

TSE GROUP PLC

INTERIM REPORT FOR THE SIX MONTHS TO 30 JUNE 2008

REGISTERED NUMBER: 5353387 (ENGLAND & WALES)

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DIRECTORS AND ADVISORS

Directors:

Brian Blasdale
Robin Courage
Paul Foulger
Lars Haue-Pedersen
Adam Reynolds

Secretary:

Paul Foulger

Registered Office:

14 Kinnerton Place South
London
SW1X 8EH

Registered Number:

5353387 (England & Wales)

Auditors:

Kingston Smith LLP
Chartered Accountants and Registered Auditors
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers:

Coutts & Co
440 Strand
London
WC2R 0QS

Nominated Advisor:

Beaumont Cornish Limited
5th Floor
10-12 Copthall Avenue
London
EC2R 7DE

TSE GROUP PLC

CHAIRMAN'S STATEMENT

For the first six months of the year I am delighted to report a substantial improvement in the Group's fortunes. Group revenue increased by 48% to £611,875 from £414,094, on a comparable basis, and a profit before tax of £54,976 was generated.

These results vindicate the Board's decision last year to acquire Swiss-based TSE Consulting SA, a management consultancy business operating at the highest levels of the international sports market, particularly in the current uncertain economic climate. Operating within the growing sector of major international sporting events and with a considerable amount of the company's business being generated from local, regional and federal governments around the world, the Directors believe that the Group's business is well positioned to minimise the impact of any economic downturn.

During 2008 the company has increased its contracts providing strategic consultancy to the United States Olympic Committee, the organisation leading Chicago's strong bid to host the 2016 Olympic Games which will follow the London Olympics. The company has also continued to work with a number of the major governing bodies for sport throughout the world including the International Association of Athletics Federations (IAAF) and the European Football Association (UEFA) for whom it is now commencing an intensive consultancy skills training programme within its Head Offices in Switzerland. The company's Istanbul office is working with the Turkish Golf Federation in their bid to host the World Team Championships in golf and its United States office has recently reached over the border and commenced working with the city of Monterrey in North East Mexico, on their longterm sports event strategy.

The growth of TSE Consulting SA through international expansion and acquisition remains our core strategy and during the second half of this year the Company is planning to open two further regional offices in the Middle East and South East Asia. In addition, the company continues to progress a number of acquisition and joint venture opportunities.

The Directors are confident about the outlook for the continued growth of the Group during the remainder of the year and beyond. In particular the Beijing Olympic Games later this month will enable TSE to meet with its core governmental and sports federation clients and to develop further new business opportunities for this year and 2009.

Adam Reynolds
Chairman

TSE GROUP PLC

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Notes	Unaudited six months ended 30 June 2008 £	Unaudited three months ended 30 June 2007 £	Audited nine months ended 31 December 2007 £
Group revenue		611,875	-	317,427
Operating costs		(551,716)	(96,544)	(545,506)
OPERATING PROFIT / (LOSS)		60,159	(96,544)	(228,079)
Finance revenue		1,602	6,152	20,187
Finance costs		(6,785)	(155)	(19,232)
Settlement of Liabilities		-	-	-
PROFIT / (LOSS) BEFORE TAX		54,976	(90,547)	(227,124)
Taxation		(12,095)	-	12,726
PROFIT / (LOSS) FOR THE YEAR		42,881	(90,547)	(214,398)
Earnings / (Loss) per share				
Basic	3	0.01p	(0.02p)	(0.04p)
Diluted	3	0.01p	(0.02p)	(0.04p)

TSE GROUP PLC

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008**

	Unaudited as at 30 June 2008 £	Unaudited as at 30 June 2007 £	Audited as at 31 December 2007 £
Non-current assets			
Intangible assets	1,737,158	-	1,737,158
Tangible assets	25,443	-	18,954
Current assets			
Trade and other receivables	453,975	98,476	347,712
Cash and cash equivalents	62,887	1,138,061	97,945
	<u>516,862</u>	<u>1,236,537</u>	<u>445,657</u>
Current liabilities			
Trade and other payables	(406,144)	(100,885)	(336,217)
Net current assets	<u>110,718</u>	<u>1,135,652</u>	<u>109,440</u>
Total assets less current liabilities	<u>1,873,319</u>	<u>1,135,652</u>	<u>1,865,552</u>
Non-current liabilities			
Long term payables	(200,000)	-	(200,000)
Provision for liabilities and charges	-	(50,000)	(35,114)
Net assets	<u>1,673,319</u>	<u>1,085,652</u>	<u>1,630,438</u>
Equity			
Issued share capital	1,231,901	1,141,900	1,231,900
Shares to be issued reserve	204,000	-	204,000
Share premium account	2,608,385	1,933,385	2,608,385
Retained losses	(2,370,967)	(1,989,633)	(2,413,847)
SHAREHOLDERS' FUNDS	<u>1,673,319</u>	<u>1,085,652</u>	<u>1,630,438</u>

The financial statements were approved by the Board of Directors on 11 August 2008.

Paul Foulger
Director

TSE GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Unaudited six months ended 30 June 2008 £	Unaudited three months ended 30 June 2007 £	Audited nine months ended 31 December 2007 £
Cash flow from operating activities			
Profit / (Loss) before taxation	60,159	(96,544)	(228,079)
Adjusted for:			
Depreciation of tangible assets	-	-	-
(Increase)/decrease in trade and other receivables	(84,302)	(85,845)	(335,081)
Increase/(decrease) in trade and other payables	757	164,249	457,545
Net cash from operating activities	<u>(23,386)</u>	<u>(18,140)</u>	<u>(105,615)</u>
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	-	-	(813,517)
Purchase of property, plant, and equipment	(6,489)	-	-
Interest received	1,602	6,152	20,187
Interest paid	(6,785)	(155)	(19,232)
Net cash (outflow) / inflow from investing activities	<u>(11,672)</u>	<u>5,997</u>	<u>(812,562)</u>
Cash flows from financing activities			
Proceeds from the issue of shares (net of issue costs)	-	1,064,250	812,251
Redemption of loan notes/new loan notes issued	-	-	-
Net cash used in financing activities	<u>-</u>	<u>1,064,250</u>	<u>812,251</u>
Net (decrease) / increase in cash & cash equivalents	<u>(35,058)</u>	<u>1,052,107</u>	<u>(105,926)</u>
Opening cash & cash equivalents	<u>97,945</u>	<u>85,954</u>	<u>203,871</u>
Closing cash & cash equivalents	<u><u>62,887</u></u>	<u><u>1,138,061</u></u>	<u><u>97,945</u></u>

TSE GROUP PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Share Capital £	Shares to be Issued Reserve £	Share Premium £	Profit and Loss account £	Total equity £
Balance at 1 April 2007	1,000,000	-	1,011,035	(1,899,086)	111,949
Loss for the period	-	-	-	(214,398)	(214,398)
Shares to be issued Reserve	-	204,000	-	-	204,000
Acquisition of TSE	-	-	-	(300,363)	(300,363)
Issue of share capital	231,900	-	1,597,350	-	1,829,250
Balance at 1 January 2008	1,231,900	204,000	2,608,385	(2,413,847)	1,630,438
Profit for the period	-	-	-	42,881	42,881
Balance at 30 June 2008	1,231,900	204,000	2,608,385	(2,370,966)	1,673,319

1. TSE Group plc is a public limited company incorporated in the United Kingdom under the Companies Act 1985 (Registration Number 5353387). The address of the registered office is given on page 2. The principal activity of the Company is that of an International Sports Consultancy firm.

The comparative figures included in this report for the three months ended 30 June 2007 are unaudited. The 9 months to 31 December 2007 are audited.

The financial information in this statement does not constitute statutory accounts under S240 of the Companies Act and was not subject to a formal review by the auditors. The financial information in respect of the year ended 31 December 2007 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under Section 237 of the Companies Act 1985.

The interim financial information has been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 31 December 2007. Fixed annual charges are apportioned to the interim period on the basis of time elapsed. Other expenses are accrued in accordance with the same principles used in the preparation of the annual accounts.

2. In the opinion of the directors, the company has no business or geographical segments for which disclosure is required under IAS 34 'Interim Financial Reporting'.
3. Earnings per share has been calculated using the weighted average number of shares in issue during the relevant financial period. The weighted number of equity shares in issue and the earnings, being the profit after tax, are as follows:

	Unaudited six months ended 30 June 2008	Unaudited three months ended 30 June 2007	Audited nine months ended 31 December 2007
Weighted number of equity shares	583,900,000	486,902,192	529,110,584
Effect of employee share options	-	122,250	-
Weighted average number of shares used in diluted EPS	583,900,000	487,024,442	584,039,350
Profit / (Loss) after tax	42,881	(90,547)	(214,398)
Earnings per share	0.01p	(0.02p)	(0.04p)
Diluted earnings per share	0.01p	(0.02p)	(0.04p)

4. Provision for liabilities & charges – Group & Company

	At 30 June 2008 £	At 31 December 2007 £
Provision for claim for breach of contract	-	35,114
	=====	=====

At 31 December 2007, a provision of £35,114 was made to allow for a potential claim for breach of contract regarding J E Farmer, a former director of the company. On 23 April 2008, the Company reached an agreement with J E Farmer, the consequence of which has resulted in a provision no longer being required as at 30 June 2008.

The results of TSE Consulting SA are consolidated in the Interim financial statements and are shown below:

TSE CONSULTING SA

**INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	Unaudited six months ended 30 June 2008 £	Unaudited six months ended 30 June 2007 £	Audited twelve months ended 31 December 2007 £
Revenue	611,875	414,094	871,929
Operating costs	(467,882)	(273,577)	(775,620)
OPERATING PROFIT	<u>143,993</u>	<u>140,517</u>	<u>96,309</u>
Finance revenue	209	1,047	2,337
Finance costs	(6,785)	(3,461)	(1,181)
PROFIT BEFORE TAX	<u>137,417</u>	<u>138,103</u>	<u>97,465</u>
Taxation	(12,095)	(37,288)	(23,903)
PROFIT FOR THE PERIOD	<u><u>125,322</u></u>	<u><u>100,815</u></u>	<u><u>73,562</u></u>

TSE CONSULTING SA**BALANCE SHEET
AS AT 30 JUNE 2008**

	Unaudited as at 30 June 2008 £	Unaudited as at 30 June 2007 £	Audited as at 31 December 2007 £
Non-current assets			
Tangible assets	25,443	13,224	18,954
	<u>25,443</u>	<u>13,224</u>	<u>18,954</u>
Current assets			
Trade and other receivables	435,413	203,592	251,030
Cash and cash equivalents	17,333	50,444	55,249
	<u>452,746</u>	<u>254,036</u>	<u>306,279</u>
Current liabilities			
Trade and other payables	(149,601)	(55,753)	(121,967)
Net current assets	<u>303,145</u>	<u>198,283</u>	<u>184,312</u>
	<hr/>	<hr/>	<hr/>
Total assets less current liabilities	<u>328,588</u>	<u>211,507</u>	<u>203,266</u>
	<hr/>	<hr/>	<hr/>
Equity			
Issued share capital	45,455	41,322	45,455
Retained earnings	283,133	170,185	157,811
	<u>328,588</u>	<u>211,507</u>	<u>203,266</u>
SHAREHOLDERS' FUNDS	<u>328,588</u>	<u>211,507</u>	<u>203,266</u>
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