 13)	5,154	1,464
	<hr/>	<hr/>
	50,392	52,837
	<hr/>	<hr/>

6.2 FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:-

	2004	2003
	£	£
Profit on ordinary activities before taxation	323,999	226,937
	<hr/>	<hr/>
Tax on profit on ordinary activities at 30% (2002 30%)	97,200	68,081
<i>Effects of:</i>		
Expenses not deductible for taxation purposes	13,009	14,972
Capital allowances in excess of depreciation charge	(4,776)	(2,158)
Small companies marginal relief	(32,258)	(28,745)
Utilisation of capital losses brought forward	(27,830)	-
Adjustments to tax charge in respect of previous periods	(107)	(777)
	<hr/>	<hr/>
	45,238	51,373
	<hr/>	<hr/>

6.3 FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The group now has £Nil (2003 £300,075) of unrelieved capital losses carried forward to be set against future capital gains.

There are no other relevant factors that are expected to influence the tax charge in future periods.

7. DIVIDENDS

	2004	2003
	£	£
Interim	235,013	-
Final	78,333	-
	<hr/>	<hr/>
	313,346	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED....)

8. TANGIBLE FIXED ASSETS

8.1 GROUP SUMMARY	<i>Freehold land and buildings</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Office Equipment fixtures and fittings</i>	<i>Total</i>
	£	£	£	£	£
AT COST OR VALUATION					
At 1 st April 2003	500,000	242,039	28,999	407,581	1,178,619
Additions	-	24,098	-	69,403	93,501
Disposals	(500,000)	(79,772)	(18,000)	(52,164)	(649,936)
At 31 st March 2004	-	186,365	10,999	424,820	622,184
DEPRECIATION					
At 1 st April 2003	36,500	215,126	8,167	299,640	559,433
Charge for the year	4,668	18,402	6,875	38,972	68,917
Adjustments on disposal	(41,168)	(79,000)	(8,625)	(48,536)	(177,329)
At 31 st March 2004	-	154,528	6,417	290,076	451,021
NET BOOK AMOUNT					
At 31 st March 2004	-	31,837	4,582	134,744	171,163
At 31 st March 2003	463,500	26,913	20,832	107,941	619,186

8.2. HOLDING COMPANY SUMMARY

	<i>Plant and Machinery</i>	<i>Motor Vehicles</i>	<i>Office Equipment Fixtures and Fittings</i>	<i>Total</i>
	£	£	£	£
AT COST				
At 1 st April 2003	223,705	28,999	401,127	653,831
Additions	24,098	-	69,403	93,501
Disposals	(61,438)	(18,000)	(45,710)	(125,148)
At 31 st March 2004	186,365	10,999	424,820	622,184
DEPRECIATION				
At 1 st April 2003	197,895	8,167	293,186	499,248
Charge for the year	18,071	6,875	38,972	63,918
Adjustment on disposal	(61,438)	(8,625)	(42,082)	(112,145)
At 31 st March 2004	154,528	6,417	290,076	451,021
NET BOOK AMOUNT				
At 31 st March 2004	31,837	4,582	134,744	171,163
At 31 st March 2003	25,810	20,832	107,941	154,583

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED....)

8.3 CAPITAL EXPENDITURE AUTHORISED AND COMMITTED		2004	2003
		£	£
Contracts placed		11,850	NIL
Authorised, but contracts not placed		NIL	NIL
		<hr/>	<hr/>
9. INTANGIBLE ASSETS	<i>Positive</i>	<i>Negative</i>	<i>Total</i>
	£	£	£
GROUP - Goodwill Arising on Consolidation			
AT COST			
At 31 st March 2003	143,696	(10,236)	133,460
	<hr/>	<hr/>	<hr/>
At 31 st March 2004	143,696	(10,236)	133,460
	<hr/>	<hr/>	<hr/>
AMORTISATION			
At 1 st April 2003	75,442	(4,096)	71,346
Charge for year	14,370	(1,024)	13,346
	<hr/>	<hr/>	<hr/>
At 31 st March 2004	89,812	(5,120)	84,692
	<hr/>	<hr/>	<hr/>
NET BOOK AMOUNT			
At 31 st March 2004	53,884	(5,116)	48,768
	<hr/>	<hr/>	<hr/>
At 31 st March 2003	68,254	(6,140)	62,114
	<hr/>	<hr/>	<hr/>
10. FIXED ASSET INVESTMENTS			
10.1. HOLDING COMPANY			
		<i>Investments in</i>	
		<i>Subsidiary</i>	
		<i>Undertakings</i>	
		£	
AT COST			
At 1 st April 2003			867,731
Disposals			(93,945)
			<hr/>
At 31 st March 2004			773,786
			<hr/>
PROVISIONS			
At 1 st April 2003			92,386
Adjustment on disposal			(92,386)
			<hr/>
At 31 st March 2004			-
			<hr/>
NET BOOK AMOUNT			
At 31 st March 2004			773,786
			<hr/>
At 31 st March 2003			775,345
			<hr/>

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

10.2 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%	Dormant
<i>Subsidiary of Oakbase Group Ltd</i>		
Oakbase Management Consultants Ltd	100%	Property Holding

11. STOCK	<i>2004</i>	<i>2003</i>
	<i>£</i>	<i>£</i>
11.1 GROUP		
Work in progress	168,523	119,819
	<u> </u>	<u> </u>
11.2 HOLDING COMPANY	<i>£</i>	<i>£</i>
Work in progress	168,523	119,819
	<u> </u>	<u> </u>
12. DEBTORS		
12.1 GROUP	<i>£</i>	<i>£</i>
Trade debtors	983,359	1,036,835
Prepayments and accrued income	48,725	33,254
	<u> </u>	<u> </u>
	1,032,084	1,070,089
	<u> </u>	<u> </u>
12.2 HOLDING COMPANY	<i>2004</i>	<i>2003</i>
	<i>£</i>	<i>£</i>
Trade debtors	983,359	1,036,835
Amounts owed by group undertakings	-	33,469
Prepayments and accrued income	48,725	33,254
	<u> </u>	<u> </u>
	1,032,084	1,103,558
	<u> </u>	<u> </u>

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

13. CREDITORS	<i>Amounts Falling Due Within One Year</i>		<i>Amounts Falling Due After More Than One Year</i>	
13.1 GROUP	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts	70,954	-	-	-
Trade creditors	918,465	841,029	-	-
Corporation tax	45,345	52,150	-	-
Other taxation and social security	73,126	88,468	-	-
Other creditors	871	1,043	-	-
Accruals and deferred income	397,820	424,870	-	-
Proposed dividend	78,333	-	-	-
	<u>1,584,914</u>	<u>1,407,560</u>	<u>-</u>	<u>-</u>

13.2 HOLDING COMPANY SUMMARY	<i>Amounts Falling Due Within One Year</i>		<i>Amounts Falling Due After More Than One Year</i>	
	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts	70,954	-	-	-
Trade creditors	918,465	841,029	-	-
Amounts owed to group undertakings	1,012,823	82,926	-	516,187
Corporation tax	26,200	30,500	-	-
Other taxation and social security	73,126	88,468	-	-
Other creditors	871	1,043	-	-
Accruals and deferred income	397,822	424,866	-	-
Proposed dividend	78,333	-	-	-
	<u>2,578,594</u>	<u>1,468,832</u>	<u>-</u>	<u>516,187</u>

13.3 SECURITIES FOR BANK FACILITIES

The bank facilities 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.

13.4 GROUP BORROWINGS REPAYABLE BY INSTALMENTS

	<i>Holding Company</i>	<i>Holding Company</i>	<i>Group</i>	<i>Group</i>
	2004	2003	2004	2003
<i>Falling due within one year:</i>	£	£	£	£
Bank overdrafts	70,954	-	70,954	-
	<u>70,954</u>	<u>-</u>	<u>70,954</u>	<u>-</u>
TOTAL REPAYABLE BY INSTALMENTS	<u>70,954</u>	<u>-</u>	<u>70,954</u>	<u>-</u>

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

14. PROVISIONS FOR LIABILITIES AND CHARGES
GROUP AND COMPANY

	2004	2003
	<i>Amounts Provided</i>	<i>Amounts Provided</i>
	£	£
Taxation deferred by capital allowances	6,618	1,464
	<u> </u>	<u> </u>

The potential liability and provision are based on a corporation tax rate of 30 % (2003 30%).

15. SHARE CAPITAL

	<i>No. of Shares</i>	<i>Authorised £</i>	<i>No. of Shares</i>	<i>Allotted Called Up and Fully Paid £</i>
31 st March 2004				
1p Ordinary Shares	10,000,000	100,000	6,015,167	60,152
		<u> </u>		<u> </u>
31 st March 2003				
1p Ordinary Shares	10,000,000	100,000	6,472,071	64,721
		<u> </u>		<u> </u>

During the year the company purchased 456,904 of its own shares from S J Nock and E Nock for a consideration of £73,986.

16. RESERVES

16.1 GROUP SUMMARY

	<i>Share Premium £</i>	<i>Capital Redemption Reserve £</i>	<i>Profit and loss account £</i>
At 31 st March 2003	536,104	11,430	430,728
(Loss) for the year	-	-	(39,739)
Repurchase of equity share capital	-	4,569	(73,986)
	<u> </u>	<u> </u>	<u> </u>
At 31 st March 2004	536,104	15,999	317,003
	<u> </u>	<u> </u>	<u> </u>

16.2 HOLDING COMPANY

	<i>Share Premium £</i>	<i>Capital Redemption Reserve £</i>	<i>Profit and loss account £</i>
At 31 st March 2003	536,104	11,430	135,366
(Loss) for the year	-	-	(13,039)
Repurchase of equity share capital	-	4,569	(73,986)
	<u> </u>	<u> </u>	<u> </u>
At 31 st March 2004	536,104	15,999	48,341
	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED.....)

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Holding Company 2004 £</i>	<i>Holding Company 2003 £</i>	<i>Group 2004 £</i>	<i>Group 2003 £</i>
(Loss) for the year	(9,945)	101,631	(39,739)	174,100
Repurchase of equity share capital	(73,986)	(174,215)	(73,986)	(174,215)
Net (deduction)/addition to shareholders' funds	(83,931)	(72,584)	(113,725)	(115)
Opening shareholders' funds	747,621	820,205	1,042,983	1,043,098
Closing equity shareholders' funds	663,690	747,621	929,258	1,042,983

18. CASH FLOW

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

	<i>2004 £</i>	<i>2003 £</i>
Operating profit	314,082	218,746
Depreciation charges	68,917	70,254
Amortisation	13,346	13,346
(Profit)/Loss on sale of fixed assets	(136,627)	3,453
Loss on sale of fixed asset investments	-	19
(Increase) in work in progress	(48,704)	(45,381)
Decrease/(Increase) in debtors	38,005	98,454
Increase/(Decrease) in creditors	34,872	(349,457)
Net Cash Inflow from Operating Activities	283,891	9,434

18.2 ANALYSIS OF CHANGES IN NET DEBT

	<i>At 1st April 2003 £</i>	<i>Cash Flows £</i>	<i>At 31st March 2004 £</i>
Cash at bank and in hand	580,799	519,453	1,100,252
Bank overdrafts	-	(70,954)	(70,954)
	580,799	448,499	1,029,298

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED....)

18.3 ANALYSIS OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004 £	2003 £
Decrease/(Increase) in net debt in the year	448,499	(198,956)
Net debt 1 st April 2003	580,799	779,755
	<hr/>	<hr/>
Net debt 31 st March 2004	1,029,298	580,799
	<hr/>	<hr/>

19. PENSION COMMITMENTS

The holding company within the group operates defined contribution 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 £ 38,399 (2003 £41,482). No contributions were outstanding at the balance sheet date.

20. RELATED PARTY TRANSACTIONS

On 29th December 2003, the subsidiary undertaking Oakbase Management Consultants Limited sold its freehold land and property to Mr P E Mizon, Mr M Grundy, Mr M Dangerfield and Mr N T Helsby. All the purchasers are related to the company through their shareholding interests in Oakbase plc. The sale consideration of £600,000 for the freehold land and property was its open market valuation at date of sale and this has been confirmed by independent chartered surveyors Messrs. Bolton Birch. The whole of the consideration was settled on date of completion of the contract.

The company has continued its existing lease of the freehold land and property and rental payments to the property owning shareholders amounted to £16,250.

The Company trades on normal commercial terms with Timeseal Limited and Lastseal Limited, companies in which one of the directors, Mr M Grundy, has a shareholding interest.

Sales to the companies during the year amounted to:-

Timeseal Limited	£12,378
Lastseal Limited	£19,762

Amounts owing by the related parties at the year end amounted to:-

Timeseal Limited	£8,324
Lastseal Limited	£2,009

21. OBLIGATIONS UNDER OPERATING LEASES

	2004 £	2003 £
Annual obligations under operating leases		
Expiring within 2-5 years	5,226	5,226
	<hr/>	<hr/>
	<i>Land & Buildings</i>	
	£	£
Expiring after more than 5 years	65,000	65,000
	<hr/>	<hr/>

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF OAKBASE PLC

We have audited the financial statements of Oakbase plc for the year ended 31st March 2004 on pages 6 to 20. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and 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 directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 Group and 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 affairs of the Group and company as at 31st March 2004, and of its loss and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

8 Winmarleigh Street,
WARRINGTON, WA1 1JW


VOISEY & CO.
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

34v Agnir 1 2004