

## **XSN PLC**

### **RESULTS FOR THE YEAR ENDED 31 DECEMBER**

#### **CHAIRMAN'S STATEMENT**

Following the sale of Sports Network Limited last May, and the change of the company's name to XSN plc and of its business to that of an investing company, the XSN directors have concentrated all their attention on finding a suitable reverse transaction into which to inject the remaining funds within the Company.

We set out the criteria for this search in previous communications to shareholders and spent many months in detailed discussion with seven potential candidates. All were within reach of, or in the early stages of, profitability, and had promising growth prospects. However, an exact fit, suiting both parties equally, is not easy to find, especially as the targets typically had other options, such as an initial public offering without a reverse, or further investment by the original or new shareholders whilst staying private.

Our ability to negotiate with third parties was also affected by the decision taken by the trustees in bankruptcy for Mike Tyson to attempt to attach XSN plc to the litigation they had commenced against Sports Network Ltd and other defendants in pursuit of some fees allegedly outstanding from the Tyson v Williams contest in 2004. The legal advice we have received is that the case against XSN plc has no merit, and that XSN plc is anyway indemnified by some of the other defendants in the event of liability. However, despite the legal advice received, one potential acquisition target with which we were in negotiations terminated discussions because of this uncertainty.

Nevertheless, the board is delighted to announce that it has agreed terms to acquire MarineTrack Limited, a company providing telematic products and services principally to the commercial and recreational maritime markets. Enclosed with this set of report and accounts is a circular to XSN shareholders giving details of the transaction and convening a general meeting of the Company at which shareholders are being invited to consider and vote on the proposed acquisition. The XSN board unanimously recommends that you vote in favour of the acquisition, as I intend to do in respect of my personal holding of shares in the Company.

If, however, the transaction is not approved, the board will ask Shareholders to set in train the process of de-listing the company and eventually distributing whatever cash remains, which will be considerably less than it is at present.

In the course of the year, as was inevitable, our cash balances diminished, as a range of professional fees and AIM-related costs had to be met if we were to maintain our admission to AIM and search for a suitable reverse acquisition. At the end of June, our available cash amounted to some £700,000.

I would like to put on record my gratitude to Adam Singer for fulfilling the unexpectedly arduous duties he has had to undertake during the search for a suitable reverse, and also to Simon Metcalf, who resigned from the board last month, but had also played a full part in helping find a suitable outcome for shareholders.

David Elstein  
Non-Executive Chairman  
2 July 2008

## **XSN PLC**

### **INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Revenue		
Operating costs	(424)	(248)

Exceptional inter-company balance impairment written back	59	(10,351)
<b>Operating loss</b>	<b>(365)</b>	<b>(10,599)</b>
Finance income	14	-
<b>Loss before tax</b>	<b>(351)</b>	<b>(10,599)</b>
Taxation	-	-
<b>Loss for the year attributable to shareholders</b>	<b>(351)</b>	<b>(10,599)</b>
<b>Loss per share</b>		
Basic and diluted pence per share	0.55p	16.65p

**BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Current assets</b>		
Trade and other receivables	393	1,165
Cash and cash equivalents	413	6
	<u>806</u>	<u>1,171</u>
<b>Current liabilities</b>		
Trade and other payables	(62)	(76)
<b>Net assets</b>	<u>744</u>	<u>1,095</u>
<b>Equity</b>		
Share capital	3,182	10,109
Share premium	2,982	2,982
Retained deficit	(5,420)	(11,996)
<b>Total shareholders' equity</b>	<u>744</u>	<u>1,095</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>Share Capital £'000</b>	<b>Share Premium £'000</b>	<b>Retained Deficit £'000</b>	<b>Total Equity £'000</b>
At 1 January 2006	10,109	2,982	(1,397)	11,694
Loss for the year	-	-	(10,599)	(10,599)
At 1 January 2007	<u>10,109</u>	<u>2,982</u>	<u>(11,996)</u>	<u>1,095</u>

Loss for the year	-	-	(351)	(351)
Total recognised income and expenses	-	-	(351)	351
Cancellation of share capital	(6,927)	-	6,927	-
Total income and expenses recognised directly in equity	(6,927)	-	6,576	(351)
At 31 December 2007	<u>3,182</u>	<u>2,982</u>	<u>(5,420)</u>	<u>744</u>

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>		
Operating loss	(365)	(10,599)
Decrease in receivables	772	10,560
(Decrease)/increase in payables	(14)	48
<b>Net cash utilised in operating activities</b>	<u>393</u>	<u>9</u>
<b>Cash flows for investing activities</b>		
Interest received	14	-
<b>Net cash for investing activities</b>	<u>14</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	407	9
Cash and cash equivalents at beginning of year	<u>6</u>	<u>(3)</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>413</u></u>	<u><u>6</u></u>

**NOTES**

- 1 The financial information set out above does not constitute the Company's statutory financial statements for the year ended 31 December 2007, but is derived from those statements. The auditors have reported on the financial statements to 31 December 2007 and their report was unqualified.
- 2 No dividend is proposed
- 3 Copies of the report and accounts are being posted to shareholders today and will be available on the Company's website, [www.xsn-plc.co.uk](http://www.xsn-plc.co.uk)
- 4 The Company's Annual General Meeting will be held at 1 Threadneedle Street, London, EC2R 8YA on 28 July 2008 at 10.30am