

Immediate Release

27 September 2004

**CSS Stellar plc
("CSS" or "the Group")**

Interim Results for the six months ended 30 June 2004

CHAIRMAN'S STATEMENT

The first half of 2004 and the period from the half year to today's announcement has seen the Group in the final stages of moving to a leaner, more focused operating entity, having integrated acquisitions made in the period 2000 to 2002.

In the six months to 30 June 2004, turnover from continuing operations improved to £37.2m (2003: £32.6m), with growth in all divisions. Operating profit from continuing operations before goodwill amortisation was £214,000 (2003: £1.2m).

Loss per share increased to 7.96p (2003: loss per share of 3.45p).

In December 2003, the Group sold the loss-making ARB business from its Events division. The Group is re-focusing its activities on its core divisions to maximise shareholder value whilst reducing central operating costs.

Since the half-year, the Group has disposed of certain non-core businesses:

- The financial services division, which was primarily focused on tax advisory work for film schemes and individuals, had become unviable as a result of the changes in film tax relief legislation implemented by the UK Government in February 2004 and hence was sold.
- The promotion of live events at UK stately homes was originally intended as an extension of the Talent Management activity, with clients such as Shirley Bassey and Michael Ball performing. The absence of suitable clients and the low margin of the business has led to this being sold. The Group will continue to sub-contract music event promotion, taking an appropriate fee for management of the process.
- The Group had a sponsorship sales capability in Canada. However, the sale of sponsorship properties to corporations did not fit in with the Group's core client servicing operations. Consequently this business was sold in July 2004.
- Finally, the Group is now focusing its Asian operations in China, with the majority of its activities now run out of a small office in Beijing. The Chinese operation will be seeking to capitalise on GEM's Olympic expertise in the run up to Beijing 2008.

The combined operating losses for the six months to 30 June 2004 of these businesses, sold since the end of the period, were £766,000, and their sale resulted in an overall loss on disposal of £321,000.

I am pleased to report that we have been able to reduce central overhead costs from £914,000 in the corresponding period in 2003 to £601,000 in 2004.

We are continually seeking to reduce these costs and the Executive Board of Directors and many senior executives have taken cuts in remuneration as part of the on-going process of cost reduction.

The Group is committed to expanding its core businesses either organically or through acquisition. Investment has already been made in the Literary and Golf sections of the business, and the Group is now seeking to expand its capabilities in the other areas, building on the existing strengths of the business, rather than developing new income streams. Trading since the period end has been in line with our revised forecasts for 2004.

The Board is continuing to examine a number of methods of increasing shareholder value but believes that the removal of non-core, loss-making businesses, the reduction of central overheads and the identification of growth prospects in core businesses is a source of financial comfort for the second half of the year and into 2005.

John Webber
Chairman
27 September 2004

CHIEF EXECUTIVE'S OPERATIONAL AND DIVISIONAL REVIEW

The Group continued to make progress during the first half of 2004. Deferred consideration of £982,000 in cash was paid to former shareholders of Echo and The Sponsorship Consultancy. All deferred cash consideration that had been provided for has now been paid. Bank borrowings of £1.1 million were also repaid during the period including the remaining US Dollar loan of £220,000 (US\$400,000) used to buy the GEM Group.

The Group's net bank debt has reduced by £2.3 million to £4.0 million at 30 June 2004 (30 June 2003: £6.3 million).

DIVISIONAL REVIEW OF CONTINUING OPERATIONS

TALENT MANAGEMENT

Operating profits prior to amortisation of goodwill were £473,000 (2003: £901,000) on turnover of £5.0 million (2003: £4.9 million).

In Entertainment, Ricky Gervais won a BAFTA for The Office Christmas Special in the category Best Comedy Performance. The Office was also victorious in the Best Situation Comedy category. On the stage, Alan Bennett's "The History Boys" sold out at The National to critical acclaim. In television, we negotiated the highly publicised deal to bring Michael Parkinson's renowned chat show to ITV from the BBC.

After a fierce bidding war, our London and New York offices sold the rights to a new three volume history of The Beatles to be written over the next 12 years by Mark Lewishohn. Simon Cox has sold over 250,000 copies of his book "Cracking the Da Vinci Code", a book revealing the facts behind Dan Brown's novel "The Da Vinci Code".

Sporting highlights include the signing of a new book deal by Sir Bobby Robson. In addition, we negotiated a multi million dollar sports marketing deal for Venezuelan driver Milka Duno with CITGO, and also completed a contract for her to appear in Pontiac's largest Hispanic marketing campaign. We also signed Sebastien Loeb, who is currently leading the World Rally Championship.

MARKETING

Operating profits prior to amortisation of goodwill were £576,000 (2003: £1.1 million) on turnover of £25.5 million (2003: £24.8 million). Whilst North American currencies have devalued against sterling, we have still had growth in turnover, particularly in our advertising company, Echo, which benefited from an upturn in advertising spend in the first half of 2004. However, the margins have been reduced as a result of competition to win and retain business.

In Europe performance has not been as good as last year. However, we continue to win business and after successfully carrying out the marketing and PR work for Vodafone's cricket sponsorship, we were also appointed to handle their sponsorship of Manchester United. We have secured a major agreement with E.ON and their UK subsidiary Powergen to handle their sponsorship programme as well as being appointed to look after the PR and media relations for the Volvo Ocean Race.

In Canada, we have delivered a successful promotional advertising campaign for Michael Moore's film 'Fahrenheit 9/11'. This film achieved a 12% market share of the US box office, which is higher than the usual 10% market share achieved by Canadian productions.

In the US, highlights include organising a successful event to mark Sun Trust becoming the Official Bank of Nascar. We also marketed a speaker series with A&E Biography live featuring Bill Clinton among others in New York, San Francisco, Toronto and Chicago.

New clients in the period include the major North American retailer Target and the US Air Force.

During the period we sold Canadian Sponsorship Sales, which resulted in a loss of £129,000 (2003: operating profit of £8,000). However, the Group has kept ownership of the commission contracts that had been signed at the start of 2004.

TELEVISION

Operating loss prior to amortisation of goodwill was £581,000 (2003: profit of £6,000) on turnover of £3.8 million (2003: £2.0 million). The prime reasons for the division becoming loss-making are the start-up costs associated with the move into TV production, where the phasing of productions means that income is deferred to later periods.

The Board believes overall that television continues to be an important part of the sports and entertainment industry, having the prospect of significant growth in the near future. The Group has a 58.5% investment in Target, and since the beginning of 2004 Target has been developing a production capability to add to its distribution business. This has resulted in some start-up losses, which were greater than expected. The Board believes that Target will benefit from further direct third party investment and is in discussions with various external groups who are currently interested in investing in Target.

Recent successes include signing a deal to broadcast hit US TV show Switched! on Channel 4 and E4. Target was also appointed official distributor of I Dream, Simon Fuller's new 'tween' drama series.

EVENTS

The sale of ARB has enabled Icon to focus on increasing its profitability to £347,000 (2003: £118,000) on turnover of £2.8m (2003: £2.1m).

Events has seen strong growth in 2004 since the disposal of ARB at the end of 2003. Highlights in 2004 include supplying and installing the signage for all venues at EURO 2004 in Portugal. Icon has also become the branding agency for the London 2012 Olympic bid.

ASIA

Operating loss prior to amortisation of goodwill was £68,000 (2003: £nil) on turnover of £12,000 (2003: £nil).

During the period we closed the Hong Kong operation with a loss of £125,000 (2003: loss of £35,000) and will concentrate efforts on building an Asian marketing business based out of Beijing.

OVERALL STRATEGY

The Group is committed to creating shareholder value through the operation of a growing client driven sports and entertainment business. I am currently reviewing the overall strategy of CSS Stellar to ensure that this remains the best method of improving the value of the shares and that each of the divisions within the Group is performing at its best given the level of shareholding and input from the Group. In all cases we need to be consistent in developing divisions that create new opportunities for these clients and provide outstanding levels of service to them. To implement this strategy, we will need to maintain the very high standard of personnel that we currently have and provide a working environment that will attract the most talented people to the Group.

Sean Kelly
Chief Executive
27 September 2004

For further information please contact:

CSS Stellar

Sean Kelly, Chief Executive
Kevin Rose, Finance Director

Tel: 020 7344 1927

Buchanan Communications

Bobby Morse/Catherine Miles

Tel: 020 7466 5000

INDEPENDENT REVIEW REPORT TO CSS STELLAR PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2004 which comprise the consolidated profit and loss account, the consolidated balance sheet, the 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 Chief Executive's operational and divisional review and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. Our responsibilities do not extend to any other information.

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 2004.

**GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS**

London
27 September 2004

CSS STELLAR PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30 JUNE 2004

	Note	Unaudited 6 months to 30 June 2004 £'000	Unaudited 6 months to 30 June 2003 £'000	Audited Year to 31 December 2003 £'000
Turnover				
- Continuing operations		37,198	32,605	68,078
- Discontinued operations		383	2,073	4,838
Total Turnover		<u>37,581</u>	<u>34,678</u>	<u>72,916</u>
Cost of Sales		<u>(22,050)</u>	<u>(17,262)</u>	<u>(37,628)</u>
Gross Profit		<u>15,531</u>	<u>17,416</u>	<u>35,288</u>
Exceptional administrative expenses	3	-	-	(167)
Amortisation of goodwill		(1,213)	(1,128)	(2,283)
Other administrative expenses		(16,083)	(16,760)	(34,557)
Total administrative expenses		<u>(17,296)</u>	<u>(17,888)</u>	<u>(37,007)</u>
Operating (loss)/profit				
- Continuing operations		(999)	98	(404)
- Discontinued operations		(766)	(570)	(1,315)
Total operating loss		<u>(1,765)</u>	<u>(472)</u>	<u>(1,719)</u>
Exceptional items	3	(321)	(178)	(2,326)
		<u>(2,086)</u>	<u>(650)</u>	<u>(4,045)</u>
Interest receivable		47	77	176
Interest payable		(175)	(152)	(343)
Loss on ordinary activities before taxation		<u>(2,214)</u>	<u>(725)</u>	<u>(4,212)</u>
Tax on loss on ordinary activities		<u>(143)</u>	<u>(176)</u>	<u>(252)</u>
Loss on ordinary activities after taxation		<u>(2,357)</u>	<u>(901)</u>	<u>(4,464)</u>
Equity minority interest		241	11	(10)
Transferred from reserves		<u>(2,116)</u>	<u>(890)</u>	<u>(4,474)</u>
Loss per ordinary share	4			
Basic		(7.96)	(3.45)	(17.15)
Diluted		<u>(7.96)</u>	<u>(3.45)</u>	<u>(17.15)</u>
Adjusted (loss)/earnings per ordinary share	4			
Basic		(0.53)	1.22	2.64
Diluted		<u>(0.53)</u>	<u>1.11</u>	<u>2.56</u>
Statement of total recognised gains and losses		£'000	£'000	£'000
Loss for the financial year		(2,116)	(890)	(4,474)
Currency translation differences in foreign currency net investment		(58)	49	18
Total gains and losses recognised since last annual report		<u>(2,174)</u>	<u>(841)</u>	<u>(4,456)</u>

CSS STELLAR PLC
CONSOLIDATED BALANCE SHEET AT 30 JUNE 2004

	Unaudited 30 June 2004 £'000	Unaudited 30 June 2003 £'000	Audited 31 December 2003 £'000
Fixed assets			
Intangible assets	38,970	38,502	39,775
Tangible assets	2,974	5,259	3,007
Investments – other	1,056	1,112	1,056
	<u>43,000</u>	<u>44,873</u>	<u>43,838</u>
Current assets			
Stocks and work in progress	405	514	252
Debtors	16,594	15,995	15,964
Cash at bank and in hand	4,554	2,559	4,803
	<u>21,553</u>	<u>19,068</u>	<u>21,019</u>
Creditors: amounts falling due within one year	<u>(26,668)</u>	<u>(21,356)</u>	<u>(23,646)</u>
Net current liabilities	<u>(5,115)</u>	<u>(2,288)</u>	<u>(2,627)</u>
Total assets less current liabilities	<u>37,885</u>	<u>42,585</u>	<u>41,211</u>
Creditors: amounts falling due after more than one year	(828)	(2,330)	(1,726)
Minority interests	<u>417</u>	<u>180</u>	<u>163</u>
	<u><u>37,474</u></u>	<u><u>40,435</u></u>	<u><u>39,648</u></u>
Capital and reserves			
Called up share capital	13,621	12,880	13,265
Share premium account	25,866	22,976	24,654
Shares to be issued	3,295	4,098	4,863
Revaluation reserve	171	171	171
Profit and loss account	(5,479)	310	(3,305)
Equity shareholders' funds	<u>37,474</u>	<u>40,435</u>	<u>39,648</u>

CSS STELLAR PLC
CONSOLIDATED CASHFLOW STATEMENT

For the period ended 30 JUNE 2004

	Note	Unaudited 6 months to 30 June 2004 £'000	Unaudited 6 months to 30 June 2003 £'000	Audited year to 31 December 2003 £'000
Net cash (outflow)/inflow from operating activities	1	(233)	651	5,023
Returns on investments and servicing of finance				
Interest paid		(162)	(152)	(261)
Interest received		47	77	176
Interest element of finance lease payments		(13)	-	(82)
Net cash outflow from returns on investments and servicing of finance		(128)	(75)	(167)
Taxation		(208)	(525)	(848)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(495)	(907)	(1,028)
Purchase of intangible fixed assets		(292)	(230)	(104)
Sale of tangible fixed assets		86	118	128
Net cash outflow from capital expenditure and financial investment		(701)	(1,019)	(1,004)
Acquisitions and disposals				
Purchase of subsidiaries		(982)	(2,333)	(1,064)
Sale of subsidiaries		-	(153)	(551)
Purchase of investments		-	(19)	-
Net cash outflow from acquisitions and disposals		(982)	(2,505)	(1,615)
Equity dividends paid		-	(258)	(258)
Net cash (outflow)/inflow before financing		(2,252)	(3,731)	1,131
Financing				
Repayment of borrowings		(1,057)	(767)	(2,004)
Capital element of finance lease rentals		(52)	(454)	(796)
Net cash outflow from financing		(1,109)	(1,221)	(2,800)
Decrease in cash		(3,361)	(4,952)	(1,669)

CSS STELLAR PLC
NOTES TO THE ACCOUNTS

For the period ended 30 JUNE 2004

**1. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW
FROM OPERATING ACTIVITIES**

	6 months to 30 June 2004 £'000	6 months to 30 June 2003 £'000	Year to 31 December 2003 £'000
Operating loss	(1,765)	(472)	(1,719)
Depreciation charge	476	696	1,442
Amortisation of intangibles - goodwill	1,213	1,173	2,485
Increase in stocks	(153)	(170)	(113)
(Increase)/decrease in debtors	(809)	867	616
Increase/(decrease) in creditors	805	(1,443)	2,312
Net cash (outflow)/inflow from operating activities	<u>(233)</u>	<u>651</u>	<u>5,023</u>

CSS STELLAR PLC
NOTES TO THE ACCOUNTS

For the period ended 30 JUNE 2004

2. ANALYSIS OF TRADING BY CLASS OF BUSINESS

Divisions	Turnover			Profit/(loss) before taxation		
	6 r to 30 J 2004 £'000	6 r to 30 J 2003 £'000	Year to 31 December 2003 £'000	6 months to 30 June 2004 £'000	6 n to 30 J 2003 £'000	Year to 31 December 2003 £'000
Continuing operations						
Talent Management	5,024	4,904	10,101	473	901	1,031
Marketing	25,516	24,819	48,133	576	1,115	1,945
Television (1)	3,844	788	4,874	(581)	6	44
Events	2,814	2,094	4,970	347	118	435
Central costs (2)	-	-	-	(601)	(914)	(1,576)
	<u>37,198</u>	<u>32,605</u>	<u>68,078</u>	<u>214</u>	<u>1,226</u>	<u>1,879</u>
Discontinued operations						
Talent Management	304	646	1,752	(512)	(159)	(123)
Marketing	79	350	519	(254)	(27)	(173)
Television	-	-	-	-	-	-
Events	-	1,077	2,567	-	(384)	(1,019)
	<u>383</u>	<u>2,073</u>	<u>4,838</u>	<u>(766)</u>	<u>(570)</u>	<u>(1,315)</u>
Goodwill amortisation				(1,213)	(1,128)	(2,283)
Operating loss				(1,765)	(472)	(1,719)
Net interest				(128)	(75)	(167)
Exceptional loss on disposal of subsidiary undertakings				(321)	(178)	(2,326)
Group loss before taxation				<u>(2,214)</u>	<u>(725)</u>	<u>(4,212)</u>

Geographical analysis	Turnover			Profit/(loss) before taxation		
	6 r to 30 J 2004 £'000	6 r to 30 J 2003 £'000	Year to 31 December 2003 £'000	6 months to 30 June 2004 £'000	6 n to 30 J 2003 £'000	Year to 31 December 2003 £'000
Continuing operations						
Europe	14,196	9,182	22,981	314	1,086	2,038
North America	22,990	23,423	45,044	569	1,054	1,455
Rest of the World	12	-	53	(68)	-	(38)
Central costs (2)	-	-	-	(601)	(914)	(1,576)
	<u>37,198</u>	<u>32,605</u>	<u>68,078</u>	<u>214</u>	<u>1,226</u>	<u>1,879</u>
Discontinued operations						
Europe	304	1,723	4,319	(512)	(543)	(1,142)
North America	48	249	356	(129)	8	(27)
Rest of the World	31	101	163	(125)	(35)	(146)
	<u>383</u>	<u>2,073</u>	<u>4,838</u>	<u>(766)</u>	<u>(570)</u>	<u>(1,315)</u>

(1) Turnover for the Television division represents gross billings, except for the 6 months to 30 June 2003, which reflects commissions received. Gross billings for the 6 months to 30 June 2003 was £1,972,000.

(2) Central costs have been separately analysed to enable a direct comparison of the operating performance of each division in accordance with IFRS guidelines.

CSS STELLAR PLC
NOTES TO THE ACCOUNTS

For the period ended 30 JUNE 2004

3. EXCEPTIONAL ITEMS

	6 months to 30 June 2004 £'000	6 months to 30 June 2003 £'000	Year to 31 December 2003 £'000
Exceptional administrative expenses			
Provision for significant bad debts	-	-	50
Costs of restructuring	-	-	117
	<u>-</u>	<u>-</u>	<u>167</u>
Exceptional items			
Loss on disposal of subsidiary undertakings	<u>(321)</u>	<u>(178)</u>	<u>(2,326)</u>

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 2004				
Earnings	<u>(2,116)</u>			
Adjusted earnings	<u>(141)</u>			
Basic earnings per share				
Earnings attributable to ordinary shareholders		26,574,359	<u>(7.96)</u>	<u>(0.53)</u>
Dilutive effect of securities - options and warrants		<u>2,305,256</u>		
Diluted earnings per share		<u>28,879,615</u>	<u>(7.96)</u>	<u>(0.53)</u>
6 months ended 30 June 2003				
Earnings	<u>(890)</u>			
	<u>315</u>			
Basic earnings per share				
Earnings attributable to ordinary shareholders		25,761,545	<u>(3.45)</u>	<u>1.22</u>
Dilutive effect of securities - options and warrants		<u>2,722,257</u>		
Diluted earnings per share		<u>28,483,802</u>	<u>(3.45)</u>	<u>1.11</u>
Year ended 31 December 2003				
Earnings	<u>(4,474)</u>			
Adjusted earnings	<u>688</u>			
Basic earnings per share				
Earnings attributable to ordinary shareholders		26,088,513	<u>(17.15)</u>	<u>2.64</u>
Dilutive effect of securities - options and warrants		<u>806,422</u>		
Diluted earnings per share		<u>26,894,935</u>	<u>(17.15)</u>	<u>2.56</u>

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

For the period ended 30 JUNE 2004

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 2003 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.