

XSN PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

XSN PLC

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XSN PLC

DIRECTORS AND ADVISERS

Directors	David Elstein (Non-Executive Chairman) Adam Singer (Non-Executive Director)
Secretary	Halliwells Secretaries Limited 3 Hardman Square, Spinningfields, Manchester M3 3EB
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN
Registered number	03891345
Registered office	1 Threadneedle Street London EC2R 8AY
Auditors	Gerald Edelman Chartered Accountants and Registered Auditors 25 Harley Street London W1G 9BR
Solicitors	Halliwells LLP 1 Threadneedle Street London EC2R 8AY
Nominated Adviser	Grant Thornton Corporate Finance 30 Finsbury Square, London EC2P 2YU

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

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2007.

Directors

The following Directors have held office since 1 January 2007:

David Elstein

Simon Metcalf (Resigned on 27 May 2008)

Adam Singer

Principal activities and post balance sheet event

The principal activity of the Company at 31 December 2007 was that of an investment company. In May 2007 the boxing promotion and management business was demerged and the Directors have identified a suitable business to reverse into the Company. Details are included in the Chairman's Statement. Accordingly no description is included on the principal risks and uncertainties facing the Company.

Review of the business

The review of the business for the year is covered in the Chairman's statement. Financial instruments are covered in Note 16 to the financial statements.

Results

The Income Statement for the year ended 31 December 2007 is set out on page 9.

Dividend

No dividends were paid or declared during the year.

Directors and their interests

The Directors' beneficial interests in the shares of the Company are stated below:-

	<u>Interest at 31 December 2007</u>	<u>Interest at 1 January 2007</u>
	Ordinary shares of 5p each	Ordinary shares of 5p each
David Elstein	13,698,412	13,698,412
Simon Metcalf (Resigned on 27 May 2008)	-	-
Adam Singer	-	-

Substantial shareholdings

At 2 July 2008 notification had been received of the following interests which exceed a 3% interest in the issued share capital of the Company.

Name of holder	Number	% of issued share capital
David Elstein	13,698,412	21.5
Giltspur Nominees Limited	11,061,000	17.4
W B Nominees Limited	9,958,000	15.7
David Johnston	3,000,000	4.7
HSBC Global Custody Nominee (UK) Limited	2,870,000	4.5
Pershing Keen Nominees Limited	2,453,000	3.9

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007**

Share capital

On 11 May 2007 through Court approval and special resolutions passed by shareholders at an Extraordinary General Meeting the company cancelled 138,546,588 ordinary shares of 5p each and reduced its authorised share capital to £10,072,671 divided into 201,453,412 ordinary shares of 5p each.

International Financial Reporting Standards

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards as endorsed by the European Union. The financial statements for the year to the 31 December 2006 have been restated to take account of the provisions of International Financial Reporting Standards.

Payment to suppliers

The Company's policy for the year to 31 December 2007 for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure that each supplier is aware of those terms and to abide by the agreed terms of payment. Trade creditors at the year end represented 30 (2006 – 30) days' purchases.

Auditors

A resolution will be proposed at the Annual General Meeting for the re-appointment of Gerald Edelman as auditors for the forthcoming year.

Annual General Meeting

The Company's Annual General Meeting will be held at 1 Threadneedle Street, London, EC2R 8YA on 28 July 2008 at 10.30am. Notice of the general meeting and a form of proxy is enclosed with the financial statements.

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the Company's financial statements in accordance with applicable law and regulations.

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. The Company's shares are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange, the rules of which are that the Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

In preparing these 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 they have been prepared in accordance with IFRS as adopted by the EU;
- 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 and International Financial Reporting Standards as adopted by the European Union. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007**

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

David Elstein
Non-executive Chairman
2 July 2008

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

The Board is accountable to the Company's shareholders for good corporate governance. This statement describes how the principles of corporate governance are applied to the Company.

The workings of the board and its committees

The Board is responsible to shareholders for the proper management of the Company. A statement of the directors' responsibilities in respect of the financial statements is set out in the Directors' Report.

The Board has a formal schedule of matters specifically reserved to it for decision. All Directors have access to advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Remuneration Committee and Audit Committee

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Directors, including performance-related bonus schemes, pension rights and compensation payments. Further details of the Company's policies on remuneration and service contracts are given in the Report of Directors' Remuneration.

The Audit Committee provides a forum for reporting by the Company's external auditors. The Committee is responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board, and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Committee advises the board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors.

Internal control and risk management

The Board is responsible for establishing and maintaining the Company's financial controls. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatements or loss. The key procedures which the Directors are establishing with a view to providing effective internal control are as follows:

Management structure

The Board has overall responsibility for the Company and there is a formal schedule of matters specifically reserved for decision by the Board. Each Director has responsibility for specific aspects of the Company's affairs. The Directors constitute the management committee, which meets regularly to discuss day to day operational matters.

Corporate accounting procedures

Responsibility levels are communicated throughout the Company, setting out the ethos of the Company, delegation of authority and authorisation levels, segregation of duties and other control procedures together with accounting policies and procedures.

Identification and business risks

The Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate course of action to manage those risks.

Budgetary process

Each year the Board will approve the annual budget and key risk areas identified. Performance is monitored and relevant action taken throughout the year through the monthly reporting to the board of variances from the budget.

Investment appraisal

Capital expenditure is regulated by the budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Board. Major overruns are investigated. Due diligence work is carried out if a business is to be acquired.

REPORT OF DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2007

The Board is responsible for an overall remuneration package for the Directors. The package consists of basic salary and benefits.

Fees

Full details of all elements in the remuneration package of each Director for the year are set out below.

	2007 £	2006 £
Non-Executive Directors		
David Elstein	32,000	32,000
Simon Metcalf	24,000	24,000
Adam Singer	24,000	24,000
	<u>80,000</u>	<u>80,000</u>

No Director waived emoluments in respect of the year ended 31 December 2007.

Share incentives and arrangements

The current and former directors who had been granted warrants over 5,250,000 ordinary shares and options over 1,000,000 ordinary shares have agreed as part of the scheme of arrangement to give up all the rights to their warrants and options except for the following options granted to a former Director:

Director	Date of grant	Number of options	Exercise price
Clive Garston	25 April 2003	200,000	13p

The options were exercisable between the third and tenth anniversary of the date of grant or earlier date approved by the Board of Directors. No options were exercised by the Directors during the year.

Contracts of service

David Elstein entered into a service agreement with the Company on 21 July 2004 in respect of his services as non-executive director and chairman, terminable upon three months' notice by either party.

Simon Metcalf provided his services as a non-executive director on a non-permanent basis.

Adam Singer entered into an agreement with the Company on 21 July 2004 in respect of his services as non-executive director.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF XSN PLC**

We have audited the company financial statements of XSN Plc for the year ended 31 December 2007, which comprise the Income Statement, Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. 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 for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and 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

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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 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 and whether the information given in the directors' report is consistent with those financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross-referenced from the Review of the Business section of the Directors' Report. 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 information specified by law regarding the directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 International Financial Reporting Standards as adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of its loss 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 Directors' Report is consistent with the financial statements.

Gerald Edelman
Registered Auditors and Chartered Accountants

2 July 2008
25 Harley Street
London W1G 9BR

XSN PLC**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £'000	2006 £'000
Revenue		-	-
Operating costs		(424)	(248)
Exceptional inter-company balance impairment written back		59	(10,351)
Operating loss	3	(365)	(10,599)
Finance income		14	-
Loss before tax		(351)	(10,599)
Taxation	6	-	-
Loss for the year attributable to shareholders		(351)	(10,599)
Loss per share	7		
Basic and diluted pence per share		0.55p	16.65p

XSN PLC**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Note	2007 £'000	2006 £'000
Current assets			
Trade and other receivables	9	393	1,165
Cash and cash equivalents	10	413	6
		<u>806</u>	<u>1,171</u>
Current liabilities			
Trade and other payables	11	(62)	(76)
Net assets		<u>744</u>	<u>1,095</u>
Equity			
Share capital	12	3,182	10,109
Share premium	13	2,982	2,982
Retained deficit	13	(5,420)	(11,996)
Total shareholders' equity		<u>744</u>	<u>1,095</u>

These financial statements were approved by the Board on 2 July 2008 and were signed on its behalf by:

David Elstein
Non Executive Chairman

XSN PLC

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

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

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

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

XSN PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1. General information

XSN Plc is a company incorporated in the United Kingdom and listed on the Alternative Investment Market of London Stock Exchange. The address of the registered office is 1 Threadneedle Street, London EC2R 8AY.

During the year the Company sold its boxing promotion and management business and the directors sought a suitable business to reverse into the Company. Details of a reverse takeover are included in the Chairman's Statement.

These financial statements are presented in British Pounds Sterling which is the currency of the primary economic environment in which the Company operates.

2. Accounting policies

The principal accounting policies adopted in preparation of the Company's financial statements are set out below. The policies have been applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Reporting Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board (IASB) as adopted by European Union and with those parts of the Companies Act applicable to companies preparing their financial statements under IFRS. Practice is continuing to evolve on the application and interpretations of IFRS. Further standards may be issued by the International Accounting Standards (IASB) and standards currently in issue and endorsed by the EU may be subject to interpretations issued by IFRIC.

The financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the detailed accounting policies below.

This is the first time the Company has prepared its financial statements in accordance with IFRS, having previously prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). Details of the transition from UK GAAP to IFRS are given in Note 15.

The company has taken advantage of certain exemptions available under IFRS 1 "First time adoption of International Financial Reporting Standards". The financial statements have been prepared on the basis of the following exemptions:

- Business combinations prior to January 2006 have not been restated to comply with IFRS 3 Business Combinations.
- The company has applied IFRS 2 Share-based payments exempt to those equity settled awards that were granted on or before 2 November 2002.

The preparation of financial statements, in conformity with general accepted accounting principles under IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The accounting policies have been applied consistently throughout the company for the purposes of preparation of these financial statements.

2.2 Going concern

As set out in the Chairman's Statement, the directors have identified a suitable business to reverse into the Company. Accordingly they have continued to adopt the going concern basis in preparing the financial statements.

XSN PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

2. Accounting policies (continued)

2.3 Revenue recognition

The company has no operating income.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.4 Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

2.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash on hand and deposits held on call with banks.

2.6 Trade and other receivables

Receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. They are as reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original term of the receivable. The amount of the provision is the difference between the carrying amount and the recoverable amount and this difference is recognised in the income statement.

2.7 Financial liability and equity

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Equity comprises the following:

Share capital represents the nominal value of equity shares.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Profit and loss reserve represents retained deficit.

2.8 Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.9 Foreign currency

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

XSN PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

2.10 Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options are charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Marketing vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

2.12 Accounting Standards issued but not yet effective and or adopted.

Listed below are new or amended Accounting Standards, or new interpretation guidelines that are not yet effective and/or adopted that may have an impact on the Company, together with the year in which they become applicable to our financial statements.

▪ IFRS 3 revised:	Business Combinations	2009 Financial Year
▪ IFRS 2 Amended:	Share Based Payments	2009 Financial Year
▪ IFRS 8:	Operating Segments	2009 Financial Year
▪ IAS 1:	Presentation of Financial Statements	2009 Financial Year
▪ IAS 23:	Borrowing costs (revised 2007)	2009 Financial Year
▪ IAS 27 Amended:	Consolidated and Separate Financial Statements	2009 Financial Year
▪ IAS 32 Amended:	Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations arising on Liquidation	2009 Financial Year
▪ IFRIC 11 IFRS 2:	Group and Treasury share transaction	2008 Financial Year
▪ IFRIC 12:	Service concession arrangements	2009 Financial Year
▪ IFRIC 13:	Customer Loyalty Programmes	2009 Financial Year
▪ IFRIC 14 IAS 19:	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	2008 Financial Year

Whilst the adoption of these new Accounting Standards and interpretations will undoubtedly, lead to additional or modified levels of disclosure and presentation of financial information, we do not anticipate that they will significantly alter the reported earnings of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

2.13 Significant judgements, key assumptions and estimates

In the course of the preparation of the financial statements, the company has made the following significant estimates:

- Estimates have been used to determine the appropriate charge for share-based payments. These have been set out in Note 12 on share capital

3. Operating loss	2007	2006
	£'000	£'000

The operating loss is stated after charging:

Staff costs (see Note 4)	84	84
Auditors' remuneration		
- Fees payable to the Company's auditors for the audit of the Company's annual report	5	5
- Tax compliance services	1	1
- Corporate finance services	10	1
	<u> </u>	<u> </u>

4. Employees	2007	2006
	£'000	£'000

a) Employment costs (including directors' emoluments) comprises:

Wages and salaries	80	80
Social security	4	4
	<u> </u>	<u> </u>
	84	84
	<u> </u>	<u> </u>

b) Number of employees

The average number of persons employed by the Group, including directors, during the year was:	Number	Number
	3	5
	<u> </u>	<u> </u>

Details of directors' remuneration are disclosed in the Report of Directors' Remuneration.

5. Finance income	2007	2006
	£'000	£'000

Bank interest received	9	-
Other interest received	5	-
	<u> </u>	<u> </u>
	14	-
	<u> </u>	<u> </u>

6. Taxation

UK Corporation Tax:

There is no provision for UK corporation tax for due to losses incurred during the year, subject to agreement with HM Revenue and Customs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

6. Taxation (continued)

Deferred Taxation:

There was no potential liability to deferred taxation at the balance sheet date. At 31 December 2007 the Company had a potential deferred tax asset of £128,000 (2006 : £108,000) which has not been recognised in these financial statements. The unrecognised deferred taxation asset relates to tax credits available to carry forward against future profits arising from tax losses carried forward of approximately £426,000 at the year end (2006 : £360,000).

Tax reconciliation

	2007	2006
	£'000	£'000
Loss for the year	351	10,599
Current tax of 30% (2006 : 30%)	105	3,180
Effects of:		
Deferred tax credits not provided	(20)	(50)
Expenses not deductible for tax purposes	(85)	(3,130)
Total tax charge	-	-

It has been announced that the corporation tax rate applicable to the company will change from 30% to 28% from April 2008 onwards. Any timing differences which reverse before April 2008 will be relieved at 30% and any timing differences which exist at April 2008 will be reversed at 28%.

7. Loss per share

The calculation of the basic loss per share is based on the loss after tax of £351,000 (2006 - £10,599,000) and on 63,639,613 (2006 – 63,639,613) ordinary shares being the weighted average number of ordinary shares in issue during the year. There is no dilutive effect of options and warrants. For the purposes of historical comparison, the 2006 loss per share has been restated to take into account the cancellation of 138,546,588 ordinary shares of 5p.

8. Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2007	4
Disposal	(4)
At 31 December 2007	-

On 9 May 2007 the Company disposed of its investment in subsidiary undertakings, Sports & Leisure Boxing Limited and Sports Network Limited (See Note 12 for further details of scheme of arrangement).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

9. Trade and other receivables

	2007	2006
	£'000	£'000
Due within one year:		
Amount owed by former subsidiary undertakings	250	1,150
Other debtors	142	13
Prepayments and accrued income	1	2
	<u>393</u>	<u>1,165</u>

In 2006, as the Company demerged with the boxing promotion and management business, a provision of £10,351,000 was made against the intercompany loan with former subsidiaries. Of this provision £59,000 was unnecessary and has been written back.

The directors consider that the carrying amount of trade and other receivables approximates to their fair values.

10. Cash and cash equivalents

	2007	2006
	£'000	£'000
Cash and cash equivalents	<u>413</u>	<u>6</u>

All of the Company's cash and cash equivalent assets are at floating rate.

The directors consider that the carrying amount of cash and cash equivalent assets approximate to their fair value.

11. Trade and other payables

	2007	2006
	£'000	£'000
Trade creditors	14	66
Accruals and deferred income	48	10
	<u>62</u>	<u>76</u>

Trade payables principally comprises amounts outstanding for ongoing costs. The average credit period taken for trade creditors is 30 days (2006 - 30 days).

The directors consider that the carrying amount of trade and other payables approximates to their fair values.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

12. Share capital	2007	2006
	£'000	£'000
Authorised		
201,453,412 ordinary shares of 5p each	10,072	17,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid		
63,639,613 ordinary shares of 5p each	3,182	10,109
	<u> </u>	<u> </u>

On 26 March 2007, through a special resolution passed by the shareholders of the Company at an Extraordinary General Meeting and subsequent Court approval, the Company entered into a Scheme of Arrangement to demerge from its boxing and promotion and management business. Under the Scheme 138,546,588 Ordinary Shares of 5p each were redesignated into 'S' shares of 5p each and were subsequently cancelled. The Company's authorised share capital was also reduced to £10,072,671, divided into 201,453,412 Ordinary Shares of 5p each.

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.

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 to give up all the rights to their warrants.

The Company had 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. Further details are disclosed in the Report of Directors' Remuneration.

13. Reserves	Share premium Account £'000	Retained Earnings £'000
At 1 January 2007	2,982	(11,996)
Reduction of share capital	-	6,927
Retained loss for the year	-	(351)
	<u> </u>	<u> </u>
At 31 December 2007	2,982	(5,420)
	<u> </u>	<u> </u>

14. Contingent liabilities

The Company had no contingent liabilities at 31 December 2007.

15. First time adoption

This is the first year and the Company has presented its financial statements under International Financial Reporting Standard (IFRS). The last financial statements were prepared under UK GAAP and were for the year ended 31 December 2006, and the date of transition to IFRS was therefore 1 January 2006.

The adoption of IFRS had no impact on either equity or results of the Company for 2006. The only changes resulting from the transition to IFRS are of a presentational nature.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

16. Financial instruments – risk management

The company's financial instruments comprise cash at bank and various items such as debtors and creditors that arise directly from its operations. The main purpose of these instruments is to raise finance for operations. The company has not entered into derivatives transactions and does not trade in financial instruments as a matter of policy. The main future risks arising from the company's financial instruments are interest rate risk and liquidity and credit risk.

Operations to date have been financed through a placing of shares and it is Board policy to keep borrowings to a minimum. The company has no long-term borrowings.

Interest rate risk

Interest rates on all cash balances are variable based on LIBOR. Surplus funds are placed on deposit. There is no difference between the book value and the fair value of the bank deposits.

Credit risk

The principal credit risk the company faces is limited to the carrying value of financial assets recognised at the balance sheet date. The financial assets are made up of trade and other receivables and cash and cash equivalents.

The maximum exposure to credit risk in relation to receivables is equivalent to the year end balance. The directors consider that all the receivables that are not impaired for each of the reporting dates under review are of good credit quality.

The credit risk for cash and cash equivalents is considered negligible since the counterparts are reputable banks with high quality external credit ratings.

Liquidity risk

The company's policy on liquidity risk is to ensure that cash is available to fund ongoing operations without the need to carry significant debt over the medium/short term. The company monitors its liquidity risk on a going concern basis by undertaking cash flow forecasting procedures. The company's financial liabilities have contracted maturities and are due within 6 months to 12 months.

17. Post balance sheet event

As set out in the Chairman's Statement, the directors have identified a suitable business to reverse into the Company.