TSE Group plc

Report
and Financial Statements
for the 12 months ended
31 December 2008

Contents

Directors:

Paul Foulger
Adam Reynolds
Lars Haue-Pedersen
Robin Courage
Brian Blasdale (appointed 17 January 2008)
Neil McClure (appointment ceased 28 March 2008)

Secretary:

Paul Foulger

Registered Office:

14 Kinnerton Place South
London
SW1X 8EH

Registered Number:

05353387 (England & Wales)

Auditors:

Kingston Smith LLP
Devonshire House
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EC1M 7AD

Bankers:

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440 Strand
London
WC2R 0QS

Nominated Advisor:

Beaumont Cornish Limited
2nd Floor, Bowman House
29 Wilson Street
London
EC2M 2SJ

Broker:

Dowgate Stockbrokers Limited
Talisman House
Jubilee Walk
Three Bridges
Crawley
West Sussex
RH10 1LQ

Chairman's Statement

I am pleased to report on our results for the year ended 31 December 2008. This period has for the first time included a full 12 months trading by the Group's subsidiary TSE Consulting SA, the Swiss based management consultancy operating exclusively in the world of international sport.

During 2008, TSE continued to expand its consulting business organically and continued to benefit from being a company with a broad international presence and operating mainly in the public sector around the world. The company's international offices are now firmly established and the Group is able to report its first annual pre-tax profit of £31,904 (2007: loss of £244,192) on sales of £1,103,053 (2007: £317,427).

TSE Consulting's policy of international expansion started to contribute during the year, with strong earnings developing from its offices in the United States, Denmark, Turkey and South Africa. The company's head office, based in the Olympic capital of Lausanne, Switzerland, continues to be the main source of income. The policy for international expansion is set to continue with the establishment of new regional offices due in the near future. The development of the strong TSE brand over the past 5 years within the world of international sport is coming to fruition and the company is respected more than ever as the leading provider of consultancy services within this market.

During the past year TSE has entered into new assignments with the government of Saudi Arabia and the provincial government of Gauteng in South Africa (the continent's fourth largest economic area). The Company continues to provide services to many of the major international sporting organisations, including the Olympic Solidarity department at the International Olympic Committee (IOC), the Union of European Football Associations (UEFA), and the international governing bodies for Athletics, Swimming, Archery, Air Sports, Basketball and the World Games Association amongst its clients. TSE also continues to work with the United States Olympic Committee, which it is assisting with the bid for Chicago to host the Olympic Games in 2016. In addition, TSE's Danish office will be heavily involved with the IOC's Session and Congress in Copenhagen in October, where the host city for the 2016 Olympic Games will be decided.

Since the year end, TSE has continued to show strong growth. As announced in February, the company has now increased its business offering with the launch of a new division providing consultancy services in sports performance to governments and Olympic Committees around the world; this should reap benefits in 2009 and already, trading in the first quarter of 2009 is well ahead of 2008, reflecting the performance of the newly established offices and the strength of TSE's international brand. In the last month the company also published its first management book entitled "The new sports organisation", which has been critically acclaimed and is selling well around the world.

Major sporting events continue even during a global recession and governments are increasingly accepting that sport has an important role to play in the health and wellbeing of its citizens whilst the hosting of international events can provide strong brand benefits to a city or nation. TSE's long held belief that the future growth of international sport will increasingly depend upon its relationships with its public sector partners has positioned the company in the right place to benefit from its strong relationships in this area over the coming years.

Following a successful year of growth and a very strong start to 2009, we believe that TSE is ideally placed to show continued organic growth over the years ahead.

Adam Reynolds
Chairman

Report of the Directors

The directors have pleasure in presenting their report and audited financial statements for the 12 month period ended 31 December 2008.

Executive directors

ADAM REYNOLDS, Executive Chairman (age 46)
Adam began his career as a stockbroker in 1980, working first with Rowe Rudd and then Jacobson & Townsley as a commission salesman. In 1983, he established the London office of John Siddall & Son, becoming a director in 1987. In 1988, he brokered the sale of that office to Branston & Gothard, where he headed up the UK equity sales team that he had brought with him for the next five years. He remained at Branston & Gothard as a UK equity salesman until 1998, when he joined Basham & Coyle, a financial PR firm, as a director in charge of investor relations, specialising in developing the PR strategies of smaller companies. In February 2000, he established Hansard Group plc, a financial PR firm, listing it on AIM in November 2000, before successfully leading a management buy-out of the business in 2004 at which time Hansard group acquired a major division of Energem Resources Inc. which changed its name to FirstAfrica Oil plc. Adam is also the chairman of International Brand Licensing plc, owners of the Admiral sports clothing brand and a director of Wilton International Management Group Limited.

ROBIN COURAGE, Chief Executive (age 63)
Robin began his career in advertising and later moved into television and film production. In the early 1970s he acted as impresario to present major international entertainment artistes in cabaret and on stage in London. In 1987 Robin joined The Rowland Company, a wholly-owned subsidiary of the Saatchi & Saatchi Group. In 1994 he founded the sports marketing company, Atkinson Courage, where he worked with his multinational clients to exploit their sponsorships of major international events. He ran Atkinson Courage for seven years prior to forming TSE. As the London-based Director of TSE, Robin focuses on developing long-term strategic plans and near-term marketing programmes for international sports federations and national and local governments. Robin is also Chairman of Fundraising and a member of the Executive Council of WheelPower, the governing body for wheelchair sport in the UK and owner of the UK's national disability sports centre at Stoke Mandeville, the birthplace of the Paralympic Games.

PAUL FOULGER, Finance Director (age 39)
Paul has considerable public and private company experience, having been a director of a number of successful businesses as well as being involved in a large variety of corporate transactions over the years including acting as finance director in the reversal of First Africa Oil plc into Financial Development Corporation plc. Paul previously worked in the publishing industry with HarperCollins Publishers and subsequently became finance director at Elsevier Science, a subsidiary of Reed Elsevier plc. He led a management buy-out of previously quoted financial communications group Hansard in 2004, of which he remains a director. He also consulted on the AIM listing of Table Mountain Minerals plc in 2005 and its subsequent acquisition by Plectrum Petroleum plc. In 2005, he became a director of Cielo Holdings plc, now called Curidium Medica plc, and successfully completed an acquisition of Curidium Limited in July 2006. His other directorships include International Brand Licensing plc and Wilton International Management Group. Paul is a qualified certified accountant and is currently completing his MBA at Warwick Business School.

LARS HAUE-PEDERSEN, Executive Director (age 47)
Lars was born and grew up in Copenhagen, Denmark. He now lives in Lausanne, Switzerland. Lars's background is as an economist and he gained an MSc in economics from Odense University, Denmark. Lars was a sportsman who transferred into sports administration and from 1991 to 1995 was Secretary General of the Danish Volleyball Federation. In 1995 he joined the International Volleyball Federation (FIVB) in Lausanne as Development Director. In 1999 he formed Beaufort Sports Consulting SA, also based in Lausanne. He co-founded TSE in 2001, where he remains as the Director in charge of the Lausanne head office. In addition to managing the international growth of the company Lars provides consulting services to major international sports organisations. He develops management training courses

Report of the Directors (continued)

for sports organisations and event owners, and works extensively with national and regional governments involved in bidding for and/or staging major sports events. Lars is an external lecturer in sport management and sport economics at Copenhagen Business School and is an external lecturer at a number of European universities including Klagenfurt (Austria), Lausanne (Switzerland), St Petersburg (Russia) and Neuchatel (Switzerland).

BRIAN BLASDALE, Non Executive Director (age 59)
Following an early career as a Purser with P&O Shipping Company, Brian held a number of senior sales & marketing roles with blue chip companies including Kodak Limited. Thereafter he formed his own IT outsourcing company, achieving success in attracting a number of major blue-chip companies as clients. Subsequently he co-founded I-B Net Limited, which was listed on the AIM market as Deal Group plc in March 2000. Since this time Brian has actively been involved with a number of companies as Chairman and non executive director for and on behalf of Lloyds Development Capital Private Equity ("LDC"), as well as Chairman of Hiatt Hardware Limited, acting for and on behalf of LDC. Currently, Brian is a non executive director of MET Limited, an IT company.

Business review and principal activities

The principal activity of the group is that of an International sports consultancy, whose main business activities are based in Lausanne, Switzerland. For comparison purposes it is worth highlighting that the results of the two subsidiary companies, Wilton International Consulting Limited and TSE Consulting SA, were only consolidated into the Group results with effect from 21 August 2007. Accordingly, the comparative results reflect only four months contribution from these subsidiaries.

Group turnover increased to £1,103,053 in the year (9 months to 31 Dec 2007: £317,427), reflecting strong growth across the international offices.

The Group generated a profit before tax of £31,904 (9 months to 31 Dec 2007: loss of £244,192) for the 12 month period. There are a couple of issues worth highlighting for shareholders when reviewing these results:

(a) The revenue growth was as a result of strong sales performances across the 6 international offices, as well as increased sales originating from the Lausanne head office. In addition, the Group benefitted from currency exchange, given that the majority of its sales were invoiced and received in either Euro, US Dollars, or Swiss Francs, all of which strengthened against sterling during the year.

(b) The Income Statement benefitted by £36,000 during the year, representing directors' fees waived by Paul Foulger and Adam Reynolds.

The consolidated income statement for the period is set out on page 15. No dividends will be distributed for the period ended 31 December 2008.

Future Outlook

The external commercial environment is expected to remain as competitive as it has been historically in 2008, however the Company believes it is well positioned to take advantage of the ever-growing International Sports Consultancy market through both organic and even acquisitive growth, should an appropriate opportunity present itself.

Key Performance Indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors consider that the sales and profit figures as detailed in the business review section above are suitable as a basis for an understanding of the development, performance and position of the business.

Report of the Directors (continued)

Principal risks and uncertainties

At the time of the acquisition of Wilton International Consulting Limited in August 2007, the directors identified a number of risk factors which they thought might affect the Group's ability to deliver its strategic goals. The directors are of the opinion that, in general, the risk factors identified at that time continue to be relevant to the business. A list of these risks is given below. This list does not purport to be an exhaustive summary of the risks affecting the Group, is given in no particular order of priority and contains risks considered to be outside the control of the directors.

- **Client relationships**
  As a management consultancy TSE is reliant upon developing its relationships with its clients. The success of the Group therefore depends on the personal relationships established by TSE's consultants with key individuals within sports organisations. The loss of any of these key relationships could have an adverse effect on the Company.

- **Management, employees and overseas consultants**
  The success of the Group depends to a significant extent on key directors and employees and in particular Robin Courage and Lars Haue-Pedersen. In addition, the Directors expect that the overseas offices will contribute an increasing proportion of the Company's sales. Although the Directors believe they have access to strength and depth in the expanded management team, the loss of one or more of the key Directors or overseas office consultants could have an adverse effect on the Company.

  The Group faces competition in attracting and retaining qualified employees. The Group's ability to continue to compete effectively in its businesses will depend upon its ability to attract new employees and retain and motivate existing employees.

- **Future acquisitions**
  The Directors and Proposed Directors intend to grow the Group both organically and by acquisition. There can be no guarantee that the Directors will be able to agree the acquisitions of further suitable companies and/or businesses on acceptable terms nor any guarantee that the Group will be able to raise sufficient future finance at such time. Insofar as the Directors do agree further acquisitions on behalf of the Company, while they will seek to protect the Company by conducting full due diligence and agreeing suitable warranties and indemnities from the vendors, there can be no assurance that such new acquisitions could be successfully integrated into the Enlarged Group. Finally, under the AIM Rules, acquisitions over a certain size would constitute a reverse takeover, and therefore in the event that the Company announced such an acquisition prior to the publication of an admission document, the Company's Ordinary Shares would be suspended from trading on AIM.

- **Agent network**
  The Company continues to expand into new international markets through the establishment of local agents under a common brand. In the event that the local agent underperforms or does not comply with TSE's Direction Manual setting out the Company's operating procedures, then there is a risk that TSE's brand may be undermined. In such circumstance, TSE's operations would be adversely affected and it may be unable to secure new consulting contracts.

- **Political risk**
  A significant proportion of TSE's revenues are accounted for by contracts with governments and cities. Accordingly, a change of national or regional administration following local or national elections could result in a loss of a contract which could have an adverse effect on the Company.

Report of the Directors (continued)

- **Currency risk**
  TSE's international agents invoice for a proportion of their services in their local currency. TSE's costs are mainly payable in Swiss Francs. Accordingly, TSE's financial operations could be adversely affected by exchange rate volatility which results in a shortfall in revenue in Swiss Francs.

- **Considerations relating to future prospects**
  - **Commercial agreements**
    TSE has a number of commercial agreements in place. However these agreements are terminable on notice (the periods of which vary) and there can be no guarantee that TSE's customers will not withdraw from these commercial agreements in the future.

  - **Lack of dividends for the foreseeable future**
    For the foreseeable future, the Company intends to retain any future earnings for the business and therefore the Company does not anticipate paying dividends in the short term.

  - **Market forces**
    The market may not grow as rapidly as anticipated. The Group may lose clients to its competitors. The Group's major competitors may have significantly greater financial resources than those available to the Enlarged Group. There is no certainty that the Group will be able to achieve its projected levels of sales or profitability.

Environment

The directors consider that the nature of the Group's activities during the current business development stage is not inherently detrimental to the environment.

Employees

The Group places considerable value on the involvement of its employees and they are regularly briefed on the Group's activities through company meetings. The Board acknowledges that the Group's employees are a key asset in the future success of the Group and their retention and motivation is a high priority.

The Group closely monitors staff attrition rates which it seeks to maintain at current low levels and aims to structure staff compensation packages at competitive rates in order to attract and retain high-calibre personnel. All employees are afforded an equal opportunity to progress and develop their careers as the Group grows.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the specific aptitudes of the applicant concerned. It is the policy of the Group that the training, career development and promotion of disabled persons, as far as possible, be identical with that of other employees.

Dividends

The directors do not propose to pay a final dividend for the 12 month period ending 31 December 2008 (31 December 2007: £nil).

Report of the Directors (continued)

Directors' interests

The directors who served the company during the period together with their interests (including family interests) in the shares of the company and other group companies at the beginning (or subsequent date of appointment) and end of the period, were as follows:

	Ordinary shares of 0.1p each	
	31 December 2008	*31 December 2007*
Paul Foulger	58,441,296	58,441,296
Adam Reynolds	58,441,295	58,441,295
Robin Courage	14,000,000	10,000,000
Lars Haue-Pedersen	14,000,000	10,000,000
Brian Blasdale	8,333,333	5,000,000
Neil McClure	83,333	83,333

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditor days based on creditors at 31 December 2008 were 78 days (2007: 116 days).

Stakeholder pension

The Group has designated a stakeholder pension scheme to which its employees can contribute. No contributions were made during the year by the Group.

Charitable and political donations

The Group made no charitable or political donations during the year (31 Dec 2007: £nil).

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Kingston Smith LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

Disclosure of information to the auditors

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 that 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.

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 group and of the profit or loss of the group for that period.

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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

Paul Foulger

Director

14 Kinnerton Place South
London
SW1X 8EH

Date: 5 June 2009

Corporate Governance

Compliance

The directors recognise the value of the Principles of the Combined Code on Corporate Governance ("the Combined Code"). Although, as an AIM company, compliance with the Combined Code is not required the Group seeks to apply the Combined Code when practicable and appropriate for a company of its size.

The following statement describes how the Group as at 31 December 2008 sought to address the principles underlying the Combined Code.

Board composition and responsibility

At the beginning of the year, the Board consisted of four executive directors and one non-executive Chairman. Brian Blasdale was then appointed as a non-executive director on 17 January 2008 and Neil McClure ceased to be a director on 28 March 2008.

All directors are equally accountable for the proper stewardship of the Group's affairs.

In broad terms, the on-going remit of the Board is as follows:-

- Approval of the Company's annual budgets and forecasts and ongoing review of Company strategy and performance
- Approval of the annual report and any statements made therein
- Approval of any significant changes in accounting policies and practices
- Appointment or removal of directors or the Company Secretary
- Approval of appointment of senior staff and setting of their remuneration
- Approval of any material expenditure or capital commitments
- Ensure maintenance of robust systems of internal control – including all operating and financial systems through annual review and assessment
- Review of the Board's own effectiveness; and
- Ensure continued compliance with any regulatory requirements

The non-executive director has a particular responsibility to scrutinize and assess the strategy proposed by the executive management, to evaluate performance, business risk and the integrity of financial information and controls, and to ensure appropriate remuneration and succession arrangements are put in place for the executive directors.

After careful review, giving particular consideration to the provision of the Combined code in respect of the independence of non executive directors, the Board has concluded that Brian Blasdale, as the only non executive director at the date of signing the balance sheet is independent in character, judgement and opinion.

Chairman's commitments

The commitments of the Chairman outside those relating to the Company are given in detail in the Board of Directors on page 4. The Chairman's commitments have not materially changed during the period.

Corporate Governance (continued)

Policy on election

Directors are required to offer themselves for election every 3 years and at least one third of the Board must offer itself for re-election each year.

At the forthcoming Annual General Meeting on 15 July 2009, Adam Reynolds and Paul Foulger will be offering themselves for re-election. Brief biographical details for Mr Reynolds and Mr Foulger are given on page 4.

Board meetings

Eight board meetings were held during the period. The directors' attendance record during the period is as follows:-

Adam Reynolds – executive	Eight
Paul Foulger – executive	Eight
Lars Haue-Pedersen – executive	Four
Robin Courage – executive	Eight
Brian Blasdale – non executive	Seven

Audit Committee

The audit committee is chaired by Brian Blasdale and comprises Paul Foulger and Brian Blasdale. The audit committee determines the terms of engagement of the Group's and Company's auditors and determines, in consultation with the Group's and Company's auditors, the scope of audits. It receives and reviews reports from management and the Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use by the Group. The Board has adopted a policy for the periodic review of the auditors' objectivity and independence.

The Audit Committee met once during the period in order to fully review the 2008 results as well as the audit scope and process.

The Board considers that given the relative size of the Group and the relative costs and benefits that would ensue, there is no necessity for the Group to operate an internal audit function.

Remuneration Committee

The remuneration committee is chaired by Brian Blasdale and comprises Adam Reynolds and Brian Blasdale. The remuneration committee reviews the scale and structure of both the Executive Directors' and other key employees' future remuneration and the terms of their service agreements with due regard to the interests of shareholders.

The Remuneration Committee did not meet during the period but did meet subsequent to the period end in order to review the scale and structure of the share options for key employees.

Nomination Committee

The nomination committee is chaired by Robin Courage and comprises Paul Foulger and Robin Courage. The nomination committee reviews the appointment of directors and the suitability of their appointment to the Board.

The nomination committee sat once during the year.

Corporate Governance (continued)

Internal control and risk

The directors are responsible for establishing and maintaining the Group's system of internal control and reviewing its effectiveness. By its nature, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group continually reviews its internal controls and procedures and corrective actions taken to mitigate risks are identified and implemented where thought necessary.

Board effectiveness

For the time being, the Board itself considers its effectiveness, and that of its committees and directors, on an ongoing basis. It considers this appropriate to a company of this size.

Shareholder communication

The Board encourages regular dialogue with the Group's shareholders and has a policy of making itself available to shareholders at the Annual General Meeting to which all shareholders are invited to attend. The non-executive director is regularly briefed by executive management on developments within the Group in order to facilitate his continued understanding of the Group's products and processes.

Corporate social responsibility

The Board recognises that it has a duty to be a good corporate citizen and is conscious that its business processes minimise harm to the environment, contributes as far as is practicable to the local community and takes a responsible and positive approach to employment practices.

Report of the Auditors

Independent Auditors' Report to the Shareholders of TSE Group plc

We have audited the group and parent company financial statements of TSE Group plc for the year ended 31 December 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Statements 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 auditors 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 (IFRSs) 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement and the Corporate Governance Statement. 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 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's 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.

Report of the Auditors (continued)

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2008
- 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.

Kingston Smith LLP

Chartered Accountants and Registered Auditors
Devonshire House
60 Goswell Road
London
EC1M 7AD
Date: 5 June 2009

Consolidated income statement

for the 12 months ended 31 December 2008

	Notes	12 months to 31.12.08 £	As restated 9 months to 31.12.07 £
Group revenue	2	**1,103,053**	317,427
Operating costs		**(1,065,196)**	(562,574)
Operating Profit/(Loss)	5	**37,857**	(245,147)
Finance revenue		**19,713**	20,187
Finance costs	6	**(25,666)**	(19,232)
Profit/(Loss) before tax		**31,904**	(244,192)
Taxation	7	**(9,242)**	12,726
Profit/(Loss) for the year		**22,662**	(231,466)
Earnings/(Loss) per share (basic)	17	**0.004p**	(0.04p)
Earnings/(Loss) per share (diluted)	17	**0.003p**	(0.04p)

Consolidated balance sheet

as at 31 December 2008

	Notes	*At 31.12.08 £*	*As restated 31.12.07 £*
Non-current assets			
Intangible assets	8	**2,482,721**	1,737,158
Property, plant, and equipment	9	**38,219**	18,954
Current assets			
Trade and other receivables	11	**552,460**	347,712
Cash and cash equivalents		**155,523**	97,945
		707,983	445,657
Current liabilities			
Trade and other payables	12	**(394,727)**	(336,217)
Net current assets		**313,256**	109,440
Total assets less current liabilities		**2,834,196**	1,865,552
Non-current liabilities			
Long term payables	13	**–**	(200,000)
Provision for liabilities and charges	14	**–**	(35,114)
Net assets		**2,834,196**	1,630,438
Equity			
Issued share capital	16	**1,457,600**	1,231,900
Shares to be issued reserve		**136,000**	204,000
Share premium account		**2,791,920**	2,608,385
Retained losses		**(2,371,679)**	(2,413,847)
Translation reserve		**820,355**	–
Shareholders' funds		**2,834,196**	1,630,438

The financial statements were approved by the Board of Directors and authorised for issue on 5 June 2009.

Paul Foulger

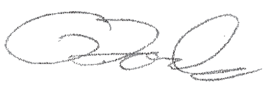
Director

Company balance sheet

as at 31 December 2008

	Notes	*At 31.12.08 £*	*As restated 31.12.07 £*
Non-current assets			
Investments	10	**2,197,326**	2,179,894
Current assets			
Trade and other receivables	11	**84,963**	101,906
Cash and cash equivalents		**131,465**	42,696
		216,428	144,602
Current liabilities			
Trade and other payables	12	**(87,576)**	(119,474)
Net current assets		**128,852**	25,128
Total assets less current liabilities		**2,326,178**	2,205,022
Non-current liabilities			
Long term payables	13	**–**	(200,000)
Provision for liabilities and charges	14	**–**	(35,114)
Net assets		**2,326,178**	1,969,908
Equity			
Issued share capital	16	**1,457,600**	1,231,900
Shares to be issued reserve		**136,000**	204,000
Share premium account		**2,791,920**	2,608,385
Retained losses		**(2,059,342)**	(2,074,377)
Shareholders' funds		**2,326,178**	1,969,908

The financial statements were approved by the Board of Directors and authorised for issue on 5 June 2009.



Paul Foulger

Director

Consolidated cash flow statement

for the 12 months ended 31 December 2008

	12 months to 31.12.08 £	As restated 9 months to 31.12.07 £
Cash flow from operating activities		
Operating profit/(loss)	**37,857**	(245,147)
Adjusted for:		
Depreciation	**13,012**	21,706
(Increase)/decrease in trade and other receivables	**(97,171)**	(335,081)
Increase/(decrease) in trade payables	**5,213**	450,725
Share based payments P&L charge	**19,506**	17,068
Decrease in provisions	**(35,114)**	(14,886)
Foreign exchange loss	**7,912**	–
Tax refunded/(paid)	**(50,983)**	–
Net cash from operating activities	**(99,768)**	(105,615)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(28,171)**	–
Acquisition of subsidiary, net of cash acquired	**(17,432)**	(813,517)
Interest received	**19,713**	20,187
Interest paid	**(25,666)**	(19,232)
Net cash outflow from investing activities	**(51,556)**	(812,562)
Cash flows from financing activities		
Proceeds from the issue of shares (net of issue costs)	**341,235**	812,251
Repayment of deferred cash consideration relating to the acquisition of Wilton International Consulting Limited	**(155,000)**	–
Net cash used in financing activities	**186,235**	812,251
Net Increase/(Decrease) in cash & cash equivalents	**34,911**	(105,926)
Cash & cash equivalents at 01.01.08	**97,945**	203,871
Effect of exchange rate changes	**22,667**	–
Cash & cash equivalents at 31.12.08	**155,523**	97,945

Company cash flow statement

for the 12 months ended 31 December 2008

	12 months to 31.12.08 £	As restated 9 months to 31.12.07 £
Cash flow from operating activities		
Loss before taxation	**(8,105)**	(213,260)
Adjusted for:		
Decrease/(increase) in trade and other receivables	**16,943**	(89,275)
(Decrease)/increase in trade payables	**(267,012)**	250,035
Share based payments P&L charge	**19,506**	17,068
Tax refunded/(paid)	**–**	–
Net cash from operating activities	**(238,668)**	(35,432)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	**(17,432)**	(2,179,894)
Interest received	**3,634**	20,901
Net cash outflow from investing activities	**(13,798)**	(2,158,993)
Cash flows from financing activities		
Proceeds from the issue of shares (net of issue costs)	**341,235**	2,033,250
Net cash used in financing activities	**341,235**	2,033,250
Net Increase/(Decrease) in cash & cash equivalents	**88,769**	(161,175)
Cash & cash equivalents at 01.01.08	**42,696**	203,871
Cash & cash equivalents at 31.12.08	**131,465**	42,696

Statement of changes in equity

for the 12 months ended 31 December 2008

GROUP

	Share Capital £	*Shares to be Issued Reserve £*	*Share premium £*	*Profit and loss account £*	*Translation reserve £*	*Total equity £*
Balance at 01.04.07	**1,000,000**	**–**	**1,011,035**	**(1,899,086)**	**–**	**111,949**
Loss for the period (as previously reported)	–	–	–	(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 31.12.07 (as previously reported)	**1,231,900**	**204,000**	**2,608,385**	**(2,413,847)**	**–**	**1,630,438**
Prior year adjustment:						
Share options – IFRS2 P&L charge	–	–	–	(17,068)	–	**(17,068)**
IFRS2 charge – Credited to reserves	–	–	–	17,068	–	**17,068**
As restated	**1,231,900**	**204,000**	**2,608,385**	**(2,413,847)**	**–**	**1,630,438**
Profit for the period	–	–	–	22,662	–	**22,662**
Shares issued	–	(68,000)	–	–	–	**(68,000)**
Issue of share capital	225,700	–	212,390	–	–	**438,090**
Expenses of share issue	–	–	(28,855)	–	–	**(28,855)**
IFRS2 charge – Credited to reserves	–	–	–	19,506	–	**19,506**
Exchange difference	–	–	–	–	820,355	**820,355**
Balance at 31.12.08	**1,457,600**	**136,000**	**2,791,920**	**(2,371,679)**	**820,355**	**2,834,196**

Statement of changes in equity

for the 12 months ended 31 December 2008 (continued)

COMPANY

	Share Capital £	*Shares to be Issued Reserve* £	*Share premium* £	*Profit and loss account* £	*Total equity* £
Balance at 01.04.07	**1,000,000**	**–**	**1,011,035**	**(1,899,086)**	**111,949**
Loss for the period	–	–	–	(175,291)	**(175,291)**
Shares to be issued Reserve	–	204,000	–	–	**204,000**
Issue of share capital	231,900	–	1,597,350	–	**1,829,250**
Balance at 31.12.07 (as previously reported)	**1,231,900**	**204,000**	**2,608,385**	**(2,074,377)**	**1,969,908**
Prior year adjustment:					
Share options – IFRS2 P&L charge	–	–	–	(17,068)	**(17,068)**
IFRS2 charge – Credited to reserves	–	–	–	17,068	**17,068**
As restated	**1,231,900**	**204,000**	**2,608,385**	**(2,074,377)**	**1,969,908**
Profit for the period	–	–	–	(4,471)	**(4,471)**
IFRS2 charge – Credited to reserves	–	–	–	19,506	**19,506**
Shares to be issued Reserve	–	(68,000)	–	–	**(68,000)**
Issue of share capital	225,700	–	212,390	–	**438,090**
Expenses of share issue	–	–	(28,855)	–	**(28,855)**
Balance at 31.12.08	**1,457,600**	**136,000**	**2,791,920**	**(2,059,342)**	**2,326,178**

Notes to the financial statements

for the 12 months ended 31 December 2008

1. General information

TSE Group plc is a public limited company incorporated in the United Kingdom under the Companies Act 1985 (Registration Number 05353387). The address of the registered office is given on page 2.

As disclosed in the Report of the Directors, the principal activity of the Group is that of an International Sports Consultancy firm.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted by the European Union ("IFRS").

Accounting policies

(a) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards including standards and interpretations issued by the International Accounting Standards Board, and have been prepared using the historical cost convention.

The financial statements are prepared in Pounds Sterling rounded to the nearest pound.

(b) Basis of consolidation

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 2008. 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.

(c) Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance

(d) Cash and cash equivalents

Cash and cash equivalents comprise current bank balances which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the cash flow statement.

(e) Revenue

Both fee income and recharged costs are billed in the period in which the work was completed or the costs incurred. Where there are exceptions to this income is deferred or accrued as necessary. For projects falling over the financial year end, income is recognised to reflect the partial performance of the contractual obligations.

(f) Deferred tax

Deferred income is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

(g) Goodwill

Goodwill is determined by comparing the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets, and is tested annually for impairment or more frequently if circumstances exist that indicate impairment may have occurred.

(h) Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

(i) Pensions and similar obligations

The Group operates a defined contribution plan. Payments to defined contribution pension plans are charged as an expense to the income statement, as incurred, when the related employee service is rendered. The Group has no further legal or constructive payment obligations once the contributions have been made.

(j) Foreign currency translation

Amounts included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in pounds sterling, the company's functional and presentation currency. Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement except when deferred in equity as qualifying cash flow and net investment hedges.

The results and financial position of all Group companies that have a functional currency other than sterling are translated as follows:

- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction date, in which case income and expenses are translated at the date of the transaction);

- assets and liabilities are translated at the closing exchange rate at the date of the balance sheet; and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and from borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

(k) Share-based payments

The Group makes equity-settled and cash-settled share-based payments to its employees. Equity-settled share-based awards granted after 7 November 2002 but not vested by 1 January 2005 are measured at fair value at the date of grant using an options pricing methodology and expensed over the vesting period of the award. At each balance sheet date, the Group reviews its estimate of the number of options that are expected to vest. Cash-settled share-based payments are accrued over the vesting period of the award, based on the current fair market value at each balance sheet date. When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

(l) Basis of consolidation

The consolidated financial statements include the financial statements of TSE Group plc and its subsidiaries and the Group's share of the post acquisition results of associates and joint ventures.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date on which control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. All intra-group transactions are eliminated as part of the consolidation process. In preparing the Group financial statements, accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

(m) Revenue recognition

Revenue represents the turnover, net of discounts, derived from services provided to and invoiced to customers. Long-term contracts are accounted for in accordance with the contractual terms either on a percentage of completion basis or on a time as incurred basis.

(n) Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets (including intangible assets) of the acquired subsidiary, associate or joint venture at the date of acquisition.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill and intangibles on acquisition of associates and joint ventures is included in the carrying value of the investment. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity or investment sold.

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

2. Segmental reporting

The board considers that the Group has a single business segment which delivers international sports consultancy services. The revenue, expenditure and result reported in the income statement and the assets and liabilities reported in the balance sheet all relate to this single segment. An analysis of turnover by geographical destination is given below.

	12 months to 31.12.08	*9 months to 31.12.07*
	£	*£*
Europe (including Cayman Island and Switzerland)	**624,011**	238,262
Africa	**17,826**	4,332
America	**209,145**	44,616
Asia	**252,071**	25,880
Australia/Oceania	**–**	4,337
	1,103,053	317,427

3. Staff costs

	12 months to 31.12.08	*9 months to 31.12.07*
	£	*£*
Wages and Salaries	**211,247**	48,442
Directors Remuneration	**231,000**	63,382
Social Security costs	**39,364**	10,165
	481,611	121,989

The remuneration of the highest paid Director included above was £96,000 (2007: £41,025).

The average monthly number of employees was as follows:

	12 months to 31.12.08	*9 months to 31.12.07*
	No.	*No.*
Administration (including Directors)	**12**	10

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

4. Retirement benefits

TSE Group plc operates a defined contribution plan into which contributions of £8,442 (2007: £10,396) were made during the year.

5. Operating profit/(loss)

The operating Profit/(Loss) is stated after charging:

	12 months to 31.12.08	*9 months to 31.12.07*
	£	*£*
Depreciation of property, plant and equipment	**13,012**	21,706
Auditors remuneration – audit	**11,000**	15,500

During the year, the Group was charged £nil (2007: £47,500) in respect of non-audit services provided by associated businesses of the auditors.

6. Finance costs

	12 months to 31.12.08	*9 months to 31.12.07*
	£	*£*
Bank interest	**25,666**	19,232

7. Taxation

	12 months to 31.12.08	*9 months to 31.12.07*
	£	*£*
Analysis of charge in the year:		
Current tax	**9,242**	(12,726)

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 28%. The differences are explained below:

Profit/(Loss) before tax	**31,904**	(244,192)
Profit/(Loss) before tax multiplied by the standard rate of corporation tax in the UK of 28%	**8,933**	(68,374)
Accrued tax payable at date of acquisition of subsidiary	**–**	(36,629)
Tax losses and disallowable items	**309**	92,277
	9,242	(12,726)

The total amount of unused tax losses for which no deferred tax asset is recognised in the balance sheet is approximately £373,000 (2007 – £410,000).

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

8. Intangible fixed assets – Group

	Goodwill
	£
Cost	
At 1 April 2007	–
Additions	1,737,158
Disposals	–
At 31 December 2007	**1,737,158**
Additions	17,432
Translation difference	728,131
At 31 December 2008	**2,482,721**
Amortisation	
At 1 April 2007	–
Disposals	–
At 31 December 2007	–
Disposals	–
At 31 December 2008	–
Net Book Value	
At 31 December 2007	1,737,158
At 31 December 2008	**2,482,721**

Impairment tests of goodwill

No impairment losses in respect of goodwill have been recognised in 2008 or 2007. An annual goodwill impairment review is performed as at 31 December. This review compares the carrying value of goodwill with the present value of future cash flows arising from TSE Consulting SA, the Swiss subsidiary and main operating unit. If the present value is less than the carrying value of the goodwill, an impairment loss is recognised immediately in the income statement.

Key assumptions used in the value in use calculations are as follows:

Cash flow projections are derived from financial plans approved by the Board and cover a twelve month period. They reflect management's expectations of revenue growth, operating cost and margin for TSE Consulting SA based on past experience.

A post-tax discount rate of 10% to 15% has been applied to cash flow projections reflecting management's view that this range of discount rates are suitable for the year.

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

9. Property, plant and equipment – Group

	Office Furniture and machinery	*IT equipment*	*Motor Vehicles*	*Total*
	£	*£*	*£*	*£*
Cost				
At 1 April 2007	–	–	–	**–**
Additions	28,937	11,723	–	**40,660**
At 31 December 2007	28,937	11,723	–	**40,660**
Translation difference	11,872	4,809	–	**16,681**
Additions	19,471	8,700	–	**28,171**
Disposals	–	–	–	**–**
At 31 December 2008	60,280	25,232	–	**85,512**
Depreciation				
At 1 April 2007	–	–	–	**–**
Charge for the period	11,428	10,278	–	**21,706**
Disposals	–	–	–	**–**
At 31 December 2007	11,428	10,278	–	**21,706**
Translation difference	6,182	6,393	–	**12,575**
Charge for the period	5,296	7,716	–	**13,012**
Disposals	–	–	–	**–**
At 31 December 2008	22,906	24,387	–	**47,293**
Net Book Value				
At 31 December 2007	17,509	1,445	–	**18,954**
At 31 December 2008	37,374	845	–	**38,219**

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

10. Investments – Company

	Investment in Subsidiaries
	£
Cost & Net Book Value at 1 April 2007	–
Additions	2,179,894
Cost & Net Book Value at 31 December 2007	**2,179,894**
Additions	17,432
Cost & Net Book Value at 31 December 2008	**2,197,326**

Name of subsidiary	*Country of Incorporation*	*Percentage shareholding*	*Principal activities during year*
Wilton International Consulting Limited	England & Wales	100%	Dormant
TSE Consulting SA	Switzerland	100%	International sports consultancy

11. Trade and Other Receivables – Group

	At 31.12.08	*At 31.12.07*
	£	*£*
Trade debtors: Gross	**528,608**	261,432
Less: provision for bad debts	**(52,879)**	(37,934)
	475,729	223,498
Other debtors	**53,971**	65,548
Prepayments and accrued income	**22,760**	58,666
	552,460	347,712

Trade and Other Receivables – Company

	At 31.12.08	*At 31.12.07*
	£	*£*
Trade debtors: Gross	**41,544**	–
Less: provision for bad debts	**–**	–
	41,544	–
Other debtors	**25,981**	70,772
Prepayments and accrued income	**17,438**	31,134
	84,963	101,906

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

12. Trade and Other Payables – Group

	At 31.12.08 £	*At 31.12.07 £*
Trade creditors	**151,267**	162,182
Taxes and social security costs	**–**	4,472
Other creditors	**243,460**	169,563
Accrued expenses	**–**	–
	394,727	336,217

Trade and Other Payables – Company

	At 31.12.08 £	*At 31.12.07 £*
Trade creditors	**29,214**	119,474
Other creditors	**58,362**	–
Accrued expenses	**–**	–
	87,576	119,474

13. Long term payables – Group & Company

	At 31.12.08 £	*At 31.12.07 £*
Amounts falling due after one year:		
Deferred cash consideration relating to the acquisition of the entire issued share capital of Wilton International Consulting Ltd	**–**	200,000

14. Provision for liabilities & charges – Group & Company

	At 31.12.08 £	*At 31.12.07 £*
Provision for claim for breach of contract (see below):		
Balance brought forward at 1 January 2008:	**35,114**	50,000
Legal charges incurred in year	**(12,910)**	(14,886)
Provision released in year	**(22,204)**	–
Balance carried forward at 31 December 2008	**–**	35,114

At 31 December 2007, a provision of £35,114 (31 March 2007: £50,000) was made to allow for a potential claim for breach of contract regarding J E Farmer, a former director of the company. In April 2008, Mr Farmer withdrew his request for a hearing and hence the remaining provision was released.

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

15. Financial instruments – risk management

The Group and the Company in principle do not use or trade in derivative financial instruments.

Financial assets categorised as loans and receivables

	Notes	*Group 2008 £*	*Group 2007 £*
Trade and other receivables	11	**552,460**	347,712
Cash and cash equivalents		**155,523**	97,945
		707,983	445,657

Financial liabilities measured at amortised cost

	Notes	*Group 2008 £*	*Group 2007 £*
Trade payables	12	**151,267**	162,182
Other payables	12	**243,460**	169,563
Other taxes and social security	12	**–**	4,472
		394,727	336,217

Financial assets categorised as loans and receivables

	Notes	*Company 2008 £*	*Company 2007 £*
Trade and other receivables	11	**84,963**	101,906
Cash and cash equivalents		**131,465**	42,696
		216,428	144,602

Financial liabilities measured at amortised cost

	Notes	*Company 2008 £*	*Company 2007 £*
Trade payables	12	**29,214**	119,474
Other payables	12	**58,362**	–
		87,576	119,474

The main risks arising from the financial instruments of the Group and of the Company are credit risk, interest rate risk, liquidity risk and fair value risk. The Board reviews and agrees policies for managing these risks and they are summarised below. These policies have remained unchanged throughout the financial period.

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

Credit risk

The exposure to credit risk of the Group and of the Company is limited to the carrying values of financial assets recognised at the balance sheet date, as summarised below:

	Group 2008 £	*Group 2007 £*
Classes of financial assets – carrying amount		
Cash and cash equivalents	**155,523**	97,945
Trade and other receivables	**552,460**	347,712
	707,983	445,657

	Company 2008 £	*Company 2007 £*
Classes of financial assets – carrying amount		
Cash and cash equivalents	**131,465**	42,696
Trade and other receivables	**84,963**	101,906
	216,428	144,602

The maximum exposure to credit risk in relation to trade receivables is equivalent to the period end balance. It is the policy of the Group and of the Company to assess the credit risk of its customers. The Group and the Company closely monitor the credit worthiness of customers and other counterparties, and will require an advance payment if necessary. The Group and the Company will terminate business with a poor credit history.

The Directors consider that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, based on financial information and past trading history, including those that are past due.

Neither the Group nor the Company are exposed to any significant credit risk exposure to any single counterparty or Group of counterparties having similar characteristics. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

Liquidity risk

The objectives of the Group and of the Company are to maintain a balance between continuity of funding and flexibility through cash pooling and shareholder funding. The Group monitors its liquidity risk on an ongoing basis by undertaking rigorous cash flow forecasting procedures.

The financial liabilities of the Group and of the Company have contracted maturities, which are summarised below:

	Group 2008 £ Within 6 months	*Group 2008 £ 6 to 12 months*	*Group 2007 £ Within 6 months*	*Group 2007 £ 6 to 12 months*
Trade Payables	151,267	–	162,182	–

	Company 2008 £ Within 6 months	*Company 2008 £ 6 to 12 months*	*Company 2007 £ Within 6 months*	*Company 2007 £ 6 to 12 months*
Trade Payables	151,267	–	162,182	–

Interest rate risk

The Group and the Company finance themselves using their own cash balances which comprise cash and short-term deposits, and therefore has no significant interest rate risk. Additionally, borrowings on short term and long term borrowings are on fixed rates.

16. Share capital

	At 31.12.08 £	*At 31.12.07 £*
Authorised:		
1,352,000,000 Ordinary shares of 0.1p each	**1,352,000**	1,352,000
72,000,000 Deferred shares of 0.9p each	**648,000**	648,000
	2,000,000	2,000,000
Allotted, called up & fully paid:		
809,600,000 Ordinary shares of 0.1p each	**809,600**	583,900
72,000,000 Deferred shares of 0.9p each	**648,000**	648,000
	1,457,600	1,231,900

During the year 217,700,000 Ordinary 0.1p shares were issued at a premium of 0.07p each, raising £370,090 excluding expenses.

During the year 8,000,000 Ordinary 0.1p shares were issued at a premium of 0.75p each, as part consideration for the acquisition of the entire issued share capital of Wilton International Consulting Limited.

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

Deferred Shares

The special rights, privileges, restrictions and limitations attached to the Deferred shares are as follows:

(a) A holder of Deferred shares shall have no right to receive notice of or to attend or vote at any General meeting of the company

(b) A holder of Deferred shares shall have no right to receive any dividend or distribution

(c) A holder of Deferred shares shall on a return of capital in a liquidation, but not otherwise, be entitled to receive only the amount credited as paid up on each share but only after the holder of each Ordinary share shall have received the amount paid up or credited as paid up on such share, together with a payment of 0.1 pence per share but the holders of Deferred shares shall not be entitled to any further participation in the assets or profits of the Company.

Warrants

Neil McClure, a former Director of the Company, currently holds 8,800,000 Warrants. Each Warrant entitles Neil McClure to receive, upon exercise of the Warrants, one Ordinary Share at an exercise price of 0.1p per Ordinary Share.

The Warrants may be exercised at any time before the expiry of a three year period from the date of grant.

Beaumont Cornish Limited currently holds 7,500,000 Warrants. Each Warrant entitles Beaumont Cornish to receive, upon exercise of the Warrants, one Ordinary Share at an exercise price of 0.85p per Ordinary Share. The Warrants may be exercised at anytime before the expiry of a five year period from the date of grant.

17. Earnings per share

The basic earnings per share is calculated by dividing the profit for the financial year attributable to shareholders by the weighted average number of shares in issue.

	12 months to 31.12.08 Number	*9 months to 31.12.07 Number*
Weighted average number of shares (ordinary)	645,685,714	529,110,584
Weighted average number of shares (dilutive)	682,985,714	529,110,584
	£	*£*
Profit/(Loss) for the year/period	22,662	(231,466)
Basic earnings per share	0.004p	(0.04p)
Diluted earnings per share	0.003p	(0.04p)

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

18. Related party transactions

Group & Company

During the year the Company received credit notes of £36,000 (2007: Invoiced £36,000) by Hansard Communications.com Limited, a company of which both Adam Reynolds and Paul Foulger are directors, representing directors' fees waived relating to both Adam Reynolds and Paul Foulger. At the year end, a balance existed within Trade Creditors of £nil (2007: £36,000).

During the year the Company was invoiced £13,750 (2007: £7,500) by Alan Bailey (Studios) Limited, a company of which both Adam Reynolds and Paul Foulger are directors, for office rent and administration costs. At the year end £Nil (2007: £5,875) was included in trade payables.

During the year the Company was invoiced the following amounts by Diablo Consulting Limited, a company of which both Adam Reynolds and Paul Foulger are directors:

- Office rent and administration costs = £1,250 (2007: £Nil)
- Director fees = £2,000 (2007: £Nil)
- Fundraising introductory fees = £7,000 (2007: £Nil)

At the year end a balance existed within Trade Creditors of £11,788 (2007: £Nil)

During the year the Company was invoiced £12,000 (2007: £Nil) by CICS Limited, a company of which Brian Blasdale is a director, for director's fees earned.

During the year, the Company was invoiced £6,450 (2007: £16,000) by Neil McClure, a former director, in relation to director's fees earned. At the year end, all amounts had been paid.

19. Post balance sheet events

In February 2009, the Company cancelled the existing options held by certain key employees over 16.5 million shares at an exercise price of 1p per Ordinary Share which had been previously awarded in 2007. At the same time, the Company awarded in aggregate options over 32 million New Ordinary Shares to key employees of its wholly owned subsidiary, TSE Consulting SA, in accordance with the terms of the Company's share option scheme. The options will vest on 18 February 2011 and must be exercised on or before 18 February 2014 at an exercise price of 0.23p per ordinary share.

20. Profit accounted for in the parent company

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of the financial statements. The parent company's loss for the financial year was £4,471 (2007: loss £192,359).

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

21. Share based payments

As at 31 December 2008, the following share options and warrants were outstanding over the ordinary shares of the Company.

	Date of grant	*Vesting date*	*Expiry date*	*Balance at 31 December 2008 Number*	*Exercise price Pence*	*Fair value of option at grant date Pence*
Warrants	28/02/07	28/02/07	28/02/10	8,800,000	0.10p	0.0p
Warrants	26/07/07	26/07/07	26/07/12	7,500,000	0.85p	0.0p
Total warrants outstanding				16,300,000		
Share option scheme:						
2007	21/08/07	21/08/09	21/08/17	21,000,000	1.00p	0.325p
Total share options outstanding				21,000,000		
Total equity instruments outstanding				37,300,000		

The exercise price of the warrants is the lowest average closing price for a preceding quarter or the current exercise price, whichever is the lower.

The fair value of share options and warrants at grant date has been determined using the Black-Scholes formula.

The assumptions and other inputs used in the models in respect of share options issued during the year were as follows:

	Share option scheme 2007
Share price on date of grant	0.395p
Exercise price	1.00p
Expected volatility	30%
Expected dividends	Nil
Option life	3 years
Risk free interest rate	5.0%

At the dates of issue of shares under the various share option schemes, there was insufficient historical data to calculate a reliable estimate of expected share volatility in respect of the Company itself and accordingly expected volatility has been based on the average volatility of a range of similar UK listed companies operating in similar markets.

Notes to the financial statements

for the 12 months ended 31 December 2008 (continued)

The following tables reconcile the outstanding warrants and share options granted under the employee share option schemes at the beginning and end of the financial year.

	Number 2008	*Weighted average exercise price 2008*	*Number 2007*	*Weighted average exercise price 2007*
Balance at beginning of the financial year	37,300,000	0.76p	–	–
Granted during the year	–	–	37,300,000	0.76p
Exercised during the year	–	–	–	–
Balance at end of the financial year	37,300,000	0.76p	37,300,000	0.76p
Exercisable at end of the financial year	16,300,000	0.4p	16,300,000	0.4p

No warrants were exercised during the year.

22. Prior period adjustment

No charge was made in the income statement for 2007 for the share options issued to the Swiss employees under IFRS2 in error. As a result of this a prior period adjustment has been made and the effect on 2007 was to increase the loss by the relevant IFRS2 charge as shown below.

The income statement charge which has now been made for each period is as follows:

	Group 2008 £	*Group 2007 £*
Share based payment charge to income statement	**19,506**	17,068

TSE GROUP PLC

(incorporated and registered in England and Wales with registered number 05353387)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of TSE Group Plc will be held at 2.00 p.m. on Wednesday 15 July 2009 at the offices of Pritchard Englefield Solicitors, 14 New Street, London, EC2M 4HE (the "**Meeting**") to consider, and if thought fit to pass resolutions 1 to 5 as ordinary resolutions and resolution 6 as a special resolution of the Company:

ORDINARY BUSINESS

1. To receive and adopt the statement of accounts for the year ended 31 December 2008, together with the reports of the directors and the auditors thereon.

2. That Adam Reynolds, a Director retiring by rotation in accordance with article 102 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company.

3. That Paul Foulger, a Director retiring by rotation in accordance with article 102 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company.

4. To re-appoint Kingston Smith LLP as auditors of the Company and to authorise the Directors to fix the remuneration of Kingston Smith LLP.

SPECIAL BUSINESS

5. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the "**Act**") to exercise all powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) provided that this authority shall be limited to the allotment of relevant securities up to an aggregate nominal amount of £189,840.00 of the ordinary shares and unless previously renewed, revoked, varied or extended, this authority shall expire at the conclusion of the next annual general meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired. This authority is in substitution for all previous authorities conferred upon the Directors pursuant to section 80 of the Act, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

6. THAT subject to the passing of resolution 5 the Directors of the Company be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) wholly for cash pursuant to the authority conferred by resolution 5 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;

TSE GROUP PLC

(continued)

(b) up to an aggregate nominal amount of £29,195.00 in connection with the issue of ordinary shares by the Company pursuant to the exercise of options proposed to be granted by the Company; and

(c) otherwise than pursuant to sub-paragraphs (a) and (b) above up to an aggregate nominal amount of £108,480.00

and shall expire at the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Dated: 5 June 2009

Registered Office
14 Kinnerton Place South
London
SW1X 8EH

BY ORDER OF THE BOARD
PAUL FOULGER
Secretary

TSE GROUP PLC

(continued)

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

2. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered on the Company's register of members at 2.00 p.m. on Monday 13 July 2009 (or in the case of adjournment forty-eight hours before the time of the adjourned meeting) will be entitled to attend and vote at the Meeting. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.

3. A proxy need not be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy are set out below and in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified or office copy of such power or authority must be in writing and delivered to SLC Registrars of Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD, no later than 2.00 p.m. on Monday 13 July 2009 (or 48 hours before the time fixed for any adjourned meeting).

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy complete and submit more then one proxy form and make it clear how many shares the proxy has voting rights over. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member on the record date will result in the proxy appointment being invalid.

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrars of the Company, SLC Registrars of Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD (in the case of a member which is a company, the revocation notice must be executed in accordance with note 11 below).

TSE GROUP PLC

(continued)

Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be in writing and included with the revocation notice. The revocation notice must be received by the Company at 14 Kinnerton Place South, London, SW1X 8EH, not less than 48 hours before the time fixed for the holding of the Meeting or any adjourned meeting at which the proxy is to attend, speak and to vote.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid.

10. Use of the proxy form does not preclude a member attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

11. In the case of a member which is a company, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised officer or attorney.

12. The following documents will be available for inspection at 14 Kinnerton Place South, London SW1X 8EH from 5 June 2009 until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting:

    - Copies of the service contracts of executive directors of the Company.
    - Copies of the letters of appointment of the non-executive directors of the Company.

13. Except as provided above, members who have general queries about the Meeting should call SLC Registrars on 01372 467308 (no other methods of communication will be accepted).

You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.

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TSE Group Plc

(Registered Number: 05353387)

FORM OF PROXY

For use by shareholders at the 2009 Annual General Meeting of TSE Group Plc (the "Company") to be held at the offices of Pritchard Englefield Solicitors, 14 New Street, London, EC2M 4HE (the "Meeting") on Wednesday 15 July 2009 at 2.00 p.m.

I/We being (a) members(s) of TSE Group Plc (the "Company") hereby appoint the Chairman of the Meeting or (*see note 3 overleaf*):

....

as my/our proxy to attend, speak and vote on my/our behalf at the Meeting and at any adjournment of the Meeting. I/we direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X':-

Ordinary business – Resolutions		**For**	**Against**	**Vote withheld**
Resolution 1 (Ordinary)	To consider and adopt the statement of accounts for the year ended 31 December 2008 and the reports of the directors and auditors thereon			
Resolution 2 (Ordinary)	To re-appoint Adam Reynolds as a director of the Company			
Resolution 3 (Ordinary)	To re-appoint Paul Foulger as a director of the Company			
Resolution 4 (Ordinary)	To re-appoint Kingston Smith LLP as auditors of the Company			
Special business - Resolutions				
Resolution 5 (Ordinary) Resolution 6 (Special)	To authorise the directors pursuant to section 80 of the Companies Act 1985 To disapply the statutory pre-emption rights			

If no indication is given, I/we authorise my/our proxy to vote or abstain from voting at his/her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he/she thinks fit in relation to any other matter which is properly put before the Meeting (including any resolution to adjourn the Meeting).

Date: ....

Signature: ....
(Please complete in BLOCK CAPITALS including initials and surnames of joint holders if applicable).

Name in full: ....

Address: ....

Joint Holders: ....

Notes

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. A proxy need not be a member of the Company but must attend the Meeting to represent you.
3. If it is desired to appoint any person other than the Chairman of the Meeting as a proxy the words "the Chairman of the Meeting" should be struck out and the name and address of the other person be inserted in block capitals in the space provided. If you sign and return this proxy form with no name inserted in the box, the Chairman of the Meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the Meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
5. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified or office copy of such power or authority must be in writing and delivered to SLC Registrars of Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD, no later than 2.00 p.m. on Monday 13th July 2009 (or 48 hours before the time fixed for any adjourned meeting).
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy complete and submit more then one proxy form and make it clear how many shares the proxy has voting rights over. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member on the record date will result in the proxy appointment being invalid.
7. Use of this form does not preclude a member attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
8. For details of how to revoke your proxy appointment see the notes to the notice of meeting.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. In the case of a member which is a company, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised officer or attorney.

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BUSINESS REPLY SERVICE
Licence No. RRRG ELUY YCCB

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SLC Registrars
Thames House
Portsmouth Road
Esher
Surrey
KT10 9AD

First Fold

Third Fold and tuck in

tse group plc