Company Registration Number 3740688

CSS STELLAR PLC

REPORT AND FINANCIAL STATEMENTS

31 December 2006

CSS STELLAR PLC

REPORT AND FINANCIAL STATEMENTS 2006

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2006 HIGHLIGHTS

- Results ahead of market expectatıons
- Turnover on contınuıng operatıons up by 13 6% to £31 6m (2005 £27 9m)
- Operatıng profit on contınuıng operatıons before amortısatıon of goodwıll ıncreased by 89% to £1 5m (2005 £0 8m)
- Group EBITDA on contınuıng operatıons of £1 9m (2005 £1 2m)
- Improved profit ın the US Marketıng dıvısıon of £356,000 (2005 loss of £83,000)
- Central overheads reduced further by 17%

Commenting on the results Peter Owen, Chairman, stated:

> ***"We are pleased wıth the improved performance of the group in 2006. The increase in turnover and profit is due to better results in our Events division, recovery in our North American marketing division, and a contınuıng reduction in central overheads. Trading has begun satisfactorily in 2007."***

CHAIRMAN'S STATEMENT

Overview & Strategy

The Group's results for 2006 showed continued improvement with significant achievement throughout the Group, and increased profits in our core businesses Strategically the Group is now reviewing how to optimise shareholder value through the development or realisation of value from each of its existing businesses

Financial Results

The 2006 results were comfortably ahead of market expectations with an operating profit on continuing operations before amortisation and impairment of goodwill of £1 5 million (2005 £0 8 million) Turnover of £31 6 million was 13 6% ahead of the prior year (2005 £27 9 million), after excluding turnover on operations discontinued in 2005

The reasons for the 89% increase in adjusted operating profit are contained in a more detailed operational and financial review In summary they are

- Improvement in the USA, where GEM Minneapolis has performed ahead of expectations
- Improvement in the profitability of the Sports Talent business, particularly in the USA
- Icon's events business having the best year in its history
- Continued reduction in central overhead costs

The Group also repaid bank debt in the year of £0 4m (2005 £2 1m), with a year end liability of £1 4m (2005 £1 8m)

Current Trading

The Group's first two months of trading in 2007 are in line with the Board's expectations

Board Changes

As announced last year, John Webber retired from the Board in March 2006, and was replaced by Peter Owen as non-executive chairman Kevin Rose resigned as Group Finance Director in March 2006 and Sean Kelly, CEO and previously finance director, has overseen the finances of the Group In October 2006, Duncan Soukup joined the Board as a non-executive director

I would like to thank all our employees for their considerable efforts throughout 2006, a year in which the results are much improved

Peter Owen
Chairman
12 June 2007

OPERATING AND FINANCIAL REVIEW

Group Review of 2006

The 2006 results are a significant improvement on 2005, as the Group has benefited from the restructuring work across the Group in 2004 and 2005

The Group made an operating profit of £118,000 in 2006, compared with an operating loss of £16 2 million in 2005 The loss in 2005 was significantly impacted by an exceptional impairment charge of £14 8 million to reflect a write down in the carrying value of goodwill If this exceptional charge is excluded, the 2006 operating profit represents a significant improvement on an operating loss of £1 4 million

Turnover on continuing operations for the year was £31 6 million, an increase of 13 6% on 2005 (£27 9 million) The increase was due to growth in Icon (Events) and Talent Management

Operating profit on continuing operations before goodwill amortisation increased to £1 5 million (2005 £0 8 million), an increase of 89%, and the Group's EBITDA on continuing operations was £1 9 million (2005 £1 2 million) This increase is due to the strong performance in our Events division, in addition to a recovery in our North American marketing division, and a continuing reduction in central overheads

In 2006 the Group faced several issues that have now been dealt with

- Unprofitable businesses now stabilised - in particular GEM in the USA
- Surplus property costs now removed
- Profitability on operating businesses now at 14 7% EBITDA to gross profit, which is acceptable in the industry
- Central costs stabilised at £0 7 million per annum or 3 6% of gross profit

The improvement in operating profit on continuing operations before goodwill amortisation is analysed as follows

	2006 £'000	2005 £'000	Increase/ Decrease £'000
Talent Management	1,049	1,128	(79)
Marketing - GEM	356	(83)	439
Events - Icon	810	623	187
Central costs	(736)	(887)	151
Operating Profit	1,479	781	698

The primary reasons for these changes are improvements in trading, greater operational efficiencies and the reduction in non-productive overhead The decline in Talent is as a result of higher remuneration costs for senior agents and the continuing investment in PFD New York, which has reduced profitability

OPERATING AND FINANCIAL REVIEW (continued)

Gross profit is the other key guide to our businesses performance, and the most significant cost in these people businesses is salary and benefits

There was improvement in the following key ratios

	2006	2005
Gross profit per employee	£87,058	£76,048
Salary/ Gross profit	69%	74%
EBITDA per employee	£8,220	£4,890

The individual units are discussed in more detail below

Talent Management

Our Talent Management division reported turnover of £14 1 million for the year, an increase of 16 6% on 2005 Operating profit of £1 0 million was approximately in line with the prior year (£1 1 million) The gross profit shows a smaller increase of 5 1% in 2006 at £12 4 million (2005 £11 8 million)

Entertainment

The Group's Entertainment talent division consists almost entirely of The Peters Fraser & Dunlop Group Limited ("PFD"), which is one of the oldest and largest talent agencies in Europe

PFD's clients continued to achieve notable successes during the year In particular

Within Film, Television and Theatre

- Kate Winslet was nominated for Best Actress both for an Oscar and a Golden Globe for "Little Children",
- Toni Collette was nominated for a Golden Globe for Best Actress (Musical or Comedy) for "Little Miss Sunshine",
- Dan Mazer was nominated for an Oscar for Best Adapted Screenplay for "Borat Cultural Learnings of America For Make Benefit Glorious Nation of Kazakhstan",
- Jenna Russell won Best Actress in a Musical for "Sunday in the Park with George" at the Olivier Awards,
- Alan Bennett's "The History Boys" won the award for Best Play at the 2006 Tony Awards, in addition to five other awards, making it the most honoured play on Broadway since 1949,
- Anna Maxwell Martin won Best Actress at the 2006 BAFTA Awards for her role in Bleak House, and
- James McEvoy was nominated Best Actor in a Supporting Role for "The Last King of Scotland" at the 2007 BAFTA's

OPERATING AND FINANCIAL REVIEW (continued)

Within the Literary Division

- Neil Griffiths' literary thriller "Saving Caravaggio" is shortlisted for Best Novel in the Costa Book Awards (formerly the Whitbread prize),
- Ally Kennen ("Beast") and John Boyne ("The Boy in the Striped Pyjamas") have both been nominated for the 2006 Carnegie Medal,
- Alan Bennett received the PEN/J F Ackerley prize for literary autobiography, and
- Alan also won "Author of the Year" at the 2006 British Book Awards

Other PFD clients who achieved notable successes during the year included Richard Curtis, who won Outstanding Made for TV movie and Outstanding Writing at the 2006 Primetime Emmy Awards for "Girl in the Cafe", Keira Knightley, who starred in the Hollywood blockbuster "Pirates of the Caribbean II", and Kevin MacDonald, who directed "Last King of Scotland", which won a BAFTA for Outstanding British Film in 2007

Sports

The Sports division's clients achieved notable successes during the year Within Motorsports, following his victory in the 2005 IRL Championship, Dan Wheldon was runner up in the 2006 Championship, having tied on points with the eventual champion Sebastien Loeb was crowned World Rally Champion for the third consecutive year, and Allan McNish won the 2006 American Le Mans Series Championship for the second time In 2006 we also signed the up and coming NASCAR driver, A J Allmendinger, and continued our management of Milka Duno through the Citgo motorsports programme Juan Pablo Montoya left Formula One to race for NASCAR The growth in the client base in the USA over the last four years has meant that in 2007 the expectation is that 55% of income will be generated by US-based clients

As anticipated in the 2005 results review, the Golf division is now operating profitably, and our clients achieved success 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 Sandy Lyle released his autobiography, "To the Fairway Born" in 2006 to critical acclaim

In Football, our relationship with the England football team ended after the 2006 World Cup in Germany

OPERATING AND FINANCIAL REVIEW (continued)

Marketing

The Marketing division recorded an operating profit of £356,000 (2005 loss of £83,000) The return to profitability has arisen as a result of the closure of several offices and the consequent reduction in overheads

Turnover of £6 0 million was a reduction of 6 2% on 2005 The fall in turnover has arisen following the restructuring undertaken in 2005, when a number of underperforming offices were closed down The benefits of this restructuring have been evident in the improved results, and in a profit margin in 2006 which improved to 6 0% (2005 loss of 1 3%)

The Marketing division now has two North American operations, in Minneapolis and New York There was a strong performance by our Minneapolis operation, which has been streamlined following its establishment as an independent unit operating under local management throughout 2006

GEM Minneapolis has provided brand design and packaging, marketing and photography studio and catalogue services to Best Buy, the leading US electronics retailer, and 3M, and catalogue marketing services to Fingerhut Direct Marketing

GEM's New York office is a promotional marketing specialist, which has a niche in the cable TV industry and in the use of the Olympic Games by top sponsors such as NBC and GE In addition, GEM carried out an online and on pack promotion for GE Lighting, and the delivery of strategic marketing, production and activation for a retail driven 'instant win' promotion for Fujifilm

Events

Our Events division has had another excellent year in 2006 Turnover of £11 6 million represents an increase of 23% (2005 £9 4 million) and has resulted in an operating profit of £0 8 million (2005 £0 6 million), an increase of 30% The 2006 Gross profit was £3 9 million (2005 £3 3 million)

The increase during the year is due in part to the 2006 FIFA World Cup, and the late call up to work on the 2006 Ryder Cup in Ireland

Icon played a pivotal role in delivering the look of the 12 host stadia at the World Cup in Germany, working closely with FIFA to design and install all internal and external stadium dressing Icon were also appointed to assist with major elements of the branding programme for the Ryder Cup at the K Club in Ireland, and were responsible for the production, installation and operation of the rotating advertising units at the event, and also designed, produced and installed all directional signage

OPERATING AND FINANCIAL REVIEW (continued)

Icon also worked with Chelsea FC to provide branding for their end of season parade of the Premiership trophy, and also designed and installed all static tier dressing at Arsenal FC at their new Emirates stadium

The company provided all branding to the BMW Golf Championship at Wentworth, as well as continuing relationships with clients such as UEFA and TEAM for The Champions League, World Snooker and the ECB Following on from Icon's opening of offices in Qatar, Icon has designed, produced and installed branding solutions for the International Triathlon Union World Cup and Qatar Masters Golf championship, and has recently coordinated branding and signage at the Abu Dhabi F1 festival

Central Costs

Central costs for 2006 were £0 7 million, a reduction of 17% (2005 £0 9 million) Costs continue to be monitored closely, with savings continuing to be made During the year, the Group negotiated the surrender of surplus property, which will yield savings of £325,000 across the Group in future years, and staff cost reductions have been achieved both in the UK and the US

Interest Payable

The net interest payable by the Group in 2006 was £144,000 (2005 £348,000) The reasons for the decrease are the continued reduction in bank debt to £1 4 million at 31 December 2006 (2005 £1 8 million), better management of the overdraft facility and higher levels of interest received (2006 £141,000, 2005 £99,000) on cash deposits

Goodwill

Following the impairment provision of £14 8 million made in 2005, the Board have again reviewed the goodwill held in the Balance Sheet and continue to believe that the carrying value of the Group's goodwill of £18 0 million is appropriate The amortisation charge in the year is £1 4 million (2005 £1 9 million) Goodwill has been amortised over periods of 5 to 20 years

Taxation

The Group's tax charge was £0 5 million (2005 £0 1 million), which relates entirely to the UK operations, due to losses carried forward in our overseas subsidiaries The increase in the charge reflects the Group's return to profitability

Earnings per Share

Unadjusted earnings per share on a basic and fully diluted basis shows a loss of 2 2p per share (2005 loss of 60 3p) Once the figure is adjusted for amortisation of goodwill, the fully diluted earnings per share are 2 5p (2005 1 0p)

OPERATING AND FINANCIAL REVIEW (continued)

Foreign Exchange

The Group's earnings are exposed to the movement in the US Dollar The average US Dollar rate in 2006 was $1 84 to the Pound (2005 $1 82), although the rate at 31 December 2006 weakened to $1 96 to the Pound (2005 $1 72)

Bank Debt

The Group's gross bank debt at 31 December 2006 was £3 6 million (2005 £3 4 million) of which £1 4 million is bank debt (2005 £1 8 million), and the remainder an overdraft to finance working capital During the year £0 4 million of borrowings were repaid, financed through cash from operations

Cash Flow

The cashflow statement shows an increase in cash of £124,000, a significant improvement on 2005, which showed a decrease in cash of £477,000 Net cash inflow from operating activities has also improved to £1 0 million (2005 £284,000)

Transition to International Financial Reporting Standards

The London Stock Exchange has now confirmed its intention to mandate International Accounting Standards for AIM registered companies from 2007 onwards The Group will apply these policies for the first time in the Group's Annual Report for the year ending 31 December 2007 Consequently, the Group's Interim Results for the six month period 30 June 2007 will be presented under IFRS together with restated information for the six months ended 30 June 2006 and the year ended 31 December 2006

The Group has identified that the principal differences between IFRS and the Group's UK GAAP accounting policies relate to Goodwill, Deferred Taxation, and Financial Instruments International Accounting Standards require that goodwill is not amortised, but is subject to an annual impairment review and no longer amortised The scope of IAS 12 "Income Taxes" is wider than that required by corresponding UK GAAP, and requires deferred tax to be provided on all temporary differences rather than only timing differences under UK GAAP IAS 32 and IAS 39, which cover Financial Instruments, will require the Group to account for all financial instruments at either fair value or amortised cost

Sean Kelly
Chief Executive Officer
12 June 2007

BOARD OF DIRECTORS

Directors	P E Owen, Non-Executive Chairman
	J A R Jakobi, Deputy Chairman
	S A Kelly, Group Chief Executive
	C D Soukup, Non-Executive
Secretary	M R Ireland
Registered Office	Drury House 34 - 43 Russell Street London WC2B 5HA
Company Registration Number	3740688

INFORMATION ON THE BOARD OF DIRECTORS

P E Owen, Non-Executive Chairman

Peter joined the Group prior to its flotation in December 2000 as a non-executive director Peter was Executive Chairman of Cox Insurance Holdings Plc until its recent sale, he is currently Chairman of silverjet plc and holds non-executive directorships in Clear Technology Inc and Excel Airways

J A R Jakobi, Deputy Chairman

Julian left IMG after 14 years in 1992 having held the position of Senior International Vice President in charge of the European Motorsport division He subsequently founded the business which became the core of CSS Stellar's sports division

S A Kelly, Group Chief Executive

Sean is a Chartered Accountant and joined the Group as Finance Director in 2000 having previously been a Senior Vice President at IMG, and Managing Director of PGA European Tour Courses PLC In 2002 he became President of the North American operations and in May 2004 he was appointed Chief Executive of the Group

C D Soukup, Non-Executive

Duncan joined the Group as a non-executive director on 12 October 2006 Duncan has a wide variety of experience as a director of both listed and unlisted companies, most recently as a director of Telspec plc and Acquisitor Holdings

PROFESSIONAL ADVISERS

Nominated Adviser and Broker	Bridgewell Securities Limited Old Change House 128 Queen Victoria Street London EC4V 4BJ
Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Bankers	Barclays Bank plc 27 Soho Square London W1A 4WA
Solicitors	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0LA

DIRECTORS' REPORT

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2006

Principal Activities

CSS Stellar Plc is the holding company for a group of companies operating internationally in the marketing, entertainment and sports industries

Group Results

The Group results are set out on page 17 The Group made an operating profit of £118,000 (2005 loss of £16,184,000) The Directors do not recommend payment of a dividend (2005 £nil) The loss after taxation amounted to £495,000 (2005 loss of £17,426,000)

Review of the Business

A review of the business for the year is set out in the Chairman's Statement and the Operating and Financial Review

Directors

Details of Directors are set out on pages 9 and 10 All held office throughout the year, except Duncan Soukup, who was appointed on 12 October 2006 John Webber resigned as non-executive Chairman on 8 March 2006 and was replaced by Peter Owen Kevin Rose resigned on 24 March 2006

The beneficial interests of the Directors in office at the year end in the shares of the Company at 31 December 2006 and at 1 January 2006 were as follows

	31 December 2006 50p Ord Shares No	%	1 January 2006 50p Ord Shares No	%
CD Soukup	8,543,000	29 48	-	-
JAR Jakobi	4,336,246	14 96	4,283,746	14 78
SA Kelly	178,000	0 61	178,000	0 61
PE Owen	13,888	0 05	13,888	0 05

Details of Directors' interests in share options and warrants are set out in note 24 to the Financial Statements

Substantial Shareholding

As at 6 March 2007, the Company had been notified of the following substantial holdings in the ordinary share capital other than those of the Directors

	50p Ordinary Shares No	%
Gartmore Investment Management Limited	2,101,613	7 3

Corporate Governance

Audit and Remuneration Committees have been established and in each case comprised Peter Owen as Chairman and Sean Kelly during the year

The role of the Remuneration Committee is to review the performance of the executive directors and to set the scale and structure of their remuneration, including bonus arrangements The Remuneration Committee also administers and establishes performance targets for the Group's employee share schemes and executive incentive schemes for key management In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code

The Audit Committee is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, and receives and reviews reports from management and the Company's auditors on the internal control systems in use throughout the Group and its accounting policies

Suppliers' Payment Policy

Our strategy is to have mutually beneficial long term relationships with our suppliers The Group's policy is to agree the terms of payment with suppliers in advance and abide by those terms The Company has no trade creditors and at the year end, the Group's trade creditors amounted to 53 days (2005 53 days) of average supply during the year

Charitable Contributions

During the year the Group made charitable donations amounting to £22,410 (2005 £8,855)

Directors' Indemnities

In accordance with the Companies (Audit Investigations and Community Enterprise) Act 2004, which came into force on 6 April 2005, the Company has indemnified the Directors against liability to third parties, and undertaken to pay Directors' legal costs as incurred, provided that they are reimbursed to the Company if the individual is convicted

Key Performance Indicators

The Board monitor the progress of the Group against its strategic objectives on a regular basis The performance of the Group is measured against strategy, budgets and forecasts using a variety of financial and non-financial indicators The most significant Key Performance Indicators ("KPI's") used by the Group, and the basis of calculation are set out below

Non Financial KPI's

As a sports marketing and entertainment business, the Group's most important assets are its people, and one of the Board's major objectives is to ensure the retention and continued motivation of its key employees

On a continuing operational basis, the Group has 237 employees, compared with 260 employees in 2005, excluding those businesses closed down or sold during that year The reduction is due to a scaling down of our GEM operation in the USA which is now completely focused on New York and Minneapolis

The Group also seeks to reward and motivate staff through the Group Executive Share Option Scheme 1 1 million options were issued in 2006 as part of the Group's ongoing commitment to ensure key staff feel appropriately valued

As a sports marketing and entertainment business operating in two continents, the Board also places significance on the retention of key customers Across the Group, only two significant contracts have ended during 2006, and the impact of these losses has been mitigated through the conversion of new business opportunities, and a reduction in the overall overhead level within the business Within our Talent Management business, which has over 2000 clients, there were no other significant client losses

Financial KPI's

The Board uses the following KPI's to monitor and assess the performance of the Group and its individual businesses As noted above, talent form a critical component of our business, and ratios focused on employees are therefore significant With the exception of the current ratio, all KPI's are measured on continuing operations

Measure	2006	2005	Method of calculation
Gross Profit Percentage	65%	71%	Gross profit expressed as a percentage of turnover
Gross Profit per employee	£87,058	£76,048	Gross profit generated per employee
EBITDA per employee	£8,220	£4,890	Earnings before Interest, Tax, Depreciation and Amortisation generated per employee
Salary per employee	£59,641	£56,465	Average total payroll cost per employee
Salary/Gross Profit	69%	74%	Salary costs as a proportion of gross profit
Current ratio	94%	107%	Current liabilities expressed as a proportion of current assets
Turnover Growth	14%	2%	Turnover growth on the prior year expressed as a percentage

These KPI's are discussed in more detail in the Operating and Financial Review

Financial risk management objectives and policies

The Group uses financial instruments, comprising cash, short-term borrowings, trade debtors and trade creditors, which arise directly from its operations The main purpose of these financial instruments is to raise finance for the Group's operations
The Group uses a mixture of shares, deferred loans, cash and deferred consideration for acquisitions to minimise risk and maximise returns
The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk Short term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures The Board reviews and agrees policies for managing each of these risks
The Group finances its operations through a mixture of retained profits and bank facilities

Credit Risk

The Group's principal financial assets are bank balances, trade and other debtors, which represent the Group's maximum exposure to credit risk in relation to financial assets Credit risk arises largely in respect of trade debtors

Interest Rate Risk

The Group's policy is to manage exposure to interest rate fluctuations on its borrowings by the use of floating facilities and short term deposits

Liquidity Risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet forseeable needs and to invest cash assets safely and profitably Short term flexibility is achieved through bank overdraft facilities

Currency Risk

The Group's operations take place internationally Sales are invoiced principally in sterling and US dollars
The Directors continually monitor currency exposure

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985

Annual General Meeting

Notice of the forthcoming Annual General Meeting will be enclosed separately

By order of the Board

Mark Ireland

M R Ireland
12 June 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period

In finalising the 2006 report and accounts, it was identified that certain share transactions entered into between October 2005 and January 2006 had occurred at a time when the Company had ceased to have sufficient distributable reserves The directors have reviewed the circumstances and legal and financial effects of the various transactions in conjunction with its legal advisers, Nominated Adviser and independent counsel The directors (excluding Duncan Soukup, non-executive director) are satisfied that the substance of the transactions is fairly represented in the financial statements, and in the opinion of the directors (excluding Duncan Soukup) those financial statements give a true and fair view of the effect of these transactions It is intended by the directors (excluding Duncan Soukup) that at the forthcoming Annual General Meeting resolutions will be proposed to remedy any issues that have arisen from these transactions

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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements, and

- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that 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 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the Directors are aware
- there is no relevant audit information of which the Group's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CSS STELLAR PLC

We have audited the Group and Parent Company Financial Statements (the "financial statements") of CSS Stellar Plc for the year ended 31 December 2006 which comprise the accounting policies, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, and the notes 1 to 34 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 an auditors' 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 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 United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) 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 (United Kingdom 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 Directors' Report is consistent with the Financial Statements The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Review of the Business in the Directors' Report

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 This other information comprises only the Directors' Report, Chairman's Statement, and the Operating and Financial Review 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 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 the 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

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 the parent company's affairs as at 31 December 2006 and of the group's loss 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 Directors' Report is consistent with the financial statements

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London
12 June 2007

Grant Thornton UK LLP

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2006

	Notes	2006 £000	2005 £000
Turnover			
- Continuing operations		31,644	27,854
- Discontinued operations		-	26,558
Group turnover	2	31,644	54,412
Cost of sales		(11,011)	(29,251)
Gross profit		20,633	25,161
Impairment of goodwill and investments	4	-	(14,769)
Amortisation of goodwill	11	(1,361)	(1,881)
Other administrative expenses		(19,154)	(24,695)
Administrative expenses - total		(20,515)	(41,345)
Operating profit/(loss)			
- Continuing operations		118	(2,476)
- Discontinued operations		-	(13,708)
	2	118	(16,184)
Exceptional items	4	-	(843)
		118	(17,027)
Interest receivable	6	141	99
Interest payable	7	(285)	(447)
Loss on ordinary activities before taxation	2	(26)	(17,375)
Tax on loss on ordinary activities	8	(469)	(51)
Loss on ordinary activities after taxation		(495)	(17,426)
Minority interests		(137)	-
Loss for the year	25	(632)	(17,426)
Loss Per Share (pence)	9	p	p
Basic		(2 2)	(60 3)
Diluted		(2 2)	(60 3)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	£000	£000
Loss for the financial year	(632)	(17,426)
Translation adjustment on opening reserves	80	20
Total losses recognised since last annual report	(552)	(17,406)

The notes on pages 21 - 39 form part of these Financial Statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2006

	Notes	2006 £000	2006 £000	2005 £000	2005 £000
FIXED ASSETS					
Intangible assets	11		18,036		19,397
Tangible assets	12		1,899		2,043
Other investments	13		41		41
			19,976		21,481
CURRENT ASSETS					
Stocks and work in progress	14	187		280	
Debtors	15	6,864		5,102	
Cash at bank and in hand	17	1,649		954	
		8,700		6,336	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(8,202)		(6,751)	
Net current assets/(liabilities)			498		(415)
Total assets less current liabilities			20,474		21,066
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	21		(894)		(1,275)
Minority Interests			(442)		(120)
			19,138		19,671
CAPITAL AND RESERVES					
Called up share capital	24		14,487		14,487
Share premium account	25		28,158		28,158
Revaluation reserve	25		620		637
Profit and loss account	25		(24,127)		(23,611)
Shareholders' funds	26		19,138		19,671

These Financial Statements were approved by the Board of Directors on 12 June 2007

SA Kelly
Director

JAR Jakobi
Director

The notes on pages 21 - 39 form part of these Financial Statements

COMPANY BALANCE SHEET

As at 31 December 2006

	Note	2006 £000	2006 £000	2005 £000	2005 £000
FIXED ASSETS					
Investments in subsidiaries	13		23,201		23,201
Other investments	13		41		41
			23,242		23,242
CURRENT ASSETS					
Debtors	15	1,573		1,890	
Cash at bank and in hand	17	-		-	
		1,573		1,890	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(2,123)		(2,675)	
Net current liabilities			(550)		(785)
Total assets less current liabilities			22,692		22,457
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	21		(861)		(1,223)
			21,831		21,234
CAPITAL AND RESERVES					
Called up share capital	24		14,487		14,487
Share premium account	25		28,158		28,158
Profit and loss account	25		(20,814)		(21,411)
Shareholders' funds			21,831		21,234

These Financial Statements were approved by the Board of Directors on 12 June 2007

S A Kelly
Director

JAR Jakobi
Director

The notes on pages 21 - 39 form part of these Financial Statements

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2006

	Note	2006 £000	2006 £000	2005 £000	2005 £000
Cash inflow from operating activities	27		1,044		284
Returns on investments and servicing of finance					
Interest paid		(276)		(447)	
Interest received		141		99	
Interest element of finance lease payments		(9)		-	
Net cash outflow from returns on investments and servicing of finance			(144)		(348)
Taxation			(45)		(20)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(334)		(350)	
Sale of tangible fixed assets		9		15	
Net cash outflow from capital expenditure and financial investment			(325)		(335)
Acquisitions and disposals					
Purchase of investments		-		(41)	
Disposal of subsidiaries		-		2,546	
Net cash disposed of with subsidiaries		-		(540)	
Net cash inflow from acquisitions and disposals			-		1,965
Net cash inflow before financing			530		1,546
Financing					
Repayment of borrowings	29	(362)		(2,080)	
New finance leases		-		57	
Capital element of finance lease rentals	29	(44)		-	
Net cash outflow from financing			(406)		(2,023)
Increase/(decrease) in cash	28		124		(477)

The notes on pages 21 - 39 form part of these Financial Statements

1 Accounting Policies

The Financial Statements are prepared in accordance with applicable United Kingdom accounting standards (UK GAAP) The principal accounting policies of the Group are set out below The policies have remained unchanged from the previous year, with the exception of FRS 20 Share Based Payments, and the Board consider them to be the most appropriate for the Group

Basis of Preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of land and buildings The Directors have prepared cashflow forecasts which show that the Group will be able to meet its financial obligations for at least twelve months from the date of approval of these financial statements Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis

In finalising the 2006 report and accounts, it was identified that certain share transactions entered into between October 2005 and January 2006 had occurred at a time when the Company had ceased to have sufficient distributable reserves The directors have reviewed the circumstances and legal and financial effects of the various transactions in conjunction with its legal advisers, Nominated Adviser and independent counsel The directors (excluding Duncan Soukup, non-executive director) are satisfied that the substance of the transactions is fairly represented in the financial statements, and in the opinion of the directors (excluding Duncan Soukup) those financial statements give a true and fair view of the effect of these transactions It is intended by the directors (excluding Duncan Soukup) that at the forthcoming Annual General Meeting resolutions will be proposed to remedy any issues that have arisen from these transactions

Basis of Consolidation

The Group Financial Statements consolidate those of the Company and of its subsidiary undertakings for the financial year ended 31 December 2006
On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date

Associated Undertakings

Undertakings other than subsidiary undertakings, in which the Group has an investment of at least 20% of the shares and over which it exerts significant influence, are treated as associates

Turnover

Talent Management
Turnover represents commission recognised on an agent basis when contractually due from clients

Marketing
Turnover represents fees and advertising sales, recognised when the services are performed in accordance with contractual arrangements for client representation and sales invoiced to third parties

Events
Turnover represents gross fees and sales of materials Turnover is recognised on performance of services in accordance with contractual arrangements, and sales of materials are recognised on delivery

Turnover excludes value added tax and similar sales related taxes

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value

Intangible Fixed Assets

Goodwill
Goodwill represents the excess of the fair value of consideration over the fair value of the separable net assets and liabilities of businesses acquired and is amortised through the profit and loss account in equal instalments over its useful economic life Provision is made for any impairment

Pensions

The Group makes payments to certain employees to enable them to contribute to their own personal pension plans The amounts charged to the profit and loss account represent amounts payable in respect of the period

Depreciation

Provision for depreciation of tangible assets is made on a straight line basis at rates calculated to write off the cost or valuation of the assets, less their estimated residual values, over their expected useful economic lives as follows

Freehold property	3 3% per annum
Motor vehicles	25% per annum
Event equipment	20 - 33% per annum
Office equipment	33% per annum
Furniture and fittings	15-25% per annum
Leasehold improvements	over the term of the lease

No depreciation is charged on freehold land

1 Accounting Policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value Cost represents materials, direct labour, sub-contracted work and appropriate production overheads

Work in Progress

Work in progress comprises costs incurred on work not yet completed and is stated at the lower of cost and net realisable value

Leases

Leases where substantially all of the risks and rewards of ownership are not transferred to the group are treated as operating leases Rentals under operating leases are charged against profits on a straight-line basis over the period of the lease Operating lease incentives are recognised, on a straight-line basis, as a reduction of the rental expense over the shorter of the lease term and the period to the first rent review where market rentals will be payable

Rental income from these operating leases is recognised on a straight-line basis over the period of the lease Operating lease incentives offered by the group are accounted for as a reduction of the rental income and are allocated over the shorter of the lease term and the period to the first rent review where market rentals will be receivable

Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date The financial statements of foreign subsidiaries and associates are translated at the rate of exchange ruling at the balance sheet date The exchange differences arising from the translation of the opening net investment in subsidiaries and associates are taken directly to reserves Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets (including equity investments), they are taken to reserves and off-set against the differences arising from the translation of those assets All other exchange differences are dealt with through the profit and loss account

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities Dividends and distributions relating to equity instruments are debited directly to reserves

Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those which are included in the financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Share Based Payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2005 are recognised in the financial statements

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets)

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "other reserves"

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates Any cumulative adjustment prior to vesting is recognised in the current period No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium

2 Analysis of Trading and Net Assets

Class of Business

Divisions	Turnover 2006 £000	Turnover 2005 £000	Profit/(loss) before taxation 2006 £000	Profit/(loss) before taxation 2005 £000	Net assets/(liabilities) 2006 £000	Net assets/(liabilities) 2005 £000
Continuing operations						
Talent Management	14,089	12,088	1,049	1,128	(1,205)	(1,959)
Marketing	5,959	6,354	356	(83)	(2,076)	(2,154)
Events	11,596	9,412	810	623	1,918	1,858
Central costs/net assets (1)	-	-	(736)	(887)	20,501	21,926
	31,644	27,854	1,479	781	19,138	19,671
Discontinued operations						
Talent Management	-	-	-	-	-	-
Marketing	-	26,558	-	(315)	-	-
Events	-	-	-	-	-	-
	-	26,558	-	(315)	-	-
Impairment of goodwill			-	(14,769)		
Goodwill amortisation			(1,361)	(1,881)		
Operating profit/(loss)			118	(16,184)		
Net interest			(144)	(348)		
Exceptional items			-	(843)		
Group loss before taxation			(26)	(17,375)		

Geographical market

	Turnover 2006 £000	Turnover 2005 £000	Profit/(loss) before taxation 2006 £000	Profit/(loss) before taxation 2005 £000	Net assets/(liabilities) 2006 £000	Net assets/(liabilities) 2005 £000
Continuing operations						
Europe	23,710	20,767	1,870	1,619	713	(102)
North America	7,934	7,087	345	49	(2,076)	(2,153)
Central costs/net assets (1)	-	-	(736)	(887)	20,501	21,926
	31,644	27,854	1,479	781	19,138	19,671
Discontinued operations						
Europe	-	3,284	-	102	-	-
North America	-	23,274	-	(417)	-	-
	-	26,558	-	(315)	-	-

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

The origin and destination of turnover, profit/(loss) before taxation and net assets are not materially different

Cost of sales, amounts written off goodwill and administrative expenses are analysed between continuing and discontinued operations below

	Continuing Operations 2006 £000	Discontinued operations 2006 £000	Total 2006 £000	Continuing Operations 2005 £000	Discontinued operations 2005 £000	Total 2005 £000
Cost of sales	11,011	-	11,011	8,083	21,168	29,251
Impairment of goodwill	-	-	-	1,776	12,993	14,769
Amortisation of goodwill	1,361	-	1,361	1,481	400	1,881
Other admin expenses	19,154	-	19,154	18,990	5,705	24,695

3 Loss on Ordinary Activities Before Taxation

	The Group	
	2006	2005
	£000	£000
Loss on ordinary activities before taxation is after charging/(crediting)		
Depreciation of tangible fixed assets		
Owned assets	409	473
Assets under hire purchase agreements and finance leases	60	137
Profit on disposal of fixed assets	(9)	(15)
Operating lease rentals - other	842	1,614
Auditors' remuneration		
Audit services		
- Parent company	6	8
- Group	24	21
- Taxation	13	11
Non-audit services		
- Audit of subsidiaries	41	116
- Interim fee	12	12
- Taxation compliance	11	12

There was no material difference between the profit disclosed in the profit and loss account and the profit on an unmodified historical cost basis

4 Exceptional Items

Impairment of goodwill and investments

Impairment of goodwill	-	13,713
Impairment of investments	-	1,056
	-	14,769

Exceptional non-operating items

Costs of restructuring	-	649
Loss on disposal of subsidiary undertakings	-	194
	-	843

5 Information Regarding Directors and Employees

Employment costs, including Directors, during the year		
Wages and salaries	12,237	15,522
Social security costs	1,589	1,449
Other pension costs	310	804
	14,136	17,775
Average number of persons, including Directors, employed	**No**	**No**
Sales	187	315
Administration	50	74
	237	389
Directors' remuneration	**£000**	**£000**
Emoluments	491	752
Pension costs	14	22
	505	774
	No	**No**
Number of Directors in money purchase pension schemes	1	2

5 Information Regarding Directors and Employees (continued)

Emoluments of the individual Directors

	Fees, salaries and taxable benefits £000	Pension contribution £000	Total £000
2006			
JD Webber	56	-	56
JAR Jakobi	226	-	226
SA Kelly	165	11	176
KG Rose	32	3	35
PE Owen	12	-	12
CD Soukup	-	-	-
	491	14	505
2005			
JD Webber	191	-	191
JAR Jakobi	226	-	226
SA Kelly	191	11	202
KG Rose	132	11	143
PE Owen	12	-	12
CD Soukup	-	-	-
	752	22	774

Included in Directors' emoluments and employment costs are the following amounts charged by entities for the services of directors whilst directors of the Group

	The Group 2006 £000	The Group 2005 £000
J Webber Finance Limited – JD Webber is a director and shareholder	-	174
FJ Associates – JAR Jakobi is a partner	201	201

6 Interest Receivable

Bank interest	141	99

7 Interest Payable

Bank loans, overdrafts and other loans repayable within five years	276	437
Hire purchase agreements and finance leases	9	10
	285	447

	The Group	
8 Tax on Loss on Ordinary Activities	**2006**	**2005**
Analysis of charge in year	**£000**	**£000**
Current tax		
United Kingdom corporation tax	493	243
Overseas taxation	-	5
	493	248
Deferred Tax		
United Kingdom		
- current year	9	(39)
- prior year	(33)	(158)
	(24)	(197)
Total tax charge on loss on ordinary activities	469	51

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

Tax charge reconciliation

	2006	2005
Loss on ordinary activities before taxation	(26)	(17,375)
Loss on ordinary activities multiplied by the standard rate of corporation tax (30%)	(8)	(5,213)
Goodwill amortisation not deductible for tax purposes	408	564
Capital allowances in excess of depreciation	(1)	122
Expenses not deductible for tax purposes	153	14
Losses in overseas subsidiaries	-	677
Utilised losses	(69)	(4)
Impairment of goodwill and loss on disposal of subsidiaries	-	4,078
Deferred tax unprovided	-	10
Other timing differences	10	-
Tax charge on loss on ordinary activities	493	248

9. (Loss) / Earnings Per Share

2006	**Earnings £000**	**Weighted average no. of shares**	**Basic per share amount pence**	**Adjusted per share amount pence**
Attributable to ordinary shareholders:				
Loss	(632)			
Amortisation of goodwill	1,361			
Adjusted earnings	**729**			
(Loss) / earnings per share		28,976,581	(2 2)	2 5
Dilutive effect of securities				
Options, warrants and shares to be issued		487,619		
(Loss) / earnings per share		29,464,200	(2 2)	2 5
2005				
Attributable to ordinary shareholders:				
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**			
(Loss) / earnings per share		28,922,957	(60 3)	1 0
Dilutive effect of securities				
Options, warrants and shares to be issued		-		
(Loss) / earnings per share		28,922,957	(60 3)	1 0

In accordance with FRS 22, the diluted loss per share is equivalent to the basic loss per share as any dilutive effect would decrease the net loss per share

10. Profit Attributable to Members of the Parent Company

As permitted by Section 230 of the Companies Act 1985, the parent company has not presented its own profit and loss account

The Company's own profit for the year after taxation amounting to £597,000 (2005 loss of £24,942,000) has been transferred to/(from) reserves

11. Intangible Assets

	Goodwill £000
Cost	
At 1 January 2006	30,195
Additions	-
Disposals	-
At 31 December 2006	30,195
Accumulated amortisation and impairment	
At 1 January 2006	10,798
Amortisation charge for the year	1,361
Disposals	-
At 31 December 2006	12,159
Net book value at 31 December 2006	18,036
Net book value at 31 December 2005	19,397

Goodwill is written off over the following number of years

Subsidiary	Number of Years
CSS International Holdings Limited	20
CSS Stellar GEM Group Inc	20
The Peters Fraser & Dunlop Group Limited	20
CSS Stellar Management Limited	20
Icon Display Limited	20
Others	5

In accordance with accounting standards, the Group regularly monitors the carrying value of its fixed assets A review was undertaken during the year to assess whether the carrying value of the assets was supported by the net present value of future cash flows derived from assets using cash flow projections for each asset in the period to 31 December 2016
The Group has prepared ten year forecasts for use as the basis for its impairment reviews Revenue growth is forecast on a basis of past evidence and future expectations Revenue growth is forecast to steadily increase throughout the ten year period Revenue growth beyond 1 January 2012 does not exceed nominal GDP Accordingly the directors believe that it is appropriate to use projections in excess of five years The discount rates for the business segments reviewed were based on a company specific pre-tax weighted average cost of capital of 5 64%
The results of the review undertaken during the year indicated that no impairment charge was required

12 Tangible Fixed Assets

	Freehold property £000	Motor vehicles £000	Event equipment £000	Office equipment, furniture and fittings £000	Total £000
The Group					
Cost or valuation					
1 January 2006	985	350	521	3,975	5,831
Translation	-	-	-	(9)	(9)
Additions	-	95	56	183	334
Disposals	-	(76)	-	(18)	(94)
At 31 December 2006	985	369	577	4,131	6,062
Accumulated depreciation					
1 January 2006	64	218	396	3,110	3,788
Charge for the year	32	74	92	271	469
Disposals	-	(76)	-	(18)	(94)
At 31 December 2006	96	216	488	3,363	4,163
Net book value at 31 December 2006	889	153	89	768	1,899
Net book value at 31 December 2005	921	132	125	865	2,043

The net book value of the Group's fixed assets includes £105,000 for motor vehicles and £88,000 for event equipment (2005 £115,000 and £124,000 respectively) in respect of assets held under finance leases

The freehold property was revalued on 16 March 2004 by Caxton, Chartered Surveyors, to a market value of £985,000 The Directors have considered the value and do not believe it to have materially changed since that date

If the freehold property had not been revalued, it would have been included on an historical cost basis at the following amounts

	Freehold property £000
Cost	394
Accumulated depreciation	(108)
	286

13. Fixed Asset Investments

	Note	The Group		The Company	
		2006	2005	2006	2005
		£000	£000	£000	£000
Subsidiary undertakings		-	-	23,201	23,201
Other investments		41	41	41	41
		41	41	23,242	23,242

	Subsidiary Undertakings	Other Investments
	£000	£000
Cost		
At 1 January and 31 December 2006	30,525	1,078
Provisions for impairment		
At 1 January and 31 December 2006	7,324	1,037
Net book value		
At 31 December 2006 and 31 December 2005	23,201	41

Other investments comprise trade investments where less than 20% of the share capital is held or there is no control

14 Stocks and Work in Progress

	The Group		The Company	
	2006	2005	2006	2005
	£000	£000	£000	£000
Raw materials	131	187	-	-
Work in progress	56	93	-	-
	187	280	-	-

15 Debtors

Amount owed by group undertakings	-	-	955	1,134
Trade debtors	2,988	2,368	-	-
Other debtors	1,898	854	618	632
Deferred tax asset (note 16)	229	205	-	-
Prepayments and accrued income	1,749	1,675	-	124
	6,864	5,102	1,573	1,890

16 Deferred Tax Asset

	The Group		The Company	
	2006	2005	2006	2005
	£000	£000	£000	£000
At 1 January 2006	205	19	-	-
Deferred tax charge for the period				
Prior Year	(9)	-	-	-
Current Year at 30%	33	186	-	-
At 31 December 2006	229	205	-	-

The deferred tax asset relates primarily to losses arising in an overseas subsidiary Since the directors believe it to be probable that these losses will be offset by taxable profits in future periods, the deferred tax asset has been recognised

17 Cash at bank and in hand

Current account	1,649	954	-	-

The Group also holds cash in trust on behalf of its clients At 31 December 2006 amounts totalling £3,460,885 were held in separately designated bank accounts (2005 £5,065,728)

18 Creditors· amounts falling due within one year

Bank loans and overdrafts (note 19)	2,642	2,071	2,123	2,675
Trade creditors	1,733	2,005	-	-
Other creditors including taxation and social security (note 20)	1,378	560	-	-
Accruals and deferred income	2,449	2,115	-	-
	8,202	6,751	2,123	2,675

19. Bank Loans and Overdrafts· amounts falling due within one year

Bank overdraft (note 22)	2,109	1,538	1,590	2,142
Bank loans (note 22)	533	533	533	533
	2,642	2,071	2,123	2,675

20 Other Creditors including Taxation and Social Security

Corporation tax	487	193	-	-
Social security and other taxes	845	296	-	-
Hire purchase agreements and finance leases (note 22)	46	71	-	-
	1,378	560	-	-

	The Group		The Company	
	2006	2005	2006	2005
	£000	£000	£000	£000
21 Creditors· amounts falling due after more than one year				
Bank loan (note 22)	861	1,223	861	1,223
Hire purchase agreements (note 22)	33	52	-	-
	894	1,275	861	1,223

The banks have, in respect of their loans, guarantees and overdraft facilities, a legal mortgage and mortgage debenture over all assets and a specific charge over the freehold properties and book debts of the Company and its subsidiaries

Amounts due under hire purchase agreements are secured on the assets to which they relate

22 Maturity of Financial Liabilities

	The Group 2006 £000	The Group 2005 £000	The Company 2006 £000	The Company 2005 £000
The financial liabilities are repayable as follows				
Within one year				
Bank and other borrowings	2,642	2,071	2,141	2,675
Finance leases	46	71	-	-
After one and within two years				
Bank and other borrowings	369	383	369	383
Finance leases	33	52	-	-
After two and within five years				
Bank and other borrowings	492	840	492	840
Finance leases	-	-	-	-
	3,582	3,417	3,002	3,898

The Group had three bank loans outstanding at the end of the year as detailed below

a) £636,000 (2005 £954,000) in respect of a flexible business loan The loan is repayable at £325,000 per annum and bears interest at 2% over base rate,

b) £609,000 (2005 £652,000) in respect of a mortgage secured over the freehold property held by the Group The loan is repayable at £58,000 per annum and bears interest at 2% over base rate,

c) £150,000 (2005 £150,000) in respect of a bridging loan The loan is repayable on demand and bears interest at 2 5% over base rate

The Group's facilities were renewed for a further twelve months on 6 March 2007

23 Financial Instruments

The Group uses financial instruments, comprising cash, short-term borrowings, trade debtors and trade creditors, which arise directly from its operations The main purpose of these financial instruments is to raise finance for the Group's operations

The Group uses a mixture of shares, deferred loans, cash and deferred consideration for acquisitions to minimise risk and maximise returns

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk Short term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures The Board reviews and agrees policies for managing each of these risks

The Group finances its operations through a mixture of retained profits and bank facilities

Credit Risk

The Group's principal financial assets are bank balances, trade and other debtors, which represent the Group's maximum exposure to credit risk in relation to financial assets Credit risk arises largely in respect of trade debtors Since the Group' customer base is diverse, the Group believes credit risk is minimal, and that no further credit risk provision is required in excess of the normal provision for bad and doubtful debts included within trade debtors

Interest Rate Risk

The Group's policy is to manage exposure to interest rate fluctuations on its borrowings by the use of floating facilities and short term deposits

At the year end the interest rate exposure of the Group arose on loans and overdrafts totalling £1,933,000 (2005 £2,463,000)

Liquidity Risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet forseeable needs and to invest cash assets safely and profitably Short term flexibility is achieved through bank overdraft facilities at the year end of £2 3 million

Currency Risk

The Group's operations take place internationally Sales are invoiced principally in sterling and US dollars The Directors continually monitor currency exposure At 31 December 2006 the Group held cash balances of US$1 0 million (2005 US$0 2 million), debtor balances of $3 9 million (2005 $1 3 million) and creditor balances of $2 0 million (2005 $2 1 million)

Fair Values

The fair values of the Group's financial instruments are considered to be not materially different to the book values

24 Called Up Share Capital

	2006 £000	2005 £000
Authorised		
60,000,000 (2005 60,000,000) ordinary shares of 50p each	30,000	30,000
Allotted, issued and fully paid		
28,976,581 (2005 28,976,581) ordinary shares of 50p each	14,487	14,487

Details of the Company's Share Options and Warrants

	At 1 January 2006 No.	Granted (lapsed/exercised) during the year No.	At 31 December 2006 No	Exercise price £	Date from which exercisable	Expiry date
Share options						
	60,000	(60,000)	-	0 50	24 10 03	24 10 10
	607,486	(78,654)	528,832	0 50	27 10 03	27 10 10
	124,000	(124,000)	-	0 80	27 10 03	27 10 10
	569,000	(543,000)	26,000	1 80	17 12 03	17 12 10
	28,850	(28,850)	-	2 82	30 01 05	30 01 12
	70,162	(30,096)	40,066	1 10	30 09 05	30 09 12
	120,000	(41,237)	78,763	0 50	02 01 06	02 01 13
	74,671	-	74,671	0 50	17 03 06	17 03 13
	395,000	(395,000)	-	0 50	18 03 06	18 03 13
	680,096	(420,837)	259,259	0 50	17 03 07	17 03 14
	894,762	(350,000)	544,762	0 53	23 03 07	23 03 14
	72,500	(17,500)	55,000	0 50	08 12 07	08 12 14
	57,500	-	57,500	0 50	08 12 07	08 12 14
	10,000		10,000	0 50	09 11 08	08 12 15
	-	10,000	10,000	0 50	24 04 09	24 04 16
	-	580,000	580,000	0 26	07 06 09	07 06 16
	-	454,899	454,899	0 27	21 06 09	21 06 16
	-	60,000	60,000	0 28	01 11 09	01 11 16
	-	15,000	15,000	0 29	30 11 09	30 11 16
Warrants						
	580,000	-	580,000	1 62	09 05 03	09 05 10
	45,000	-	45,000	2 22	17 01 04	17 01 11
	15,000	-	15,000	2 51	06 03 04	06 03 11
	10,000	-	10,000	2 00	18 06 05	18 06 12
	5,000	-	5,000	1 10	13 12 05	13 12 12
	35,000	-	35,000	0 50	17 03 06	17 03 13

The share price range during the year was £0 26 to £0 435

Directors' interests in the above share options are set out below None of the directors has any interest in warrants

SA Kelly	580,000	-	580,000	0 26	07 06 09	07 06 16
SA Kelly	190,475	-	190,475	0 53	23 03 07	23 03 14
P Owen	50,000	-	50,000	0 27	21 06 09	21 06 16

25. Reserves

The Group	Share Premium Account	Revaluation Reserve	Profit and Loss Account	Total
	£000	£000	£000	£000
At 1 January 2006	28,158	637	(23,611)	5,184
Transfer of realised revaluation reserve	-	(17)	17	-
Currency translation difference	-	-	80	80
Share based payment charge	-	-	19	19
Loss for the year	-	-	(632)	(632)
At 31 December 2006	28,158	620	(24,127)	4,651

The Company				
	£000	£000	£000	£000
At 1 January 2006	28,158	-	(21,411)	6,747
Profit for the year	-	-	597	597
At 31 December 2006	28,158	-	(20,814)	7,344

26. Reconciliation of Movements in Consolidated Shareholders' Funds

	2006	2005
	£000	£000
Loss for the financial year	(632)	(17,426)
Currency translation difference	80	20
Share based payment charge	19	-
New shares issued (including share premium)	-	168
Release of provision for shares to be issued	-	(489)
Net decrease in equity shareholders' funds	(533)	(17,727)
Opening equity shareholders' funds	19,671	37,398
Closing equity shareholders' funds	19,138	19,671

27 Reconciliation of Operating Profit/(loss) to Net Cash Inflow from Operating Activities

	The Group 2006 £000	2005 £000
Operating profit/(loss)	118	(16,184)
Depreciation charge	469	610
Amortisation of intangible assets	1,361	1,881
Impairment of goodwill	-	14,769
Decrease/(increase) in stocks	93	(109)
(Increase)/decrease in debtors	(1,856)	106
Increase/(decrease) in creditors	859	(789)
Cash inflow from operating activities	1,044	284

28. Reconciliation of Net Cash Flow to Movement in Net Debt

	2006 £000	2005 £000
Increase/(decrease) in cash in period	124	(477)
Cash outflow from decrease in net debt and lease financing	406	2,080
New finance leases	-	(57)
Net debt eliminated on disposal	-	170
Change in net debt	530	1,716
Net debt brought forward	(2,463)	(4,179)
Net debt carried forward	(1,933)	(2,463)

29. Analysis of Net Debt

	At 1 January 2006 £000	Cash flow £000	Non cash movements £000	At 31 December 2006 £000
Cash at bank	954	695	-	1,649
Overdrafts	(1,538)	(571)	-	(2,109)
	(584)	124	-	(460)
Bank debt due after 1 year	(1,223)	-	362	(861)
Bank debt due within 1 year	(533)	362	(362)	(533)
Finance leases	(123)	44	-	(79)
Total	(2,463)	530	-	(1,933)

30. Capital Commitments

There were no other capital commitments authorised and contracted for at 31 December 2006 (2005 £nil)

31. Financial Commitments

At 31 December 2006, the Group had annual commitments in respect of non-cancellable operating leases as follows

	2006 £000	2005 £000
	Land and buildings	
Leases which expire		
Within one year	103	250
Between one and five years	-	-
After five years	603	778
	706	1,028
	Other	
Within one year	12	13
Between one and five years	20	461
After five years	-	-
	32	474

32. Contingent Liabilities

The Group operates bank accounts for each company under a Standard Composite Accounting System in which any credit balances are automatically set off against any debit balances on a daily basis The Company guarantees all the individual bank borrowings of its UK subsidiaries At 31 December 2006, prior to taking account of offsetting cash at bank, the overdrafts concerned were £4,937,000 (2005 £3,114,000)

33. Additional Information on Subsidiary Undertakings

Trading Subsidiaries	Nature of business	Ownership	Incorporated In
CSS Stellar Management Limited	Talent	100*	England and Wales
CSS Stellar GEM Group Inc	Marketing	100	USA
GEM Minneapolis Inc	Marketing	75	USA
The Peters Fraser & Dunlop Group Limited	Talent	100*	England and Wales
Icon Display Limited	Events	100	England and Wales
Talent Financial Limited	Talent	100*	England and Wales
CSS Presenters Limited	Talent	100*	England and Wales
CSS International Limited	Corporate	100*	England and Wales

At 31 December 2006 all other subsidiaries were dormant
Entities marked with an asterisk (*) are directly owned by the Company

34 Related Party Transactions

Company	Sales £000	Purchases £000	Balance at 31 December Owed (To)/From £000	Directors involved
2006				
Ayrton Senna Foundation Limited	6	-	3	JAR Jakobi, Director
Fair's Fare Limited	-	4	-	JD Webber, Director
FJ Associates Partnership	-	-	-	JAR Jakobi, Partner
J Webber Finance Limited	1	5	(2)	JD Webber, Chairman
D Kuettel	-	-	143	D Kuettel
2005				
Ayrton Senna Foundation Limited	21	-	6	JAR Jakobi, Director
Fair's Fare Limited	-	17	-	JD Webber, Director
FJ Associates Partnership	-	15	(1)	JAR Jakobi, Partner
J Webber Finance Limited	2	12	2	JD Webber, Chairman

The above trading transactions were all at arms' length and mainly related to expense recharges and overheads, and are in addition to those transactions set out in note 5