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**Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2008
for
360 Group Limited**

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**J.P.B. Harris & Co.
Chartered Accountants
Registered Auditors**

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for the Year Ended 31 December 2008**

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**Company Information
for the Year Ended 31 December 2008**

DIRECTORS: B Keegan
X Bosch FCA

SECRETARY: T Carter

REGISTERED OFFICE: 295 Regent Street
London
W1B 2HL

REGISTERED NUMBER: 3645154 (England and Wales)

AUDITORS: J P B Harris & Co.
Chartered Accountants
& Registered Auditors
Harmile House
54 St Mary's Lane
Upminster
Essex
RM14 2QT

**Report of the Directors
for the Year Ended 31 December 2008**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the provision of consultancy, professional employment organisation, employee benefits, financial services and accountancy and taxation services. The company is a holding company which did not trade during the period under review.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements. Profit is up over the previous year due to processing efficiencies and improved systems implementation. Results meet expectation for the period under review and the company is optimistic about the opportunities ahead.

The group's key financial and other performance indicators during the year were as follows:

	Year 2008 £000	Period 2007 £000	% change
Turnover	61,578	31,296	+97%
Profit on ordinary activities before tax	961	469	+104%

DIVIDENDS

Interim dividends per share were paid as follows:

42500	- 6 April 2008
<u>208638</u>	- 17 December 2008
<u>251138</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2008 will be £502,275.

DIRECTOR

B Keegan held office during the whole of the period from 1 January 2008 to the date of this report.

Other changes in directors holding office are as follows:

X Bosch FCA was appointed as a director after 31 December 2008 but prior to the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

As the principal activity of the group is the provision of professional employment services the principle risks and uncertainties revolve around changing employment legislation. 360 Group have a track record for embracing legislative change and maintain open dialogue with the relevant government bodies. This approach has allowed the company to remain compliant with current regulation.

The company runs the risk of non payment by clients. Policies are in place to minimise such losses and the company has increased requirements when scoring its clients for credit terms.

EMPLOYEES

The group places considerable value on the involvement of its employees in the business and has continued its practice of keeping them informed on matters affecting them as employees.

The group is committed to providing equality of opportunity to all employees. Appropriate training, career development and promotion opportunities are provided for all employees regardless of gender, physical disability, religion, belief, race or ethnic origin.

**Report of the Directors
for the Year Ended 31 December 2008**

EMPLOYEES (contd.)

It is the group's policy to give full consideration to suitable applications for employment by disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees who become disabled to continue in their employment or to be trained for other positions in the group.

The group is committed to involving all employees in the performance and development of the group. Employees are encouraged to discuss with management matters of interest to the employees and subjects affecting day to day operations of the group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, J P B Harris & Co., will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



B Keegan
Director

Date: 23 October 2009

**Report of the Independent Auditors to the Members of
360 Group Limited**

We have audited the group and company financial statements of 360 Group Limited for the year ended 31 December 2008 on pages six to eighteen. 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 so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors 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 the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 Independent Auditors to the Members of
360 Group Limited**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31 December 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



J P B Harris & Co.
Chartered Accountants
& Registered Auditors
Harmile House
54 St Mary's Lane
Upminster
Essex
RM14 2QT

Date: 26 October 2009

**Consolidated Profit and Loss Account
for the Year Ended 31 December 2008**

	Notes	31.12.08 £	31.12.07 £
TURNOVER		61,577,873	31,296,263
Cost of sales		<u>59,366,724</u>	<u>29,876,407</u>
GROSS PROFIT		2,211,149	1,419,856
Administrative expenses		<u>1,379,418</u>	<u>1,039,042</u>
OPERATING PROFIT	3	831,731	380,814
Interest receivable and similar income		<u>132,353</u>	<u>89,637</u>
		964,084	470,451
Interest payable and similar charges	4	<u>2,590</u>	<u>1,431</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		961,494	469,020
Tax on profit on ordinary activities	5	<u>204,076</u>	<u>114,764</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		757,418	354,256
Minority interest - equity		<u>24,026</u>	<u>14,847</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP		<u>733,392</u>	<u>339,409</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current year or previous year.

Consolidated Balance Sheet
31 December 2008

	Notes	31.12.08	31.12.07
		£	£
FIXED ASSETS			
Intangible assets	8	(301,928)	(548,797)
Tangible assets	9	44,951	91,564
Investments	10	<u>-</u>	<u>-</u>
		(256,977)	(457,233)
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	2,067,750	1,588,512
Debtors: amounts falling due after more than one year	11	641,608	1,095,079
Cash at bank and in hand		<u>4,768,366</u>	<u>3,341,612</u>
		7,477,724	6,025,203
CREDITORS			
Amounts falling due within one year	12	<u>6,741,790</u>	<u>5,308,190</u>
NET CURRENT ASSETS		<u>735,934</u>	<u>717,013</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		478,957	259,780
MINORITY INTERESTS	14	<u>58,581</u>	<u>70,521</u>
NET ASSETS		<u>420,376</u>	<u>189,259</u>
CAPITAL AND RESERVES			
Called up share capital	15	2	2
Profit and loss account	16	<u>420,374</u>	<u>189,257</u>
SHAREHOLDERS' FUNDS	19	<u>420,376</u>	<u>189,259</u>

The financial statements were approved by the Board of Directors on 23 October 2009 and were signed on its behalf by:



E Keegan - Director

Company Balance Sheet
31 December 2008

	Notes	31.12.08 £	£	31.12.07 £	£
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		-		-
Investments	10		<u>100</u>		<u>100</u>
			100		100
CURRENT ASSETS					
Debtors	11	264,623		249,975	
Cash at bank and in hand		<u>99,977</u>		<u>2</u>	
		364,600		249,977	
CREDITORS					
Amounts falling due within one year	12	<u>317,550</u>		<u>150,227</u>	
NET CURRENT ASSETS			<u>47,050</u>		<u>99,750</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>47,150</u>		<u>99,850</u>
CAPITAL AND RESERVES					
Called up share capital	15		2		2
Profit and loss account	16		<u>47,148</u>		<u>99,848</u>
SHAREHOLDERS' FUNDS	19		<u>47,150</u>		<u>99,850</u>

The financial statements were approved by the Board of Directors on and were signed on its behalf by:



.....
B Keegan - Director

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2008**

	Notes	31.12.08 £	31.12.07 £
Net cash inflow from operating activities	1	1,539,300	1,343,749
Returns on investments and servicing of finance	2	93,797	88,206
Taxation		(21,568)	(16,703)
Equity dividends paid		<u>(502,275)</u>	<u>(150,152)</u>
		1,109,254	1,265,100
Financing	2	<u>317,500</u>	<u>95,471</u>
Increase in cash in the period		<u>1,426,754</u>	<u>1,360,571</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>1,426,754</u>	<u>1,360,571</u>
Change in net funds resulting from cash flows		<u>1,426,754</u>	<u>1,360,571</u>
Movement in net funds in the period		1,426,754	1,360,571
Net funds at 1 January		<u>3,341,612</u>	<u>2</u>
Net funds at 31 December		<u>4,768,366</u>	<u>1,360,573</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2008**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.08 £	31.12.07 £
Operating profit	831,731	380,814
Depreciation charges	56,117	36,612
Amortisation of negative goodwill	(256,373)	(153,823)
(Increase)/Decrease in debtors	(39,615)	358,124
Increase in creditors	<u>947,440</u>	<u>722,022</u>
Net cash inflow from operating activities	<u>1,539,300</u>	<u>1,343,749</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.08 £	31.12.07 £
Returns on investments and servicing of finance		
Interest received	132,353	89,637
Interest paid	(2,590)	(1,431)
Dividends paid to minority interests	<u>(35,966)</u>	-
Net cash inflow for returns on investments and servicing of finance	<u>93,797</u>	<u>88,206</u>
Financing		
Amount introduced by directors	<u>317,500</u>	<u>95,471</u>
Net cash inflow from financing	<u>317,500</u>	<u>95,471</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.08 £	Cash flow £	At 31.12.08 £
Net cash:			
Cash at bank and in hand	<u>3,341,612</u>	<u>1,426,754</u>	<u>4,768,366</u>
	<u>3,341,612</u>	<u>1,426,754</u>	<u>4,768,366</u>
Total	<u>3,341,612</u>	<u>1,426,754</u>	<u>4,768,366</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2008**

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2004, is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

2. STAFF COSTS

	31.12.08	31.12.07
	£	£
Wages and salaries	54,720,907	26,193,182
Social security costs	4,385,867	3,518,743
Other pension costs	<u>640,273</u>	<u>547,026</u>
	<u>59,747,047</u>	<u>30,258,951</u>

The average monthly number of employees during the year was as follows:

	31.12.08	31.12.07
Employees under contract	1,126	1,021
Accountancy taxation and payroll	10	13
Sales and administration	<u>7</u>	<u>6</u>
	<u>1,143</u>	<u>1,040</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008**

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.08	31.12.07
	£	£
Hire of plant and machinery	7,569	4,239
Other operating leases	25,008	64,600
Depreciation - owned assets	46,613	50,421
Goodwill amortisation	9,504	9,501
Goodwill arising on consolidation amortisation	(256,373)	(153,823)
Auditors' remuneration	<u>12,400</u>	<u>15,032</u>
Director's emoluments	<u>-</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.08	31.12.07
	£	£
Bank interest	812	99
Interest on overdue tax	<u>1,778</u>	<u>1,332</u>
	<u>2,590</u>	<u>1,431</u>

5. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.08	31.12.07
	£	£
Current tax:		
UK corporation tax	207,416	113,891
Deferred tax	<u>(3,340)</u>	<u>873</u>
Tax on profit on ordinary activities	<u>204,076</u>	<u>114,764</u>

6. PROFIT OF 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 these financial statements. The parent company's profit for the financial year was £449,575 (2007 - £250,000).

7. DIVIDENDS

	31.12.08	31.12.07
	£	£
Interim	<u>502,275</u>	<u>150,152</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008

8. INTANGIBLE FIXED ASSETS

Group	Goodwill £	Goodwill arising on consolidation £	Totals £
COST			
At 1 January 2008 and 31 December 2008	<u>95,000</u>	<u>(769,119)</u>	<u>(674,119)</u>
AMORTISATION			
At 1 January 2008	28,501	(153,823)	(125,322)
Amortisation for year	<u>9,504</u>	<u>(256,373)</u>	<u>(246,869)</u>
At 31 December 2008	<u>38,005</u>	<u>(410,196)</u>	<u>(372,191)</u>
NET BOOK VALUE			
At 31 December 2008	<u>56,995</u>	<u>(358,923)</u>	<u>(301,928)</u>
At 31 December 2007	<u>66,499</u>	<u>(615,296)</u>	<u>(548,797)</u>

9. TANGIBLE FIXED ASSETS

Group	Computer equipment £
COST	
At 1 January 2008 and 31 December 2008	<u>461,383</u>
DEPRECIATION	
At 1 January 2008	369,819
Charge for year	<u>46,613</u>
At 31 December 2008	<u>416,432</u>
NET BOOK VALUE	
At 31 December 2008	<u>44,951</u>
At 31 December 2007	<u>91,564</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008

10. FIXED ASSET INVESTMENTS**Company**

	Shares in group undertakings £
COST	
At 1 January 2008 and 31 December 2008	<u>100</u>
NET BOOK VALUE	
At 31 December 2008	<u>100</u>
At 31 December 2007	<u>100</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries**Hyperlink Services Limited**

Nature of business: Consultancy

	%			
Class of shares:	holding			
Ordinary	93.00		31.12.08	31.12.07
			£	£
Aggregate capital and reserves			599,143	529,483
Profit for the year			<u>69,660</u>	<u>47,563</u>

360 Financial Limited

Nature of business: Financial services

	%			
Class of shares:	holding			
Ordinary	93.00		31.12.08	31.12.07
			£	£
Aggregate capital and reserves			21,698	20,100
Profit for the year			<u>71,609</u>	<u>113,158</u>

3sixty Group Holdings Limited

Nature of business: Accountancy and taxation service and group admin

	%			
Class of shares:	holding			
Ordinary	93.00		31.12.08	31.12.07
			£	£
Aggregate capital and reserves			58,437	180,950
Profit for the year			<u>293,017</u>	<u>87,213</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008

10. **FIXED ASSET INVESTMENTS - continued****Weblogix Limited**

Nature of business: Professional employer organisation

Class of shares:	%		
Ordinary	holding	31.12.08	31.12.07
	93.00	£	£
Aggregate capital and reserves		111,550	44,791
Profit for the year		<u>66,759</u>	<u>25,793</u>

11. **DEBTORS**

	Group		Company	
	31.12.08	31.12.07	31.12.08	31.12.07
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,452,984	1,387,006	-	-
Amounts owed by group undertakings	-	-	264,623	249,975
Other debtors	455,778	172,156	-	-
Taxation recoverable	-	17,188	-	-
Deferred tax asset	6,500	3,160	-	-
Prepayments and accrued income	<u>152,488</u>	<u>9,002</u>	-	-
	<u>2,067,750</u>	<u>1,588,512</u>	<u>264,623</u>	<u>249,975</u>
Amounts falling due after more than one year:				
Other debtors	<u>641,608</u>	<u>1,095,079</u>	-	-
Aggregate amounts	<u>2,709,358</u>	<u>2,683,591</u>	<u>264,623</u>	<u>249,975</u>
Deferred tax asset				
	31.12.08	31.12.07	31.12.08	31.12.07
	£	£	£	£
Deferred tax	<u>6,500</u>	<u>3,160</u>	-	-

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.08	31.12.07	31.12.08	31.12.07
	£	£	£	£
Trade creditors	1,643,518	1,933,435	-	-
Amounts owed to group undertakings	-	-	50	150,227
Tax	348,795	180,135	-	-
Social security and other taxes	1,394,779	1,107,134	-	-
VAT	2,662,843	1,538,451	-	-
Other creditors	70,755	112,217	-	-
Directors' current accounts	317,500	-	317,500	-
Accruals and deferred income	303,600	436,818	-	-
	<u>6,741,790</u>	<u>5,308,190</u>	<u>317,550</u>	<u>150,227</u>

13. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

Company

	Land and buildings	
	31.12.08	31.12.07
	£	£
Expiring:		
Within one year	<u>82,500</u>	<u>65,180</u>

14. MINORITY INTERESTS

The interest held by third parties in the profits and assets of the group.

15. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.08	31.12.07
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.08	31.12.07
			£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008**

16. RESERVES**Group**

	Profit and loss account £
At 1 January 2008	189,257
Profit for the year	733,392
Dividends	<u>(502,275)</u>
At 31 December 2008	<u>420,374</u>

Company

	Profit and loss account £
At 1 January 2008	99,848
Profit for the year	449,575
Dividends	<u>(502,275)</u>
At 31 December 2008	<u>47,148</u>

17. TRANSACTIONS WITH DIRECTOR

The following loan to directors subsisted during the years ended 31 December 2008 and 31 December 2007:

	31.12.08 £	31.12.07 £
B Keegan		
Balance outstanding at start of year	-	78,971
Balance outstanding at end of year	65,000	-
Maximum balance outstanding during year	<u>-</u>	<u>150,151</u>

18. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is B Keegan by virtue of his ownership of 100% of the issued share capital of the company.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**Group**

	31.12.08 £	31.12.07 £
Profit for the financial year	733,392	339,409
Dividends	<u>(502,275)</u>	<u>(150,152)</u>
Net addition to shareholders' funds	231,117	189,257
Opening shareholders' funds	<u>189,259</u>	<u>2</u>
Closing shareholders' funds	<u>420,376</u>	<u>189,259</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company	31.12.08	31.12.07
	£	£
Profit for the financial year	449,575	250,000
Dividends	<u>(502,275)</u>	<u>(150,152)</u>
Net (reduction)/addition to shareholders' funds	(52,700)	99,848
Opening shareholders' funds	<u>99,850</u>	<u>2</u>
Closing shareholders' funds	<u>47,150</u>	<u>99,850</u>