



- Profit before tax of £9,000 compared to a loss before tax of £15.3 million in the comparable period in 2005
- Turnover on continuing operations increased by 7% to £14.5m (2005: £13.5m)
- All business segments are now profitable both in Europe and the US
- Significant improvement in earnings per share to 1.39p (2005: 0.20p) adjusted for amortisation of goodwill
- Further reduction in structured debt to £1.6 million (2005: £3.0 million)

Chairman's Statement

During the period to 30 June 2006 the Group made a profit before tax of £9,000 (2005: loss before tax of £15.3 million).

The Group recorded an operating profit of £912,000 prior to goodwill amortisation (2005: operating profit of £490,000 prior to goodwill amortisation and impairment of £13.7 million).

At the interim stage in 2005 the Group announced that it was going to adopt an investment holding company approach with the focus on creating shareholder value from individual operating businesses it owned in the Sports and Entertainment industry. I am pleased to say that this approach has led to significantly improved profitability with no exceptional write downs and a performance which has exceeded expectations.

The restructuring of the Group over the past two years has led to these improved results; all trading segments are now profitable, both in Europe and the US, and the central costs are now at the right level for a business of this size. We advised shareholders in March 2006 that the focus of the Group would be in the entertainment sector; this industry continues to be of interest to investors, and talent management is an important link in the value chain. We will continue to focus on the realisation of investment value in all our businesses.

The businesses are now reviewed in more detail below.

Talent Management

In the six months to 30 June 2006, turnover was £6.8m (2005: £5.9m) and operating profit was £359,000 (2005: £645,000), an increase of 15% in turnover and a 44% decrease in operating profit. The increase in turnover is as a result of the inclusion of certain pass through costs in the USA. There has been a decrease in gross profit in the period of £79,000, some pressure on remuneration costs, with continuing investment in our New York literary business and an increased level of apportioned central overheads within the European operations.

Entertainment

Within PFD, a number of acting and writing talent enjoyed success within the period. Keira Knightley has recently starred in the Hollywood blockbuster 'Pirates of the Caribbean II'. Alan Bennett's 'The History Boys' won the award for Best Play at this year's Tony Awards, as well as picking up five other awards, making it the most honoured play on Broadway since 1949. The film version of the play will be released later this year. Alan Bennett also won Author of the Year at the 2006 British Book Awards. Anna Maxwell Martin won the Best Actress award at the 2006 BAFTA awards for her role in Bleak House, which was directed by Susanna White. At the 2006 Primetime Emmy Awards, Richard Curtis' 'Girl in the Café' won both Outstanding Made for TV movie and Outstanding Writing.

CSS Presenters' clients continue to have great success on television. Michael Parkinson continues to achieve excellent ratings with his ITV chat show, and Anne Robinson continues to be involved in many successful television programmes.

Sport

Within Motorsports, we continue to expand our roster of talent with Formula 1 driver, Tiago Monteiro and rising US star, AJ Allmendinger becoming clients. Our clients continue to achieve success on a global basis with highlights including Pedro de la Rosa returning to Formula 1 replacing Juan Pablo Montoya at the McLaren F1 team and Dan Wheldon tied for the Indy Racing League Championship. World Rally Champion Sebastien Loeb has recently notched up a record number of wins in the World Rally Championship and is on course to win his third consecutive title. In MotoGP, Andrea Dovizioso is currently second in the 250cc Championship. In Football our relationship with the England Team ended after the 2006 World Cup.

In Golf, our clients continue to make excellent progress. On the European PGA Tour, Gonzalo Fernandez Castano won the Asian Open in April and Francesco Molinari became the first home winner of the Italian Open since 1980.

Events

In the six months to 30 June 2006 Events turnover was £4.7m (2005: £4.3m) and operating profit was £720,000 (2005: £554,000), an increase of 9% on turnover and 30% on operating profit.

Icon Display have again had a very successful six months, capitalising on 2005. During the period, Icon worked closely with FIFA on the design and installation of all internal and external stadium dressing at all venues at the 2006 World Cup in Germany. The successful opening of Icon's Middle East office has resulted in a busy schedule of projects: Icon has designed, produced and installed the branding for the International Triathlon Union World Cup, the Qatar Masters Golf Championships, one of the major events on the European PGA Tour, and the Tour of Qatar cycling event. Icon have just recently been appointed to assist with major elements of the branding programme for the forthcoming Ryder Cup at the K Club in Ireland. Following on from the success of the London bid, Icon's consultancy division has been appointed to Sochi and their bid for the 2014 Winter Olympics.

Divisional Review of Continuing Operations (Continued)

Marketing

In the Marketing division which consists wholly of North American operations, in the six months to 30 June 2006, turnover was £3.0m (2005: £3.3m) with an operating profit of £163,000 (2005: profit of £44,000).

The North American operations have now stabilised, with the closure of our Canadian operations at the end of 2005. GEM's operations are split into two units, New York and Minneapolis.

New York is primarily a promotional marketing business and has had a satisfactory start to the year, continuing to work with GE, NBC and UBS on promotions. The Minneapolis business, which is now operating as an independent unit, in which local management have a 25% minority stake, has had an excellent start to the year, providing strategic brand, packaging and catalogue design and photography services to Best Buy, the US's leading electronics retailer, in addition to its established client base of 3M Company, Fingerhut Direct Marketing and others.

Central Costs

As previously indicated, we have made further improvements in the central overhead costs of the Group, with a reduction of 42% in cost to £330,000 at the half year. During the period, the Group negotiated the surrender of surplus property in London, significantly reducing the Group's central property costs. The tax charge of £356,000 is based on profit after adding back the amortisation of goodwill and other non-deductible items.

Outlook

The Group's existing operations have a strong bias to first half profitability. The second half of 2006 has started well, and the Board is confident of the Group's prospects in the second half of the year.

The Group will also continue to seek to maximise shareholder value from its investments in the Sports and Entertainment business and will take the necessary actions to ensure its operations remain profitable.

I would like to thank the management team for their work in the first six months and look forward to further success in the second half of the year.

Peter Owen

Chairman

13 September 2006

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprise the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the statement of total recognised gains and losses and the related notes. We have read the other information contained in the interim report which comprises only the Chairman's Statement and the Divisional review of continuing operations and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. Our responsibilities do not extend to any other information.

This report is made solely to the company's members, as a body, in accordance with guidance contained in APB Bulletin 1999/4 "Review of Interim Financial Information". Our review 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 review report 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 review work, for this report, or for the conclusion we have formed.

Directors' Responsibilities

The interim report including the financial information contained therein is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review Work Performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 "Review of Interim Financial Information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists primarily of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
London
13 September 2006

CSS Stellar plc

Consolidated Profit and Loss Account

For the period ended 30 June 2006

	Note	Unaudited 6 months to 30 June 2006 £'000	Unaudited 6 months to 30 June 2005 £'000	Audited Year to 31 December 2005 £'000
Turnover				
- Continuing operations		14,476	13,521	27,854
- Discontinued operations		-	15,909	26,558
Total Turnover		14,476	29,430	54,412
Cost of Sales		(4,543)	(15,809)	(29,251)
Gross Profit		9,933	13,621	25,161
Impairment of goodwill		-	(13,731)	(14,769)
Amortisation of goodwill		(792)	(1,193)	(1,881)
Other administrative expenses		(9,021)	(13,131)	(24,695)
Total administrative expenses		(9,813)	(28,055)	(41,345)
Operating profit/(loss)				
- Continuing operations		120	(68)	(2,476)
- Discontinued operations		-	(14,366)	(13,708)
Total operating profit/(loss)		120	(14,434)	(16,184)
Exceptional items	3	-	(725)	(843)
Interest receivable		55	(15,159)	(17,027)
Interest payable		(166)	65	99
			(209)	(447)
Profit/(loss) on ordinary activities before taxation		9	(15,303)	(17,375)
Tax on profit/(loss) on ordinary activities		(356)	(72)	(51)
Loss on ordinary activities after taxation		(347)	(15,375)	(17,426)
Equity minority interest		(42)	-	-
Transferred from reserves		(389)	(15,375)	(17,426)
Loss per ordinary share				
Basic	4	(1.34)	(53.19)	(60.25)
Diluted		(1.34)	(53.19)	(60.25)
Statement of total recognised gains and losses				
Loss for the financial year		(389)	(15,375)	(17,426)
Translation adjustment on opening reserves		(73)	(6)	20
Total losses recognised since last annual report		(462)	(15,381)	(17,406)

CSS Stellar plc Consolidated Balance Sheet

at 30 June 2006



	Unaudited 30 June 2006 £'000	Unaudited 30 June 2005 £'000	Audited 31 December 2005 £'000
Fixed assets			
Intangible assets	18,604	21,784	19,397
Tangible assets	2,017	3,050	2,043
Investments – other	41	1,074	41
	20,662	25,908	21,481
Current assets			
Stocks and work in progress	644	650	280
Debtors	7,537	13,009	5,102
Cash at bank and in hand	1,373	516	954
	9,554	14,175	6,336
Creditors: amounts falling due within one year	(10,415)	(16,614)	(6,751)
Net current liabilities	(861)	(2,439)	(415)
Total assets less current liabilities	19,801	23,469	21,066
Creditors: amounts falling due after more than one year	(953)	(1,452)	(1,275)
Minority interests	361	-	(120)
	19,209	22,017	19,671
Capital and reserves			
Called up share capital	14,487	14,452	14,487
Share premium account	28,158	28,025	28,158
Shares to be issued	-	489	-
Revaluation reserve	629	646	637
Profit and loss account	(24,065)	(21,595)	(23,611)
Equity shareholders' funds	19,209	22,017	19,671

CSS Stellar plc

Consolidated Cashflow Statement

For the period ended 30 June 2006

	Note	Unaudited 6 months to 30 June 2006 £'000	Unaudited 6 months to 30 June 2005 £'000	Audited Year to 31 December 2005 £'000
Net cash (outflow)/inflow from operating activities	1	(263)	(364)	284
Returns on investments and servicing of finance				
Interest paid		(171)	(209)	(447)
Interest received		60	65	99
Net cash outflow from returns on investments and servicing of finance		(111)	(144)	(348)
Taxation		-	-	(20)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(178)	(267)	(350)
Sale of tangible fixed assets		10	-	15
Net cash outflow from capital expenditure and financial investment		(168)	(267)	(335)
Acquisitions and disposals				
Purchase of investments		-	(37)	(41)
Disposal of subsidiaries		-	655	2,546
Net cash disposed of with subsidiaries		-	-	(540)
Net cash inflow from acquisitions and disposals		-	618	1,965
Net cash (outflow)/inflow before financing		(542)	(157)	1,546
Financing				
Repayment of borrowings		(177)	(847)	(2,080)
New finance leases		-	-	57
Capital element of finance lease rentals		-	(3)	-
Net cash outflow from financing		(177)	(850)	(2,023)
Decrease in cash		(719)	(1,007)	(477)

CSS Stellar plc Notes to the Accounts

For the period ended 30 June 2006



1. Reconciliation of Operating Loss to Net Cash (Outflow)/Inflow from Operating Activities

	6 months to 30 June 2006 £'000	6 months to 30 June 2005 £'000	Year to 31 December 2005 £'000
Operating profit/(loss)	120	(14,434)	(16,184)
Depreciation charge	194	419	610
Impairment of goodwill	-	13,731	14,769
Amortisation of goodwill	792	1,193	1,881
Increase in stocks	(364)	(477)	(109)
(Increase)/decrease in debtors	(2,595)	(1,213)	106
Increase/(decrease) in creditors	1,590	417	(789)
Net cash (outflow)/inflow from operating activities	(263)	(364)	284

2. Analysis of Trading by Class of Business

Divisions	Turnover			Profit/(loss) before taxation		
	6 months to 30 June 2006 £'000	6 months to 30 June 2005 £'000	Year to 31 December 2005 £'000	6 months to 30 June 2006 £'000	6 months to 30 June 2005 £'000	Year to 31 December 2005 £'000
Continuing operations						
Talent Management	6,762	5,896	12,088	359	645	1,128
Marketing	3,016	3,328	6,354	163	44	(83)
Events	4,698	4,297	9,412	720	554	623
Central costs (1)	-	-	-	(330)	(573)	(887)
	14,476	13,521	27,854	912	670	781
Discontinued operations						
Talent Management	-	-	-	-	-	-
Marketing	-	15,909	26,558	-	(180)	(315)
Events	-	-	-	-	-	-
	-	15,909	26,558	-	(180)	(315)
Impairment of goodwill				-	(13,731)	(14,769)
Amortisation of goodwill				(792)	(1,193)	(1,881)
Operating profit/(loss)				120	(14,434)	(16,184)
Net interest				(111)	(144)	(348)
Exceptional items				-	(725)	(843)
Group profit/(loss) before taxation				9	(15,303)	(17,375)

CSS Stellar plc

Notes to the Accounts (continued)

For the period ended 30 June 2006

2. Analysis of Trading by Class of Business (continued)

Geographical analysis	Turnover			Profit/(loss) before taxation		
	6 months to 30 June 2006 £'000	6 months to 30 June 2005 £'000	Year to 31 December 2005 £'000	6 months to 30 June 2006 £'000	6 months to 30 June 2005 £'000	Year to 31 December 2005 £'000
Continuing operations						
Europe	10,216	9,817	20,767	1,106	1,146	1,619
North America	4,260	3,704	7,087	136	97	49
Rest of the World	-	-	-	-	-	-
Central costs (1)	-	-	-	(330)	(573)	(887)
	14,476	13,521	27,854	912	670	781
Discontinued operations						
Europe	-	2,133	3,284	-	40	102
North America	-	13,776	23,274	-	(220)	(417)
Rest of the World	-	-	-	-	-	-
	-	15,909	26,558	-	(180)	(315)

(1) Central costs have been separately analysed to enable a direct comparison of the operating performance of each division.

3. Exceptional Items

	6 months to 30 June 2006 £'000	6 months to 30 June 2005 £'000	Year to 31 December 2005 £'000
Exceptional items			
Costs of restructuring	-	(725)	(649)
Loss on disposal of subsidiary undertakings	-	-	(194)
	-	(725)	(843)

4. (Loss)/Earnings Per Share

	£'000	Weighted average no of shares	Basic per share amount pence	Adjusted per share amount pence
6 months ended 30 June 2006				
Loss	(389)			
Amortisation of goodwill	792			
Adjusted earnings	403			
Basic earnings per share				
Earnings attributable to ordinary shareholders		28,976,581	(1.34)	1.39
Dilutive effect of securities - options and warrants				
		58,450		
Diluted earnings per share		29,035,031	(1.34)	1.39
6 months ended 30 June 2005				
Loss	(15,375)			
Amortisation of goodwill	1,193			
Impairment of goodwill	13,731			
Loss on disposal of subsidiaries	725			
Less: tax at 30%	(217)			
Adjusted earnings	57			
Basic earnings per share				
Earnings attributable to ordinary shareholders		28,906,428	(53.19)	0.20
Dilutive effect of securities - options and warrants				
		-		
Diluted earnings per share		28,906,428	(53.19)	0.20
Year ended 31 December 2005				
Loss	(17,426)			
Amortisation of goodwill	1,881			
Impairment of goodwill	14,769			
Loss on disposal of subsidiaries	843			
Operating loss on discontinued activities	315			
Less: tax at 30%	(94)			
Adjusted earnings	288			
Basic earnings per share				
Earnings attributable to ordinary shareholders		28,922,957	(60.25)	1.00
Dilutive effect of securities - options and warrants				
		-		
Diluted earnings per share		28,922,957	(60.25)	1.00

The adjusted earnings per share is based on the retained profits adjusted by the amortisation of goodwill and the exceptional administrative expenses and exceptional items net of taxation at 30%.

CSS Stellar plc

Notes to the Accounts (continued)

For the period ended 30 June 2006

5. Publications of Non-Statutory Accounts

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The figures from the year ended 31 December 2005 have been extracted from the statutory financial statements which have been filed with the Registrar of Companies. The auditors' report was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.

6. Basis of Preparation

The interim financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of land and buildings. The principal accounting policies of the Group have remained unchanged from those set out in the Group's annual report and accounts, other than the adoption of FRS 20, Share based payments.



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