

FOR IMMEDIATE RELEASE: 21 JUNE 2007

**XSN PLC**  
(formerly Sports Network Group PLC)

**FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006**

**CHAIRMAN'S STATEMENT**

These are the final results for Sports Network Group on which I report to you as chairman. As shareholders are aware, there was overwhelming support at an Extraordinary General Meeting held on 26 March 2007 for the proposal by your board to de-merge Sports Network Limited – the main operating subsidiary – from the Group, thereby creating a cash shell, and to change the company's name to XSN plc. At the same time, I reported that non-binding heads of agreement had been reached with a company proposing to reverse into our shell. Further discussions with that company are continuing.

The last full year of operations serve to confirm the view of the board that a de-merger was in the best interests of shareholders. Although turnover in 2006 was almost the same as in 2005, higher costs converted last year's profit into a loss of £670k prior to exceptional legal costs, amortization and taxation. These are disappointing results, and are further evidence that, in the absence of significant diversification, the boxing promotions business in its own right cannot always generate sufficient profit to justify the costs associated with a public listing. This is because each promotion has to be hand-crafted, with arena, broadcasting and ticketing arrangements tailored to each date, and with further uncertainty in relation to boxer availability, propensity to injury, and willingness to face specific opponents.

Even after a highly successful promotion, such as Joe Calzaghe's brilliant defence of his world title against the much-vaunted American fighter, Jeff Lacy, an injury to Joe's hand forced a delay to his next contest, with the resultant loss of significant broadcast revenues.

Nonetheless, my fellow non-executive directors, Simon Metcalf and Adam Singer – whom I thank for their efforts on your behalf – join me in wishing our colleagues, led by Frank Warren, every success in the future. The talents with which Frank is working – Amir Khan, Calzaghe, Alex Arthur, Enzo Maccarinelli and their like – are exceptional.

We are conscious that many shareholders will feel disappointed that the value of the company has declined significantly from its peak, and we have spent much of the last six months seeking an operating business which was both scaleable and active in an expanding market, which could restore that lost value.

**David Elstein**  
**Non-Executive Chairman**  
20 June 2007

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006**

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
<b>Turnover</b>	12,806	12,982
Cost of sales	<u>(9,763)</u>	<u>(9,010)</u>
<b>Gross profit</b>	3,043	3,972
Amortisation of intangible assets	(410)	(7,445)
Exceptional legal costs	(236)	(206)
Other administrative expenses	<u>(3,693)</u>	<u>(3,229)</u>
<b>Operating loss</b>	(1,296)	(6,908)
Other interest received and similar income	15	19
Interest payable and similar charges	<u>(35)</u>	<u>(34)</u>
<b>Loss on ordinary activities before taxation</b>	(1,316)	(6,923)
Taxation	<u>76</u>	<u>159</u>
<b>Retained loss for the financial year</b>	<u>(1,240)</u>	<u>(6,764)</u>
<b>Loss per share</b>	<b>Pence</b>	<b>Pence</b>
Basic and diluted loss per ordinary share	<u>(0.61)</u>	<u>(3.3)</u>

There are no recognised gains and losses other than those passing through the profit and loss account.

#### **CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006**

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
<b>Fixed assets</b>		
Intangible asset	4,512	4,922
Tangible assets	<u>311</u>	<u>249</u>
	<u>4,823</u>	<u>5,171</u>
<b>Current assets</b>		
Debtors	2,083	2,785
Cash at bank and in hand	<u>220</u>	<u>368</u>
	<u>2,303</u>	<u>3,153</u>
<b>Creditors: amounts falling due within one year</b>	<u>(2,672)</u>	<u>(2,645)</u>

<b>Net current (liabilities)/assets</b>	<u>(369)</u>	<u>508</u>
<b>Total assets less current liabilities</b>	4,454	5,679
<b>Creditors: amounts falling due after more than one year</b>	<u>(185)</u>	<u>(170)</u>
	<u>4,269</u>	<u>5,509</u>
<b>Capital and reserves</b>		
Called up share capital	10,109	10,109
Share premium account	2,982	2,982
Profit and loss account	(8,822)	(7,582)
<b>Shareholders' funds – equity interests</b>	<u>4,269</u>	<u>5,509</u>

#### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	<b>2006</b>	<b>2006</b>	<b>2005</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net cash (outflow)/inflow from operating activities</b>		(47)		473
<b>Returns on investments and servicing of finance</b>				
Interest received	15		19	
Interest paid	<u>(35)</u>		<u>(34)</u>	
<b>Net cash outflow from returns on investments and servicing of finance</b>		(20)		(15)
<b>Taxation</b>		-		-
<b>Capital Expenditure</b>				
Payments to acquire tangible assets	(51)		(70)	
Receipts on disposal of tangible assets	<u>212</u>		<u>30</u>	
<b>Net cash inflow/ (outflow) from capital expenditure</b>		161		(40)
<b>Net cash inflow before management of liquid resources and financing</b>		94		418
<b>Financing</b>				
Hire purchase repayments	(239)		(16)	
Repayment of convertible debt	<u>-</u>		<u>(750)</u>	
<b>Net cash outflow from financing</b>		<u>(239)</u>		<u>(766)</u>

Decrease in cash in the year

(145)

(348)

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **1. Financial information**

The financial information contained in this preliminary announcement does not constitute the group's statutory accounts for the year ended 31 December 2006 or 2005 but is derived from those accounts. The financial information has been prepared using consistent financial policies. Statutory accounts for 2005 have been delivered to the Registrar of Companies and those for 2006 will be delivered to the Registrar of Companies.

The statutory accounts for the year ended 31 December 2006 and 2005 have been reported on by the company's auditors; the reports on these accounts were unqualified and they did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

### **2. Basis of preparation**

The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2006. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

The consolidated profit and loss account reflects the results of the boxing promotion and management business which was discontinued as part of the group after 31 March 2007 and which is therefore not disclosed as a discontinued business under the provisions of Financial Reporting Standard No.3.

Following the demerger described in Note 3 the assets and liabilities contained in the consolidated balance sheet which related to the boxing business were transferred to YellBond Limited and the Company became a cash shell.

### **3. Post balance sheet events**

Pursuant to (i) a scheme of arrangement under section 425 of the Companies Act 1985 dated 2 March 2007 (as amended); (ii) special resolution passed by the shareholders of the Company at the Company's Extraordinary General Meeting on 26 March 2007; and (iii) pursuant to a court order entered on 9 May 2007, which became effective on 11 May 2007:

1. 138,546,588 ordinary shares of 5p each held by Frank Warren, his three children (George Warren, Faye Hannah Warren and Henry Alexander Warren), Edward Simons, Gavin Simons, Francis Warren, Edward Simons Pensions Scheme and Alliance Trust Pensions Limited were redesignated as 'S' shares of 5p each;
2. the 138,546,588 'S' shares were cancelled and repaid to the relevant holders by transferring in specie to YellBond Limited the entire issued share capital of Sports Network Limited and Sports and Leisure Boxing Limited;
3. the authorised share capital of the Company was reduced from £17,000,000 divided into 138,546,588 'S' shares of 5p each and 201,453,412 ordinary shares of 5p each to £10,072,670.60 divided into 201,453,412 ordinary shares of 5p each; and
4. the Company's name was changed from Sports Network Group plc to XSN plc.

The above arrangements had the effect of disposing of the boxing business subsidiaries from the Company to a private company controlled by certain former directors of the Company, in return for the repayment of inter-company debt of £1.15m and the cancellation of the shareholding specified above.

#### 4. Loss per share

The calculation of the basic loss per share is based on the loss after tax of £1,240,000 (2005 - £6,764,000) and on 202,186,201 (2005 - 202,186,201) ordinary shares being the weighted average number of ordinary shares in issue during the year. There is no dilutive effect of options, warrants and on conversion of the convertible loan stock.

#### 5. Dividend

The Directors do not recommend the payment of a dividend.

#### 6. Share capital

Following the year end and the redesignation of 138,546,588 ordinary shares of 5p each into 'S' shares of 5p each and the subsequent cancellation of the 'S' Shares, the Company's authorised share capital of £17,000,000 divided into 138,546,588 'S' Shares of 5p each and 201,453,412 ordinary shares of 5p each was reduced to £10,072,670.60 divided into 201,453,412 ordinary shares of 5p each, of which 63,639,613 such ordinary shares have been issued and are deemed to be fully paid and the remainder of which are unissued.

The Company had granted warrants over 5,250,000 ordinary shares to former directors exercisable between 5p and 15p. The former directors have agreed as part of the scheme of arrangement (Note 3) to give up all the rights to their warrants.

The Company had also granted options to directors and former directors to acquire 1,000,000 ordinary shares between 8.5p and 13p per ordinary share, exercisable any time between the third and tenth anniversary of the date of grant. All the option holders (with the exception of a former director holding 200,000 options) have agreed as part of the scheme of arrangement to give up all the rights to their options.

#### 7. Reconciliation of operating loss with net cash (outflow)/inflow from operating activities

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Operating loss	(1,296)	(6,908)
Amortisation of intangible assets	410	7,445
Depreciation of tangible fixed assets	78	79
(Profit)/loss on disposal of tangible assets	(56)	13
Increase/(decrease) in debtors	778	(976)
Increase in creditors	39	820
Net cash (outflow)/inflow from operating activities	<u>(47)</u>	<u>473</u>

#### 8. Analysis of changes in cash and cash equivalents during the year

	1		Non-	31
	January	Cashflow	Cash	December
	2006	changes	changes	2006
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net cash:</b>				
Cash at Bank	368	(148)	-	220

Bank overdraft	(3)	3	-	-
	<u>365</u>	<u>(145)</u>	<u>-</u>	<u>220</u>
<b>Debt:</b>				
Finance lease	(221)	239	(245)	(227)
	<u>(221)</u>	<u>239</u>	<u>(245)</u>	<u>(227)</u>
<b>Net funds/(debt)</b>	<u>(274)</u>	<u>94</u>	<u>(245)</u>	<u>(7)</u>

#### 9. Reconciliation of net cash flow to movement in net fund/(debt)

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Decrease in cash in the year	(145)	(348)
Cash outflow from decrease in debt and lease financing	259	776
Changes in net funds resulting from cash flows	94	418
New finance leases	(245)	-
Movements in net funds/(debt) in the year	(151)	418
Opening net funds/(debt)	144	(274)
Closing net (debt)/funds	<u>(7)</u>	<u>144</u>

#### 10. Annual reports and accounts

The annual report will be sent to shareholders in due course. Copies of this announcement and the full statutory accounts are available, free of charge, from the offices of the Company's nominated adviser, Blue Oar Securities Plc at 30 Old Broad Street, London EC2N 1HT.

The Company's AGM will take place at the offices of Halliwells LLP, 1 Threadneedle Street, London EC2R 8AW on 16 July 2007 at 10.00 a.m.

#### Enquiries:

David Elstein  
Non Executive Chairman  
Tel. 077 3985 3187

Romil Patel  
Blue Oar Securities Plc  
Tel. 020 7448 4400