

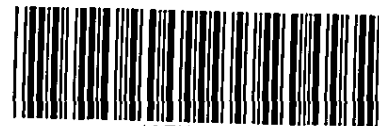
Annual Report & Financial Statements

For the year ended 31 December 2007

HOLLYWOOD MEDIA SERVICES Plc
(formerly HOLLYWOOD CATERING SERVICES LIMITED)

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HOLLYWOOD MEDIA SERVICES Plc (formerly HOLLYWOOD CATERING SERVICES LIMITED)

Annual Report 2007

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COMPANY INFORMATION

DIRECTORS

J Holmes
M Eberhardt
C Lindsay
M Johnson

SECRETARY

M Eberhardt

REGISTERED OFFICE

7th Floor
Aldermay House
10-15 Queen Street
London
EC4N 1TX

REGISTERED NUMBER

4657257

AUDITORS

Mazars LLP
Sovereign Court
Witan Gate
Milton Keynes
MK9 2HP

CHAIRMAN'S STATEMENT

I am pleased to present our full results for 2007, our first since the Company's admission to AIM. The year was one of mixed fortunes with growth in facilities sales more than offset by decline in catering with the consequence that overall sales for the year declined 2% to £1,019,000 (2006 £1,117,000). As we stated at the time of the admission, the catering services market has proved challenging and the result was a 31% decline in sales to £419,000 (2006 £604,000) for this part of the business. In contrast, facilities sales grew 31% to £672,000 (2006 £513,000), in line with management expectations. Gross profit increased by 76% to £367,000 (2006 £209,000) reflecting the change in the sales mix to the higher margin facilities services business.

Higher trading expenses are due mainly to an increase in staffing as the Company laid the foundations for future growth. The Company also incurred head office costs of £95,000 (2006 £nil) most of which relates to the costs of being a quoted company. As a result, the Company registered a loss of £91,000, before the costs of the re-organisation and admission which totalled £128,000.

Higher net interest charges at £42,000 (2006 £19,000) reflected a full years leasing charge in 2007 on facilities taken up during 2006.

As a result of the above, a loss before tax of £261,000 was incurred compared to profits of £65,000 in 2006. Loss per share was 1.0p.

In addition to the re-organisation and admission costs of £128,000 in the Income Statement, further costs of £377,000 were incurred in the admission of the Company which were written off to Share Premium account.

The Company raised £473,000 net of expenses in a placing at the time of the admission. Of this, £176,000 was invested in the facilities and catering fleet and £88,000 was used to repay certain finance leases. Cash at bank was £276,000 (2006 £4,000) and the net cash/(debt) position was £66,000 (2006 £(299,000)). Net assets at 31 December 2007 were £382,000 (2006 £45,000).

The first quarter is traditionally a slow period, however 2008 saw an even slower start than expected due to the after effects of the writers' strike in the USA and postponements of new production commissions by both the BBC and ITV. The sales trend has recently much improved with sharply higher sales during May and June. The development of our facilities and catering fleet continued with expenditure of £176,000 during 2007 and further investment in the first half of 2008. We now have the capacity to service 5 productions simultaneously compared to three in mid 2007. As anticipated the Company reached the lowest point in its cash position during recent weeks since when the position has improved in line with the uplift in sales.

In February 2008 we also acquired the rights to provide catering services to the television production "The Bill" which in 2007 delivered turnover and attributable gross profit of £1.07 million and £182,000 respectively.

In our Admission document, we stated that we would recruit a dedicated events manager. This appointment was made in 2007 and in 2008 the Company has been appointed caterers to the crews and casts of major pop festivals including Gatecrasher, Rockness, Wakestock, Latitude, Belladrum, Bloodstock, Creamfield, Reading and Leeds.

The board are encouraged by the current trading trends in facilities which, combined with the contribution from The Bill and the pop festivals, is expected to yield an improved result in the second half.

With regard to acquisitive growth, the board commenced discussions with a number of potential opportunities post the year end and these remain ongoing. Whilst there can be no certainty that any

discussions will be conclude successfully, the Board continue to believe that there are opportunities to grow the business by acquisition

As set out in our Admission document, the Company also remains committed to appointing a full time Finance Director as soon as the business justifies such an appointment and will continue to keep under review the need for an additional non executive director

I would like to thank our board and senior management team and all the staff for their dedication to the building of this business

James Holmes
Chairman
25 June 2008

A handwritten signature in black ink, appearing to be 'James Holmes', written over a horizontal line.

THE BOARD OF DIRECTORS

James Holmes (aged 35), Non-executive Chairman

James is a director of Merchant House Group Plc and is Principal of a London based business and vocational management school aimed at emerging European markets. James sits on the Company's remuneration, audit and AIM compliance committees. His role is to oversee the running of the Board and with Martin Eberhardt co-ordinate investor relations.

Martin Eberhardt ACA (aged 47), Chief Executive and Acting Finance Director

Martin qualified as a chartered accountant with Touche Ross in 1985. He spent 10 years with KPMG in senior management positions. From 1997 to 2004, he was finance director and latterly acting as chief executive officer of Roxspur Plc (now TTG Europe plc), which was a fully listed manufacturing, systems and distribution group based in the UK and Europe. In addition to being a director of C4E, he is non-executive chairman of Merchant House Group plc and a director of the Christian Alliance Housing Association Limited. As Chief Executive of the Company, Martin takes overall responsibility for the execution of the Group's agreed strategy, leading investor relations, negotiations on potential acquisitions and the delivery of the Group's results in line with agreed performance targets. Martin is also acting finance director, pending the appointment of a permanent finance director.

Carl Lindsay (aged 54), Operations Director

Carl has been in the catering trade since leaving school, initially working in the hotel sector both in the UK and Europe. In 1976, Carl managed a restaurant/wine bar and subsequently ran his own restaurant and wine bar until joining Sutcliffe Catering in 1988, part of the Granada Group and latterly Compass Group plc. Carl was employed within the C4E Group until recently. He is responsible for the operational performance of the Group as well as customer relations at a senior level and takes the lead on significant contract bids.

Michael Johnson (aged 57), Non-executive Director

Mike entered the legal profession in 1967 and qualified as a Fellow of the Institute of Legal Executives in 1974. During a career spanning more than 35 years, he worked at four leading City law firms. From 1980 to 2006, Mike was with Nabarro where he acted for a number of listed, Unlisted Securities Market and AIM companies advising on a wide range of corporate matters including primary and secondary fundraisings, takeovers, mergers and acquisitions as well as providing ongoing advice on regulatory and compliance issues. Mike sits on the remuneration and AIM compliance committees and, on an interim basis until the appointment of a further non executive director, is a member of the audit committee of the Board.

GROUP DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial period

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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 company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent, and detect fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors have taken all the necessary steps to make themselves aware, as directors, of any relevant audit information and to establish that the auditors are aware of that information

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the group is the provision of facilities and catering services to film and television location, studios and other events

On 30 April 2007, the business and certain assets of the Company were sold to Hollywood Catering Services Limited (Registered Number 06099648), a company created as a wholly owned subsidiary of the Company for £45,357

On 31 August 2007 the ordinary shares of the Company were admitted to the AIM stock market

GROUP DIRECTORS' REPORT (continued)

BUSINESS ENVIRONMENT

Products and services

The provision of services to the television and film location industry is fragmented and highly specialised with a number of private companies providing one or at most two of the several services required by a production on location

Strategy

The group's objective is to consolidate its core sector of facilities and to provide other, complementary, services to the film and television location industry to achieve economies of scale and to offer an integrated service to productions

In addition, the group's infrastructure can be used to address other markets to build new business segments such as the provision of facilities and catering to major public events

Future outlook

After a period of lower than expected activity in the first 4 months of 2008, the sales pipeline has become busy and management remain confident of the group's medium term prospects

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider that the management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks affecting the group are set out below

Competition

The market is highly competitive in regard to price and quality of service. This is managed by monitoring competitor prices, researching the outcomes of unsuccessful tenders and investing in the best available equipment

The markets in which the Group operates

The Group's business is dependent on the television and film production industry. Any changes in, or relating to, this industry could have an adverse affect on the Group's operations, financial condition and prospects. The following are some of the factors that the Directors believe could negatively impact on the television and film production industry in the UK

- the BBC licence fee settlement for the period April 2007 to April 2012 which reports suggest may have an adverse affect on content creation,
- changes to the film tax incentive regime in the UK,
- any filming and post-production technology developments could lead to a reduction in the need for location filming and/or the number of actors and production staff required on location, and
- developments in the international film industry

The group periodically reviews these risks and considers them in the course of the business planning cycle, in particular as regards future investment decisions. Management also seek to reduce the impact of these risks, eg by investing in other areas of business such as events

GROUP DIRECTORS' REPORT (continued)

Duration and timing of sales

There is no published data that covers the sector in which the group focuses and management's experience is that levels of business can be volatile. Additionally, the group is engaged by film and television production companies, typically four to eight weeks before the commencement of filming, for periods from a few weeks to six months or longer, depending on the duration of filming. Once employed the Group would expect to provide facilities and/or catering services for the duration of filming although this is not guaranteed. Consequently, there is only a short term visibility of secured work. This risk is addressed by planning organic growth to maximise utilisation of equipment and by moving into complementary services and markets that reduce the impact of volatility in one particular sector.

Dependence on key personnel

In common with other businesses of similar size and nature, the group is currently dependent upon its executive management team. Whilst it has entered into contractual arrangements to secure the services of these personnel, the retention of their services cannot be guaranteed. Accordingly, the loss of any member of the executive team may adversely affect the Group's business. In addition to the natural reduction of this risk that is anticipated as the group develops in line with its stated strategy, key personnel are subject to comprehensive service agreements and there is a policy to ensure that middle management are trained so that key responsibilities can be fulfilled following the loss of a key member of staff.

Related party transactions

The C4E Group Plc is a significant shareholder, holding 20 million shares of the 48,333,333 ordinary shares in issue at 31 December 2007. There are a number of services provided between The C4E Group Plc and its subsidiaries and the Group which provide cost savings to the group. Management are confident that in the event such services were to cease, then the group could procure them from alternate sources but at increased cost. The short term risk is managed by having all related party transactions legally contracted and these are reviewed monthly by the board.

KEY PERFORMANCE INDICATORS

In common with other businesses of similar size and nature the business is largely managed on an informal basis since the directors are closely involved in the day to day running of the business. Nonetheless, key performance indicators which are monitored by the board cover

- sales against prior year, plan and sales by unit
- gross margin percentages
- Cash generated as a percentage of profit or loss

RESULTS AND DIVIDENDS

The consolidated results for the year are disclosed in the income statement on page 18. The directors do not recommend the payment of a dividend (2006 nil). No separate profit and loss has been prepared for the Company which showed a loss before and after taxation of £128,913 (2006 profit of £64,763).

DONATIONS

No charitable donations were paid in the year ended 31 December 2007. There were no donations or subscriptions to any political party.

GROUP DIRECTORS' REPORT (continued)

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is the policy and practice of the Company to pay creditors as and when they fall due for payment, either in accordance with the Company's standard terms of payment or as negotiated with each supplier. The Group's trade creditors were equivalent to 108 days of purchases (2006: 69 days).

DIRECTORS

The directors who held office during the year under review are

J Holmes	Appointed 23 March 2007
M Eberhardt	
C Lindsay	
M Johnson	Appointed 27 April 2007
Aidan Earley	Resigned 6 February 2007

CHANGES IN SHARE CAPITAL IN THE YEAR

- (i) By a written resolution passed on 23 March 2007, the authorised share capital of the Company was increased from £1,000 to £250,000 by the creation of 249,000 new ordinary shares of £1 each ranking pari passu in all respects with the then existing ordinary shares of £1 each in the capital of the Company.
- (ii) On 23 March 2007, the Company allotted and issued a further 49,980 of new ordinary shares of £1 each.
- (iii) By written resolutions passed on 17 July 2007:
 - (a) Each of the 250,000 authorised issued and unissued Ordinary Shares of £1 of the Company were sub-divided into 800 ordinary shares of £0.00125 each in the capital of the Company ("Ordinary Shares") ranking pari passu in all respects, resulting in authorised shares of 200,000,000 of £0.00125 each, of which 40,000,000 were in issue,
 - (b) 20,000,000 of the issued Ordinary Shares forming part of the 40,000,000 issued Ordinary Shares were converted into, and re-designated as, 20,000,000 non voting preference share of £0.00125 each ("Non Voting Preference Share") having the rights and restrictions set out in the Articles of Association adopted by the Company on 17 July 2007,
 - (c) 20,000,000 of the unissued Ordinary Shares forming part of the authorised share capital of £250,000 were converted into, and re-designated as, 20,000,000 Non Voting Preference Shares,

CHANGE OF NAME

On 27 March 2007, the Company changed its name from Hollywood Catering Services Limited to Hollywood Facilities & Catering Ltd and on 24 April 2007 the Company changed its name to Hollywood Media Services Limited. On 30 July 2007, the Company was re-registered as a public limited company.

GROUP DIRECTORS' REPORT (continued)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A deed of indemnity dated 22 March 2007 and made between the Company and Martin Eberhardt (a director) pursuant to which the Company agreed to indemnify Mr Eberhardt in respect of all losses or liabilities incurred by him in respect of any payment or liability arising from any indemnity or warranty given by him in respect of any debt purchase agreements made between the Group and Close Invoice Finance Limited, including any liability incurred by him in defending or taking any legal proceedings (whether civil or criminal) in respect of any agreements in respect of which he is a guarantor

POST BALANCE SHEET EVENTS

On 7th February 2008, the group acquired the benefit of a contract for the provision of catering services in respect of the Bill television programme (the "Bill Contract") This contract was acquired from Wood Hall Catering and Events Limited ("Wood Hall"), a subsidiary of The C4E Group plc ("C4E"), together with certain assets to enable the contract to be serviced including stock, support vehicles and a number of employees The maximum consideration payable under the agreement is £575,200, of which £94,500 was paid in cash on completion and the balance as deferred consideration to be satisfied by the issue to Wood Hall of 6,856,666 non voting convertible preference shares (Preference Shares) issued at 3p per share The Preference Shares were or are due to be issued in equal instalments on 30 April 2008, 31 July 2008 and 30 October 2008 provided that the Bill Contract has not been terminated on or before the due date for payment of the relevant instalment

If the Bill Contract is renewed in accordance with its terms for up to a further 2 years from December 2008, further consideration totalling up to £275,000 will be immediately payable to Wood Hall, satisfied by the issue of up to an additional 9,166,667 Preference Shares at 3p per share

On 14 February 2008, a wholly owned subsidiary of the Company, registered in the Isle of Man, Hollywood Media Services (Isle of Man) Limited was incorporated in order to serve film and television productions based on the Isle of Man

On 17 April 2008 the Company issued and allotted, credited as fully paid, 2,333,333 new ordinary shares of 0.125p each in the Company, representing 4.61 per cent of the Company's issued ordinary share capital, (the 'New Ordinary Shares') at a price of 3 pence per share to Grundberg Mocatta Rakison LLP in settlement of professional advisers' fees incurred at the time of the Company's admission to AIM in August 2007

AUDITORS

Mazars have signified their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting

Approved by the directors on 25 June 2008 and signed on its behalf by



M Eberhardt
Director

CORPORATE GOVERNANCE

The Company has considered the Principles of Good Governance and Code of Best Practice (the Combined Code). AIM listed companies are not required to comply with the Combined Code. The Board of Directors is committed to the Code's principles of openness, integrity and accountability in dealing with the Company's affairs and believes they have always acted in the best interests of the Company. In the opinion of the Board of Directors, the costs of adopting the Combined Code in full are disproportionate with the benefits derived in the company. Therefore the Board of Directors has chosen not to fully comply with the Combined Code.

Compliance

The Company has, however, complied throughout the year with the Code provisions set out in the Combined Code with the following exceptions,

The Company has not created a Nomination Committee and therefore does not comply with provision A 4.1 of the Code.

The Company has not yet conducted a comprehensive review of the effectiveness of all internal controls although it considers its internal control procedures to be suitable for the size of company, it therefore does not comply with provision C 2.1 of the Code.

The Board of Directors

The Company is headed by the Board of Directors who lead and control the Company. The Board of Directors meets formally each month and, when necessary, also meets for any matters that may arise between these regular meetings. The Board of Directors has a formal schedule of matters reserved for its attention, such as acquisitions, capital expenditure, budgets and banking facilities, together with a monthly review of the financial and operational performance of the Group.

The Board of Directors consists of four Directors, two executive and two non-executives. The Board of Directors recognises the need to have a clear division of responsibilities to ensure the right balance of authority and accountability.

One third of the Directors are subject to re-election every year and, if appointed by the Directors to fill a casual vacancy, at the first annual general meeting after appointment.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management.

The AGM is used to communicate with investors and they are encouraged to participate. The Chairman of both the Audit and Remuneration Committees is available to answer questions.

Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to receive the annual report and accounts. The Company counts all proxy votes and will indicate the level of proxies lodged and the balance for and against on each resolution, after it has been dealt with by a show of hands. The Chairman maintains contact with the principal shareholders.

The Company uses its website as a means of providing information to shareholders and other related parties. The Company's annual report and accounts, interim results and other relevant announcements are maintained on the website.

CORPORATE GOVERNANCE (continued)

Standing Committees

The Board of Directors has standing Remuneration, Audit and AIM Compliance Committees. Each committee reports to and has its terms of reference approved by the Board of Directors. The minutes of the committee meetings are reviewed by the Board of Directors.

No Nomination Committee has been established given the small size of the Board. The Remuneration Committee presents its report on pages 13-15.

AIM Compliance Committee

In accordance with AIM Rule 31 the group is required to have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules, seek advice from its nominated adviser ("Nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account, provide the group's Nomad with any information it requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers, ensure that each of the group's directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules, and ensure that each director discloses without delay all information which the group needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

In order to ensure that these observations are being discharged, the Board has established a committee of the Board (the "AIM Committee"), chaired by Mr M Johnson, a non-executive director of the Group.

Having reviewed relevant Board papers, and met with the Group's Executive Board and the Nomad to ensure that such is the case, the AIM Committee is satisfied that the Group's obligations under AIM Rule 31 have been satisfied during the period under review.

The Audit Committee

The Audit Committee meets twice a year, or more often if necessary. Minutes of the meetings are circulated to all Board members. The Group's external auditors also attend the meetings at which the committee considers the Group's half-year and final results and any other matter, which the committee feels it necessary to discuss.

The audit committee did not meet in the year to 31 December 2007 but has done so during 2008.

Internal control

The Board of Directors has overall responsibility for ensuring that the Group maintains a system of internal control for reviewing its effectiveness. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Board discusses various aspects of internal control with the external auditors.

The Directors believe that the current level of internal control is appropriate based on the existing level of activity but recognise that control processes will have to be further developed as the level of activity within the Group increases.

CORPORATE GOVERNANCE (continued)

The Group's operating procedures include a comprehensive system for reporting financial and non-financial information to the Board. The Directors' responsibility for the system of financial control is effected through a comprehensive management information system and reporting procedures. There are established financial controls and procedures, which have been detailed to employees in written instructions. There is a comprehensive budgeting system with the annual budget being approved by the Directors. Monthly actual results are reported against budget and revised forecasts are prepared regularly to take account of changing conditions. In addition, a number of key areas are subject to regular reporting to the Board, namely, cash utilisation, treasury management, developments in the sales order book and changes in accounting policies and reporting requirements.

Detailed functional reviews have been completed which will lead to operational procedures being developed for each of the company's operating areas that include key controls. The implications of changes to law and regulations will be taken into account within these procedures.

The Board of Directors reviews the operation and effectiveness of the internal control framework on a regular basis. The Directors consider that there have been no weaknesses in internal financial control that have resulted in any material losses, contingencies or uncertainties requiring disclosure in the financial statements.

The Audit Committee has considered the need for an internal audit function and has concluded that the company's existing internal control procedures are suitable for the size of company.

REPORT OF THE REMUNERATION COMMITTEE

Policy

The policy seeks to enhance the Company's performance and to ensure that Executive Directors are fairly and responsibly rewarded for their individual contributions. It considers a number of factors including the basic salaries and benefits available to Directors of comparable companies, the need to attract and retain Directors of an appropriate calibre and the need to ensure Directors' commitment to the continued success of the Company by means of appropriate incentive schemes.

The main components of a Director's remuneration are

Basic Salary

Basic salary for executive directors is determined by taking into account the performance of the individual and information from independent sources on the salary rates for similar jobs.

Performance Related Bonus

The targets for performance related bonuses which are payable to executive directors are at the discretion of the Remuneration Committee and are set to balance the short and the long-term objectives of the Group.

Share Options

The Company believes that it is in the interest of shareholders that executive directors and other senior managers should hold shares in the Company and should be granted options at the discretion of the Remuneration Committee.

The remuneration of the non-executive directors was determined by the executive directors, having taken the appropriate external advice. Non-executive directors do not receive any pension or other benefits from the Company, nor do they participate in any of the share option schemes. Non-executive directors are appointed on renewable agreements.

Service Agreements

The executive directors' service may be terminated by either party giving to the other not less than 12 months notice in writing with such notice not to be given until after the end of the initial period which ends on 31 August 2008. The directors are also able to terminate the agreement by giving 3 months written notice within 6 months of any offer for the entire issued share capital of the Company becoming unconditional as to acceptances pursuant to the Code. Upon such termination the directors are entitled to a lump sum payment equal to their annual salary at the time. Amongst other things, upon termination, the directors are restricted for 12 months from soliciting the Group's customers and/or employees.

The Committee reviews any case of early termination individually to ensure that any compensation settlements are appropriate to the circumstances, taking care to ensure that poor performance is not rewarded.

The Committee did not meet in the year to 31 December 2007.

REPORT OF THE REMUNERATION COMMITTEE (continued)

	Salary	Benefits	Year Ended 31 December 2007	Year Ended 31 December 2006
	£	£	£	£
James Holmes (Chairman)	8,333	-	8,333	-
Martin Eberhardt (CEO)	25,000	-	25,000	-
Carl Lindsay (COO)	20,167	2,800	22,967	-
Michael Johnson	5,000	-	5,000	-

The salaries above relate to the period from floatation on 31 August 2007 to 31 December 2007
Benefits in kind comprise the use of a company car

Pension Arrangements

No Directors are members of any pension schemes funded by the Company

Directors' Shareholdings

The Directors, including their families, were beneficially interested in the ordinary shares of the Company as follows

	31 December 2007 Ordinary Shares of 0.125p each	31 December 2007 Ordinary Shares of £1 each
Martin Eberhardt	20,000,000	20

Martin Eberhardt, a director of the Company, directly controls more than 10% of the issued share capital of, and voting rights in The C4E Group Plc

Directors' Interests in Share Options and warrants

Details of options held by Directors are set out below

Ordinary Shares of 0.125p each	31 December 2006	Granted in the Year	31 December 2007	Exercise Price	Period in which may be exercised
<i>Executives:</i>					
<i>Performance Related</i>					
Martin Eberhardt	-	3,333,333	3,333,333	3p	September 2010 to
Carl Lindsay	-	3,333,333	3,333,333	3p	September 2017

The Options are exercisable into Ordinary Shares at the Placing Price, at anytime from the later of (a) the 3rd anniversary of the date of Admission, and (b) the date when the average earnings per share (as defined in the option deed), on a fully diluted basis, for the 3 years ending 31 December 2009, has increased on average by at least 10 per cent per annum compared to the earnings per share of the Company based on the Company's audited accounts for 2006 and calculated on the assumption that there were 20,000,000 shares in issue at the end of 2006. Save for certain limited circumstances, the Options are only exercisable whilst the holder of the Option is a director or employee of the Group. The Options lapse and cease to be exercisable on the 10th anniversary of the date of Admission.

REPORT OF THE REMUNERATION COMMITTEE (continued)

The Company has issued 5,000,000 warrants to James Holmes. Each Founder Warrant entitles the holder to purchase one Ordinary Share at the Placing Price on or before the 10th anniversary of the date of admission, after which time the Founder Warrants will be void and of no value.

The mid-market price of the Company's share on 25 June 2008 was 3 5p and the range of market prices between admission and 31 December 2007 was between 3 25p and 3 375p.

The Company's register of Directors' interests, which is open for inspection at the registered office, contains full details of Directors' shareholdings and share options.

This report was approved by the board of directors on 25 June 2008 and signed on its behalf by

J Holmes

Director

25 June 2008

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned to the right of the printed name 'J Holmes'.

**Independent auditors' report to the members of Hollywood Media Services Plc
(formerly Hollywood Catering Services Limited)**

We have audited the group and parent company financial statements (the "financial statements") of Hollywood Media Services Plc (formerly Hollywood Catering Services Limited) for the year ended 31 December 2007 which comprise the Consolidated Income Statement, the Consolidated and Company Statement of Recognised Income and Expenditure, the Consolidated and Company Balance Sheet, the Consolidated and Company Cash Flow Statement, and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

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

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements with the parent company financial statements.

We read other information contained in the Annual Report, and consider the implications for our report if we become aware of any apparent material misstatements or material inconsistencies with the parent company financial statements. This other information comprises only the Chairman's Statement, the Corporate Governance statement and the Report of the Remuneration Committee. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited 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 group financial statements give a true and fair view, in accordance with IFRS as adopted for use in the European Union, of the state of the group's affairs as at 31 December 2007 and of its loss for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRS as adopted for use in the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the company's affairs as at 31 December 2007,
- 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



Mazars LLP
Chartered Accountants
and Registered Auditors
Sovereign Court
Witan Gate
Milton Keynes
MK9 2HP

25 June 2008

Consolidated Income Statement

		Year ended 31 December	
		2007	2006
	Notes	£	£
Revenue	1,2	1,090,775	1,117,132
Cost of sales		<u>(723,529)</u>	<u>(908,404)</u>
Gross profit		367,246	208,728
Administrative expenses			
Trading expenses		<u>(362,839)</u>	<u>(146,149)</u>
Trading profit		4,407	62,579
Head office costs		(95,393)	-
Float and reorganisation costs		<u>(128,050)</u>	<u>-</u>
Operating (Loss)/profit	3	(219,036)	62,579
Financial income	5	2,329	193
Financial expense	5	<u>(44,736)</u>	<u>(18,937)</u>
(Loss)/profit before taxation	2,3	(261,443)	43,835
Taxation	6	<u>-</u>	<u>20,928</u>
(Loss)/profit for the financial year		<u>(261,443)</u>	<u>64,763</u>
Attributable to equity holders of the parent	18	<u>(261,443)</u>	<u>64,763</u>
(Loss)/earnings per share	7		
Basic (loss)/earnings per share		(0 01)	3,238 00
Fully diluted		<u>(0 01)</u>	<u>-</u>

All amounts relate to continuing operations


Consolidated and Company Statement of Recognised Income and Expenditure

		2007	31 December 2007	2006 Group and Company
	Notes	Group £	Company £	Company £
(Loss)/profit for the financial year	18	(261,443)	(128,913)	64,763
Costs of floatation written off to share premium account	18	<u>(377,156)</u>	<u>(377,156)</u>	<u>-</u>
Total (losses)/gains recognised since last annual report		<u>(638,599)</u>	<u>(506,069)</u>	<u>64,763</u>
 Total (losses)/gains attributable to equity holders of the parent	18	<u>(638,599)</u>	<u>(506,069)</u>	<u>64,763</u>

Consolidated and Company Balance Sheet

		31 December		
		2007	2007	2006
		Group	Company	Group and Company
	Notes	£	£	£
Non current assets				
Property, plant and equipment	8	529,422	45,842	441,133
Investment in subsidiary	9	-	725	-
Deferred tax asset	16	-	-	7,682
		<u>529,422</u>	<u>46,567</u>	<u>448,815</u>
Current assets				
Inventories	10	15,406	-	40,325
Trade and other receivables	11	192,391	441,762	290,970
Cash and cash equivalents		<u>275,909</u>	<u>257,263</u>	<u>4,011</u>
		<u>483,706</u>	<u>699,025</u>	<u>335,306</u>
Total assets		1,013,128	745,592	784,121
Current liabilities	12			
Trade and other payables	12	(421,981)	(193,412)	(432,341)
Financial liabilities (borrowings)	14	(171,149)	(37,911)	(186,617)
Current tax liabilities		<u>-</u>	<u>-</u>	<u>(3,128)</u>
		<u>(593,130)</u>	<u>(231,323)</u>	<u>(622,086)</u>
Net current (liabilities)/assets		(109,424)	467,702	(286,780)
Non current liabilities	13			
Borrowings	14	<u>(38,259)</u>	<u>-</u>	<u>(116,677)</u>
Net assets		381,739	514,269	45,358
Equity				
Called up share capital	17,18	85,417	85,417	20
Shares to be issued	18	70,000	70,000	-
Share premium account	18	437,427	437,427	-
Profit and loss reserve	18	(216,105)	(83,575)	45,338
Share option reserve	18	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Equity		381,739	514,269	45,358

These financial statements were approved by the board of directors on 25 June 2008 and authorised for issue on 25 June 2008. They were signed on its behalf by


M Eberhard
Director

Consolidated and Company Cash Flow Statement

	Year ended 31 December		
	2007	2007	2006
	Group	Company	Group and Company
	£	£	£
Net cash from operating activities	<u>60,712</u>	<u>(163,462)</u>	<u>332,941</u>
Cash flows from investing activities			
Interest received	2,329	2,329	193
Proceeds of disposal of business	-	45,357	-
Proceeds on disposal of property, plant and equipment	-	-	6,000
Purchases of property, plant and equipment	(176,367)	(81,241)	(467,029)
	<u>(174,038)</u>	<u>(33,555)</u>	<u>(460,836)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Costs of flotation	(377,156)	(377,156)	-
New finance lease liabilities	-	-	260,200
Repayment of obligations under finance lease	(87,574)	(22,528)	(73,169)
Issue of new shares	850,000	850,000	116,216
	<u>385,270</u>	<u>450,316</u>	<u>303,247</u>
Net cash from financing activities			
Net increase in cash and cash equivalents	<u>271,944</u>	<u>253,299</u>	<u>175,352</u>
Cash and cash equivalents			
At beginning of year	3,964	3,964	(171,388)
Net increase in cash and cash equivalents	271,945	253,299	175,352
	<u>275,909</u>	<u>257,263</u>	<u>3,964</u>
At end of year			
Bank overdraft	-	-	(47)
Cash and cash equivalents	275,909	257,263	4,011
	<u>275,909</u>	<u>257,263</u>	<u>3,964</u>

CONSOLIDATED AND COMPANY CASH FLOWS FROM OPERATING ACTIVITIES

	2007	2007	2006
	Group	Company	Group and
	£	£	Company
			£
(Loss)/profit from operations	(219,036)	(120,976)	62,579
Adjustments for			
Movement in share option reserve	5,000	5,000	-
Depreciation of property, plant and equipment	88,077	3,717	37,917
Loss on disposal of property, plant and equipment	-	-	1,000
Operating cash flows before movements in working capital	(125,959)	(112,259)	101,496
(Decrease)/increase in inventories	24,919	24,500	(40,325)
(Decrease)/increase in receivables	106,261	(107,254)	(61,848)
(Decrease)/increase in payables	100,227	55,192	352,555
Cash generated by operations	105,448	(139,821)	351,878
Income taxes paid	-	(3,129)	-
Interest paid	(44,736)	(20,512)	(18,937)
Net cash flow from operating activities	60,712	(163,462)	332,941

GENERAL INFORMATION

Hollywood Media Services Plc is a Company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 1 of this document. The principal activity of the Company is the provision of facilities and catering services to film and television locations, studios and other events.

PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ('Adopted IFRS's'). UK GAAP differs in certain respects from IFRS, hence when preparing the financial information management has amended certain accounting and valuation methods to comply with IFRS. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in this financial information and in preparing an opening balance sheet for the purpose of transition to Adopted IFRSs. The disclosures required by IFRS 1 'First time adoption of International Financial Reporting Standards' concerning the transition from UK GAAP to IFRS, are given in note 22.

Basis of Accounting

The financial information has been prepared on the historical cost basis except as otherwise described in the accounting policies below. The principal accounting policies adopted are set out below.

In general, a Company is required to define its IFRS policies and then apply them retrospectively. IFRS 1 does however allow a Company to take advantage of a number of exemptions from restating historical data in certain instances. The Company has not elected to take advantage of any of these exemptions.

Going Concern

The financial information has been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

Company profit and loss account

The Company has taken advantage of the exemption under Section 230 of the Companies Act 1985 not to present its own individual Income Statement. The Company's loss for the year was £128,913 (2006 profit of £64,763).

PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes

Sales of goods or services are recognised when the goods or services have been supplied to the external customers

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

Share-based payments

The group has applied the requirements of IFRS 2 Share-Based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005

The group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the groups best estimate of shares that will eventually vest

Fair value is measured by use of a Black-Scholes-Merton pricing model. The expected life used in the model has been adjusted based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases

Catering equipment	15%
Motor vehicles	15%
Furniture, fixtures and equipment	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the term of the relevant lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income

PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment of Tangible Fixed Assets

Where an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount (higher of fair value less costs to sell and value in use of an asset) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Leasing - Finance

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Leasing - Operating

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their location and condition at the balance sheet date. Provision for write-downs to net realisable value and losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. Reversals are recognised as a reduction in the amount previously recognised as an expense in the period in which the reversal occurs.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and cash in hand and short-term deposits with an original maturity of three months or less.

Financial Instruments

As of 1 January 2007, the Group adopted IFRS 7, which requires disclosures that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements.

Financial Assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs,

HOLLYWOOD MEDIA SERVICES Plc (formerly HOLLYWOOD CATERING SERVICES LIMITED)

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Notes to the Consolidated Financial Statements

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except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value

PRINCIPAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial liabilities and equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs

Trade Receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts

Trade Payables

Trade payables are not interest bearing and are stated at their nominal value

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements

The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax

PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders, or in the case of interim dividends, are paid

Standards, Interpretations and Amendments to Published Standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards applicable to the Company have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2007 or later periods but which the Company has not early adopted, as follows

IAS 1, Presentation of financial statements, revised 2007 (effective 1 January 2009)

IAS 1, Presentation of financial statements, revised 2008 (effective 1 January 2009)

IAS 23, Borrowing Costs, revised 2007 (effective 1 January 2009)

IAS 27, Consolidated and Separate Financial Statements, revised 2008 (effective 1 July 2009)

IAS 27, Consolidated and Separate Financial Statements, revised 2008 (effective 1 January 2009)

IAS 28, Investment in Associates, revised 2008 (effective 1 July 2009)

IAS 31, Interests in Joint Ventures, revised 2008 (effective 1 July 2009)

IAS 32, Financial Instruments Presentation, revised 2008 (effective 1 January 2009)

IFRS 1, First-time Adoption of International Financial Reporting Standards, revised 2008 (effective 1 January 2009)

IFRS 2, Share-based Payment, revised 2008 (effective 1 January 2009)

IFRS 3, Business Combinations, revised 2008 (effective 1 January 2009)

IFRS 8, Operating Segments (effective 1 January 2009) IFRS 8 introduces new disclosure requirements based on information about an entity's operating segments that is in line with those used for internal reporting purposes. This Standard replaces IAS 14 'Segment Reporting'

IFRS 11, IFRS 2 Group and Treasury Share Transactions (effective 1 March 2007)

IFRIC 12, Service Concession Agreement (effective 1 January 2008)

IFRIC 13, Customer Loyalty Programmes (effective 1 July 2008)

IFRIC 14, IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)

PRINCIPAL ACCOUNTING POLICIES (continued)

Standards, Interpretations and Amendments to Published Standards that are not yet effective (continued)

The Directors also do not consider that the adoption of the amendments resulting from the May 2008 Annual Improvements project will result in a material impact on the financial information of the Company. These amendments are effective for accounting periods beginning on or after 1 January 2009, with the exception of the amendment to IFRS 5 which is effective for accounting periods beginning on or after 1 July 2009.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Material estimates and assumptions are made in particular with regard to depreciation policies.

1 REVENUE

The entire revenue of £ 1,090,775 (2006 £1,117,132) related to the rendering of services

2 SEGMENT INFORMATION

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments

The group comprises the following main business segments

- Facilities – provision of mobile accommodation with supporting infrastructure and other equipment to a film or television location set
- Catering – the provision of catering to the location film and television markets
- Other

	2007	2006
Segment revenues	£	£
Facilities	671,451	513,437
Catering	419,324	603,695
Total revenue	1,090,775	1,117,132
Segment result		
Facilities	1,679	121,845
Catering	(106,251)	86,883
	(104,572)	208,728
Unallocated expenses	(156,871)	(164,893)
Profit before tax	(261,443)	43,835
Income tax	-	20,928
	(261,443)	64,763
Segment assets		
Facilities	621,478	410,959
Catering	115,741	365,480
Unallocated assets	275,909	7,682
	1,013,128	784,121
Segment liabilities		
Facilities	(317,522)	(150,684)
Catering	(9,303)	(584,951)
Unallocated liabilities	(304,564)	(3,128)
	(631,389)	(738,763)
Other segment information	2007	2006
Depreciation of segment assets		
Facilities	71,928	27,632
Catering	16,149	10,054
	88,077	37,686
Acquisition of segment assets		
Facilities	(113,705)	358,246
Catering	(62,662)	108,783
	(176,367)	467,029

The group operates in one geographical market, the United Kingdom

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The operating (loss)/profit has been arrived at after charging the following amounts

		Years ended 31 December	
	Note	2007 £	2006 £
Staff costs	4	174,886	22,069
Float and reorganisation costs		128,050	-
Depreciation of property, plant and equipment		88,077	37,917
Loss on disposal of property, plant and equipment		-	1,000
Cost of inventories recognised as an expense		132,895	134,855
Auditors remuneration			
Audit work		15,000	7,500

Total floatation and reorganisation costs were £505,206 of which £377,156 have been written off against share premium account. Remuneration paid to the auditors in connection with the floatation and included in the £377,156 amounted to £85,633.

4 STAFF COSTS

Staff costs during the period amounted to

	2007 £	2006 £
Wages and salaries	157,355	20,137
Social security costs	12,531	1,932
Share options	5,000	-
	<u>174,886</u>	<u>22,069</u>

The average monthly number of people employed by the Company (including Directors) during the period was

	2007	2006
Administration	4	1
Operations	3	2
	<u>7</u>	<u>3</u>

4 STAFF COSTS (continued)

Directors' remuneration

	Salary	Benefits	Year Ended 31 December 2007	Year Ended 31 December 2006
	£	£	£	£
James Holmes (Chairman)	8,333	-	8,333	-
Martin Eberhardt (CEO)	25,000	-	25,000	-
Carl Lindsay (COO)	20,167	2,800	22,967	-
Michael Johnson	5,000	-	5,000	-

Benefits in kind comprise the use of a company car

Pension Arrangements

No Directors are members of any pension schemes funded by the Company

Share-based payments

As described within the accounting policies the Company has adopted IFRS 2 – Share based payments, in relation to share options and warrants granted to employees by the Company

The following share options and warrants granted to employees by the Company existed from the period 1 January 2007 to 31 December 2007

Scheme	Date of grant	Number of common shares granted	Exercise price per share (£)	Expiry date
Share option scheme	23 July 2007	8,333,333	0.03	September 2017
Warrants	23 July 2007	5,000,000	0.03	September 2017

Expense arising from share options

The Company recognised total expenses of £5,000 related to equity-settled share-based payment transactions in 2007 (2006: £nil)

This resulted in a total capital contribution in respect of share options from the Company of £5,000

Share option plan

The Options are exercisable into Ordinary Shares at the Placing Price, at anytime from the later of (a) the 3rd anniversary of the date of Admission, and (b) the date when the average earnings per share (as defined in the option deed), on a fully diluted basis, for the 3 years ending 31 December 2009, has increased on average by at least 10 per cent per annum compared to the earnings per share of the Company based on the Company's audited accounts for 2006 and calculated on the assumption that there were 20,000,000 shares in issue at the end of 2006. Save for certain limited circumstances, the Options are only exercisable whilst the holder of the Option is a director or employee of the group. The

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Options lapse and cease to be exercisable on the 10th anniversary of the date of Admission

4 STAFF COSTS (continued)

The period in which the shares may be exercised is September 2010 to September 2017

The estimated fair value at the date of grant of each share option was calculated by applying a binomial lattice option pricing model. The model inputs were the exercise price, expected volatility of 50%, expected dividend yield of nil%, contractual life dependant on the type and date of the option granted (as per detail given above) and a risk-free interest rate of 5.5% for the options granted. The directors have determined volatility using their knowledge of the business and by reviewing the rates of comparative companies.

Share option scheme	2007		2006	
	Number of Share options	Weighted average Exercise price £	Number of Share options	Weighted average Exercise price £
Outstanding at beginning of the year	-	-	-	-
Granted during the year	8,333,333	0.03	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	8,333,333	0.03	-	-
Exercisable at the end of the year	-	-	-	-

4 STAFF COSTS (continued)

Warrants

Each Founder Warrant entitles the holder to purchase one Ordinary Share at the Placing Price on or before the 10th anniversary of the date of admission, 31 August 2007, after which time the Founder Warrants will be void and of no value

	2007		2006	
Warrants	Number of warrants	Weighted average Exercise price £	Number of warrants	Weighted average Exercise price £
Outstanding at beginning of the year	-	-	-	-
Granted during the year	5,000,000	0.03	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	5,000,000	0.03	-	-
Exercisable at the end of the year	-	-	-	-

Share price

The mid-market price of the Company's share on 25 June 2008 was 3.5p, the range of market prices between admission and 31 December 2007 was between 3.25p and 3.375p and the average price was 3.375p

5 FINANCIAL INCOME AND EXPENSE

	2007 £	2006 £
Bank interest income	2,329	193
Interest on bank loans and overdrafts	11,831	74
Interest on debt purchase facility	15,606	4,117
Hire Purchase interest	17,299	14,746
	<u>44,736</u>	<u>18,937</u>

No gains or losses arose on assets held for trading, held to maturity, investments, loans or receivables

6 TAXATION

	2007	2006
	£	£
Current tax charge / (credit)		
Current year	-	-
Adjustments in relation to current tax of prior year	-	(13,246)
Current year	-	(7,682)
	-	(20,928)

Corporation tax is calculated at 30% (2006 30%) of the estimated assessable profit/loss for the year. The effective tax rate, calculated on the basis of total income tax expense as a proportion of the profit/loss before tax is 0% (2006 0%).

The charge for the year can be reconciled to the profit/loss per the income statement as follows

	2007	2006
	£	£
(Loss)/profit before tax	(261,443)	43,836
Tax at the UK corporation tax rate of 30% (2006 30%)	(78,433)	13,151
Adjustment to current tax in respect of prior periods	-	(13,246)
Effect of expenses that are not deductible in determining taxable profit	-	-
Group relief	-	-
Effect of depreciation in excess of capital allowances not recognised as deferred tax assets	26,423	-
Effect of unused tax losses not recognised as deferred tax assets	52,010	-
Effect of previously unrecognised and unused tax losses now recognised as deferred tax assets	-	(20,833)
Tax charge / (credit) for the year	-	(20,928)

7 (LOSS)/EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year

	2007 £	2006 £
Loss/profit attributable to shareholders	(261,443)	64,763
Weighted average number of ordinary shares in issue for calculating basic earnings per share	25,049,348	20
Increase in weighted average number of ordinary shares in issue at a nominal value of 0 125p following sub division of shares		15,980
Weighted average number of warrants and options	6,592,692	
Weighted average number of preference shares	6,703,297	
Weighted average number of shares for calculating dilutive earnings per share	38,345,337	16,000
Basic (loss)/earnings per share	(0 010)	3,238 00
Earnings per share of 0 125p (note)		4 05
Fully diluted	(0 007)	

Note The EPS calculation for 2006 has been recalculated to show the effect of the share split which took place on 17 July 2007 as if that split had occurred on 1 January 2006

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares

8 PROPERTY, PLANT AND EQUIPMENT

Group	Plant and equipment, including catering vehicles	Fixtures and fittings, including office equipment	Total
Cost	£	£	£
At 1 January 2006	22,312	68	22,380
Additions	464,856	2,173	467,029
Disposals	<u>(7,000)</u>	<u>-</u>	<u>(7,000)</u>
At 31 December 2006	480,168	2,241	482,409
Additions	<u>176,366</u>	<u>-</u>	<u>176,366</u>
At 31 December 2007	<u>656,534</u>	<u>2,241</u>	<u>658,775</u>
Depreciation			
At 1 January 2006	3,346	13	3,359
Charged in period	<u>37,686</u>	<u>231</u>	<u>37,917</u>
At 31 December 2006	41,032	244	41,276
Depreciation on assets acquired			-
Charged in period	<u>87,629</u>	<u>448</u>	<u>88,077</u>
At 31 December 2007	<u>128,661</u>	<u>692</u>	<u>129,353</u>
Net book value			
At 1 January 2006	18,966	55	19,021
At 31 December 2006	439,136	1,997	441,133
At 31 December 2007	<u>527,873</u>	<u>1,549</u>	<u>529,422</u>

8 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Plant and equipment, including catering vehicles £	Fixtures and fittings, including office equipment £	Total £
Cost			
At 1 January 2006	22,312	68	22,380
Additions	464,856	2,173	467,029
Disposals	<u>(7,000)</u>	<u>-</u>	<u>(7,000)</u>
At 31 December 2006	480,168	2,241	482,409
Additions	81,241	-	81,241
Disposals	<u>(511,850)</u>	<u>(2,241)</u>	<u>(514,091)</u>
At 31 December 2007	<u>49,559</u>	<u>-</u>	<u>49,559</u>
Depreciation			
At 1 January 2006	3,346	13	3,359
Charged in period	<u>37,686</u>	<u>231</u>	<u>37,917</u>
At 31 December 2006	41,032	244	41,276
Depreciation on assets acquired			
Charged in period	3,717	-	3,717
Released on disposals	<u>(41,032)</u>	<u>(244)</u>	<u>(41,276)</u>
At 31 December 2007	<u>3,717</u>	<u>-</u>	<u>3,717</u>
Net book value			
At 1 January 2006	18,966	55	19,021
At 31 December 2006	439,136	1,997	441,133
At 31 December 2007	<u>45,842</u>	<u>-</u>	<u>45,842</u>

The net book amount of assets held under hire purchase agreements and finance leases was £201,655 (2006 £240,685) The depreciation charge on these assets was £39,030 (2006 £19,515)

9 INVESTMENTS

The Company's investments comprise £100 cost of investment in its wholly owned subsidiary, Hollywood Catering Services Limited (2006 £nil) and £625 being the cost of share option payments payable to employees of Hollywood Catering Services Limited (2006 £nil)

10 INVENTORIES

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Raw materials	<u>15,406</u>	<u>40,325</u>	<u>-</u>	<u>40,325</u>

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade receivables	86,366	284,950	-	284,950
Amounts owed by related companies	-	-	354,764	-
Other receivables	106,025	6,020	86,998	6,020
	<u>192,391</u>	<u>290,970</u>	<u>441,762</u>	<u>290,970</u>

The directors consider the carrying amount of trade and other receivables approximates their fair value. There is no concentration of credit risk with respect to trade receivables as the Company has a large number of customers.

An allowance has been made for estimated irrecoverable amounts from the sale of the goods of £nil (2006 £6,381). In the directors' opinion, the risk of bad debts is low in this business due to the generally high credit worthiness of customers. The directors do not consider that the market risk is significant for the purpose of providing additional sensitivity analysis.

12 CURRENT LIABILITIES

		Group		Company	
	Note	2007	2006	2007	2006
		£	£	£	£
Trade payables		233,142	235,448	121,910	235,448
Other tax and social security		116,311	-	37,062	-
Amounts owed to related parties		47,439	128,292	19,440	128,292
Accruals and deferred income		<u>25,089</u>	<u>68,601</u>	<u>15,000</u>	<u>68,601</u>
Trade and other payables		421,981	432,341	193,412	432,341
Financial liabilities (borrowings)	14	171,149	186,617	37,911	186,617
Current tax liabilities		<u>-</u>	<u>3,128</u>	<u>-</u>	<u>3,128</u>
		<u>593,130</u>	<u>622,086</u>	<u>231,323</u>	<u>622,086</u>

The directors consider that the carrying amount of trade payables approximates their fair value

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period is 108 days (2006: 69 days)

13 NON CURRENT LIABILITIES

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Borrowings - Finance lease liabilities	<u>38,259</u>	<u>116,677</u>	<u>-</u>	<u>116,677</u>

14 BORROWINGS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Current				
Bank overdrafts	-	47	-	47
Borrowings - Finance lease liabilities	79,510	70,354	-	70,354
Other	<u>91,639</u>	<u>116,216</u>	<u>37,911</u>	<u>116,216</u>
	171,149	186,617	37,911	186,617
Non-current				
Borrowings - Finance lease liabilities	38,259	116,677	-	116,677
	<u>209,408</u>	<u>303,294</u>	<u>37,911</u>	<u>303,294</u>

The Group	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	2007	2007	2006	2006
	£	£	£	£
Amounts payable under finance leases				
Within one year	89,175	79,510	87,659	70,354
in the second to fifth years inclusive	37,904	38,259	125,987	116,677
After five years	-	-	-	-
	<u>127,079</u>	<u>117,769</u>	<u>213,646</u>	<u>187,031</u>
Less future finance charges	(9,310)		(26,615)	
Present value of lease obligations	<u>117,769</u>		<u>187,031</u>	
Amount due for settlement within 12 months (shown under current liabilities)		<u>(79,510)</u>		<u>(70,354)</u>
Amount due for settlement after 12 months		<u>38,259</u>		<u>116,677</u>

14 BORROWINGS (continued)

The Company	Minimum lease payments 2007 £	Present value of minimum lease payments 2007 £	Minimum lease payments 2006 £	Present value of minimum lease payments 2006 £
Amounts payable under finance leases	-	-	-	-
Within one year	-	-	87,659	70,354
in the second to fifth years inclusive	-	-	125,987	116,677
After five years	-	-	-	-
	-	-	213,646	187,031
Less future finance charges	-		(26,615)	
Present value of lease obligations	-		187,031	
Amount due for settlement within 12 months (shown under current liabilities)		-		(70,354)
Amount due for settlement after 12 months		-		116,677

Group borrowings include secured liabilities (leases and other borrowings) in a total amount of £209,408 (2006 £303,294). Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The other borrowings are secured by (1) an all assets debenture, (2) a warranty signed by Martin Eberhardt (director) in respect of obligations under the facility, and (3) a cross Company guarantee, between the Company and Hollywood Catering Services Limited.

The other borrowings comprise a debt purchase agreement that the Company has entered into. Other borrowings are subject to a discount charge calculated at 1.75% above the base rate of the lenders' bankers.

Bank overdrafts and other borrowings are at variable rates and thus are subject to interest rate changes.

14 BORROWINGS (continued)

The weighted average effective interest rates at the balance sheet dates were as follows

	2007	2006
	%	%
Bank overdrafts	5.5	0.1
Other borrowings	13.1	5.3
Lease finance	9.6	5.3

The liquidity risk in relation to borrowings is set out in note 15 (c) below

15 FINANCIAL RISKS

1. Financial Risk Factors

The group's activities potentially expose it to a variety of financial risks: market risk (including fair value interest rate risk and currency risk), credit risk and liquidity risk. The group's overall risk management programme seeks to minimise potential adverse affects on the group's financial performance. The directors do not consider that the risks as set out below are significant for the purpose of providing additional sensitivity analysis.

(a) Market risk - Fair value interest rate risk and currency risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates. The directors consider that the group is currently exposed to minimal currency risk, although keep this under review in the context of the growth of the business.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as committed transactions. Management assess the other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board based on third party references or past commercial experience.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors forecasts of the group's liquidity comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. This is generally carried out in the operating companies of the group in accordance with recommended accounting practice and limits set by the group.

Management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and

15 FINANCIAL RISKS (continued)**2. Capital risk management**

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

3. Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date

The net book amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments

Financial Instruments - Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows

	Carrying amount 2007 £	Fair value 2007 £	Carrying amount 2006 £	Fair value 2006 £
Cash and cash equivalents	275,909	275,909	4,011	4,011
Trade and other receivables	<u>192,391</u>	<u>192,391</u>	<u>290,970</u>	<u>290,970</u>
Total financial assets	<u>468,300</u>	<u>468,300</u>	<u>294,981</u>	<u>294,981</u>
Bank overdraft	-	-	(47)	(47)
Other interest bearing loans and borrowings	(209,408)	(200,098)	(303,247)	(276,632)
Trade payables	(233,142)	(233,142)	(235,448)	(235,448)
Non-trade payables and accrued expenses	<u>(188,839)</u>	<u>(188,839)</u>	<u>(200,021)</u>	<u>(200,021)</u>
Total financial liabilities	<u>(631,389)</u>	<u>(622,079)</u>	<u>(738,763)</u>	<u>(712,148)</u>

15 FINANCIAL RISKS (continued)

Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date

Interest-bearing borrowings

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date

16 DEFERRED TAX

	Unused tax losses £	Accelerated tax depreciation £	Total £
At 1 January 2006	-	-	-
Recognition of previously unrecognised and unused tax losses and accelerated tax depreciations now recognised as deferred tax assets	21,504	(671)	20,833
Charge/(credit) to income	(8,280)	(4,871)	(13,151)
At 31 December 2006	<u>13,224</u>	<u>(5,542)</u>	<u>7,682</u>
Reversal of deferred tax balance	(13,224)	5,542	(7,682)
At 31 December 2007	<u>-</u>	<u>-</u>	<u>-</u>

A potential tax asset of £58,000 existed at 31 December 2007. The directors consider it prudent not to recognise the asset at this time in view of the inherent uncertainties of recoverability.

17 CALLED UP SHARE CAPITAL

	Authorised share capital		Issued share capital	
	Number	£	Number	£
At 1 January 2007	1,000	1,000	20	20
Increase in authorised share capital by the creation of 249,000 new ordinary shares of £1 each	249,000	249,000		
Allotment and issue of 49,980 of new ordinary shares of £1 each			49,980	49,980
Sub-division of the authorised issued and unissued ordinary shares of £1 of the Company was into ordinary shares of £0.00125 each	199,750,000		39,950,000	
	<u>200,000,000</u>	<u>250,000</u>	<u>40,000,000</u>	<u>50,000</u>
 Conversion of 20,000,000 ordinary shares into 20,000,000 Non Voting Preference Shares	20,000,000	25,000	20,000,000	25,000
Sub-division of the Non Voting Preference Shares	180,000,000	225,000	20,000,000	25,000
	<u>200,000,000</u>	<u>250,000</u>	<u>40,000,000</u>	<u>50,000</u>
 Issue of shares on admission to AIM on 31 August 2007,				
Ordinary shares			28,333,333	35,417
Non Voting Preference Shares			-	-
			<u>28,333,333</u>	<u>35,417</u>
At 31 December 2007				
Ordinary shares	200,000,000	25,000	48,333,333	60,417
Non Voting Preference Shares	200,000,000	225,000	20,000,000	25,000
	<u>400,000,000</u>	<u>250,000</u>	<u>68,333,333</u>	<u>85,417</u>
 Shares to be issued			2,333,333	2,917

17 CALLED UP SHARE CAPITAL (continued)

In addition to the staff options and warrants set out in note 4, the following warrants also existed as at 31 December 2007

CFA warrants

The Company has issued 670,000 warrants to Dowgate Capital Advisers Limited, formerly City Financial Associates Limited. Each warrant entitles the holder to purchase one Ordinary Share at the price of 0.125p on or before the 10th anniversary of the date of admission to AIM, after which time the warrants will be void and of no value.

Placing warrants

The Company issued 5,666,666 placing warrants pursuant to its admission to AIM. Each warrant entitles the holder to purchase one Ordinary Share at the price of 3p on or before the 3rd anniversary of the date of admission to AIM, after which time the warrants will be void and of no value.

18 STATEMENT OF CHANGES IN EQUITY

GROUP	Equity share capital £	Share premium £	Retained earnings £	Share option reserve £	Shares to be issued £	Total £
Balance at 1 January 2006	20	-	(19,425)	-		(19,405)
Profit for the year			64,763	-		64,763
Balance at 31 December 2006 and 1 January 2007	20	-	45,338	-	-	45,358
Increase in share capital (note 17)	85,397	814,583				899,980
Loss for the year			(261,443)			(261,443)
Floatation costs written off against Share Premium		(377,156)				(377,156)
Shares to be issued					70,000	70,000
Gain on Share options granted				5,000		5,000
Balance at 31 December 2007	85,417	437,427	(216,105)	5,000	70,000	381,739

18 STATEMENT OF CHANGES IN EQUITY (continued)

COMPANY	Equity share capital £	Share premium £	Retained earnings £	Share option reserve £	Shares to be issued £	Total £
Balance at 1 January 2006	20	-	(19,425)	-		(19,405)
Profit for the year			64,763	-		64,763
Balance at 31 December 2006 and 1 January 2007	20	-	45,338	-	-	45,358
Increase in share capital (note 17)	85,397	814,583				899,980
Loss for the year			(128,913)			(128,913)
Floatation costs written off against Share Premium		(377,156)				(377,156)
Shares to be issued					70,000	70,000
Gain on Share options granted				5,000		5,000
Balance at 31 December 2007	85,417	437,427	(83,575)	5,000	70,000	514,269

The preference shares are treated as equity because they carry a coupon rate of zero and are convertible into ordinary shares on a one for one basis

19 COMMITMENTS

The Company is party to a rental agreement for the occupation of its principal trading premises with QPC3SA Limited, a related party controlled by Lanman Asset Management Ltd. The rental agreement between QPC3SA Limited and the landlord provides for a lease of 5 years from 10 April 2006 and the rentals, which are paid direct to the landlord by the Company, are due as follows

	31 December 2007 £	31 December 2006 £
Amounts due less than 1 year	25,840	25,840
Amounts due in 1-2 years	25,840	25,840
Amounts due in 2-5 years	32,300	58,140
	<u>83,980</u>	<u>109,820</u>

20 RELATED PARTY TRANSACTIONS

Trading transactions

During 2006, the Company was a subsidiary of Wood Hall Group Limited, which was controlled by Lanman Asset Management Limited until its acquisition by Catering 4 Events Plc on 21 December 2006. On 16 July 2007, Wood Hall Group Limited transferred its entire shareholding in the Company to C4E Realisations Plc (formerly Catering 4 Events Plc) ("C4E"). Following the conversion of 20 million ordinary shares into non voting preference shares and the issue of 28,333,333 ordinary shares on the Company's admission to AIM, C4E ceased to control the Company.

During the year ended 31 December 2007 the group entered the following related party transactions with Catering 4 Events Plc and its subsidiaries:

Cotton Catering Limited

The balance at 31 December 2006 was assigned to Wood Hall Group Limited pursuant to an assignment entered into on 24 July 2007. The group made payments on behalf of Cotton Catering Limited prior to the group's admission to AIM of £775 resulting in a balance of £775 due from Cotton Catering Limited at 31 December 2007 (2006 £28,512). This balance has been provided for in full. There were no transactions following the Company's admission to AIM.

Wood Hall Realisations Limited (formerly Wood Hall Group Limited) ("Wood Hall Group")

On 24 March 2007, the balance due to Wood Hall Group was reduced by £49,980 by the increase in the Company's share capital to £50,000 from £20. £105,224 of the balance at 31 December 2006 was assigned to Wood Hall Group pursuant to an assignment entered into on 24 July 2007. During 2007 and prior to the group's admission to AIM, the Group paid for goods on behalf of Wood Hall Group from third party suppliers for £40,008 (2006 £19,097) and Wood Hall Group paid for goods on behalf of the Group from third party suppliers for £78,488 (2006 £184,008). During 2007 and prior to the group's admission to AIM Wood Hall Group also paid lease instalments in respect of equipment used by the Group totalling £10,722 (2006 £22,218).

During 2007 and prior to the group's admission to AIM the Group transferred cash of £120,000 (2006 £425,941) to Wood Hall Group and received £113,000 (2006 £285,590) from Wood Hall Group Limited as part of Lanman Asset Management Limited's treasury management. As a result, there was £12,118 owing from Wood Hall Group Limited at 31 December 2007 (2006 £186,643 due to Wood Hall Group Limited). Following the placing of Wood Hall Group Limited into liquidation on 26 November 2007, the balance at 31 December 2007 has been provided for.

There were no transactions following the Company's admission to AIM.

Set Meals Realisations Limited (formerly Set Meals Limited) ("Set Meals")

£60,947 was assigned to Wood Hall Group pursuant to an assignment entered into on 24 July 2007. During 2007 and prior to the group's admission to AIM, the Group paid for goods on behalf of Set Meals from third party suppliers for £39,254 (2006 £600) and Set Meals paid for goods for £11,254 on behalf of the Group from third party suppliers (2006 £91,301). During 2007 and prior to the group's admission to AIM the Group invoiced £nil (2006 £61,954) to customers through Set Meals Limited.

The Group received £nil (2006 £20,000) from Set Meals Limited as part of Lanman Asset Management Limited's treasury management.

As a result, there was £28,000 owing to Set Meals at 31 December 2007 (2006 £60,947).

There were no transactions following the Company's admission to AIM

20 RELATED PARTY TRANSACTIONS (continued)

C4E

During 2007 and prior to the group's admission to AIM, the Group transferred cash of £21,000 (2006 £nil) to C4E and was charged a net £36,399 in respect of contracted services comprising £34,000 from the Company to C4E pursuant to the Consultancy Agreement dated 24 July 2007, £19,332 by C4E to the Company pursuant to the General, Accounting, Financial, Information Management and Technical Services and License to Occupy Agreement dated 19 July 2007 and £1,508 by C4E to the Company pursuant to the Equipment Lease agreement dated 26 April 2007. In addition, the Company owes C4E £49,559 in respect of equipment acquired pursuant to the Equipment Lease agreement dated 26 April 2007 comprising the present value of future rentals due under that agreement. As a result, there was £15,399 owing to C4E at 31 December 2007 (2006 £nil).

There were no transactions following the Company's admission to AIM

Rushnell (Isle of Man) Ltd

Prior to the admission of the Company to AIM, productions based on the Isle of Man were invoiced via Rushnell (Isle of Man) Ltd, a company controlled by Earley Enterprises Limited. During 2007, £98,101.09 was invoiced through this company and £98,101.09 received in cash (2006 £30,410).

There were no transactions following the Company's admission to AIM and on 14 February 2008, a wholly owned subsidiary of the Company, registered in the Isle of Man, Hollywood Media Services (Isle of Man) Limited was incorporated in order to serve film and television productions based on the Isle of Man.

Earley Enterprises Limited

There were no transactions with Earley Enterprises Limited in 2007. On 24 July 2007, under an assignment agreement, balances due to and from Earley Enterprises Limited were assigned to Wood Hall Group. During 2006, there were transfers of £83,000 to Earley Enterprises Limited, the ultimate parent Group until 21 December 2006 and transfers from Earley Enterprises Limited of £23,000 as part of the group's treasury operations. At the end of December 2007, there was no outstanding balance with Earley Enterprises Limited (2006 £175,000).

There were no transactions following the Company's admission to AIM

Bulk purchasing agreement dated 24 July 2007

The group benefits from bulk purchasing arrangements with C4E and its subsidiaries which were formalised on 24 July 2007 under the Bulk Purchasing Agreement under which the group and C4E and its subsidiaries benefitted from pricing advantages by jointly procuring supplies. During 2007 and prior to the group's admission to AIM the group purchased goods with a total value of £233,461 under these arrangements and from admission to AIM until 31 December 2007 a further £20,265 from Wood Hall (2006 £470,464). During 2007 and prior to the group's admission to AIM the group purchased goods with a total value of £6,306 under these arrangements and from admission to AIM until 31 December 2007 a further £1,469 from Set Meals (2006 £4,839).

Remuneration of key management personnel

The directors are considered to be the key management personnel and details of their remuneration are given in note 4.

20 RELATED PARTY TRANSACTIONS (continued)

Directors' transactions

ECS, of which Mr Eberhardt is sole proprietor, received £5,274 in respect of expenses incurred by Mr Eberhardt in connection with the floatation of the Company and prior to his employment by the group

Mr Holmes was paid £3,000 in respect of expenses incurred by him in connection with the floatation of the Company and prior to his employment by the group

Mr Eberhardt has guaranteed the leases referred to in note 14 and, with effect from 31 July 2007, is paid 2.5% of the original principal amount, £286,843, payable annually in arrears. At 31 December, there was an amount of £2,390 owing to Mr Eberhardt in respect of this guarantee

A deed of indemnity dated 22 March 2007 and made between the Company and Mr Eberhardt pursuant to which the Company agreed to indemnify Mr Eberhardt in respect of all losses or liabilities incurred by him in respect of any payment or liability arising from any indemnity or warranty given by him in respect of any debt purchase agreements made between the Group and Close Invoice Finance Limited, including any liability incurred by him in defending or taking any legal proceedings (whether civil or criminal) in respect of any agreements in respect of which he is a guarantor

21 PARENT UNDERTAKING

As at 31 December 2007, there was no ultimate parent undertaking or ultimate controlling party

22 POST BALANCE SHEET EVENTS

On 7th February 2008, the group acquired the benefit of a contract for the provision of catering services in respect of the Bill television programme (the "Bill Contract"). This contract was acquired from Wood Hall Catering and Events Limited ("Wood Hall"), a subsidiary of The C4E Group plc ("C4E"), together with certain assets to enable the contract to be serviced including stock, support vehicles and a number of employees. The maximum consideration payable under the agreement is £575,200, of which £94,500 was paid in cash on completion and the balance as deferred consideration to be satisfied by the issue to Wood Hall of 6,856,666 non voting convertible preference shares (Preference Shares) issued at 3p per share. The Preference Shares were or are due to be issued in equal instalments on 30 April 2008, 31 July 2008 and 30 October 2008 provided that the Bill Contract has not been terminated on or before the due date for payment of the relevant instalment

If the Bill Contract is renewed in accordance with its terms for up to a further 2 years from December 2008, further consideration totalling up to £275,000 will be immediately payable to Wood Hall, satisfied by the issue of up to an additional 9,166,667 Preference Shares at 3p per share

On 14 February 2008, a wholly owned subsidiary of the Company, registered in the Isle of Man, Hollywood Media Services (Isle of Man) Limited was incorporated in order to serve film and television productions based on the Isle of Man

On 17 April 2008 the Company issued and allotted, credited as fully paid, 2,333,333 new ordinary shares of 0.125p each in the Company, representing 4.61 per cent of the Company's issued ordinary share capital, (the 'New Ordinary Shares') at a price of 3 pence per share to Grundberg Mocatta Rakison LLP in settlement of professional advisers' fees incurred at the time of the Company's admission to AIM in August 2007

23 EXPLANATION OF TRANSITION TO IFRSs

This is the first year that the Company has presented its financial information under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 31 December 2006 and the date of transition to IFRSs was therefore 1 January 2006.

Significant changes to the Income statement and the Balance Sheet for 2006

There are no adjustments arising from the transition to IFRS, and therefore there is no impact on reported income statement or balances.

Significant changes to the Cash flow statement for 2006

The Company was exempt from the requirement to prepare a cash flow statement under UK GAAP on the basis that it was a small company. There are no such exemptions under IFRS. There are no adjustments arising from the transition to IFRS, and therefore there is no impact on reported cash flows. IAS 7 'Cash flow statement' extends the definition of cash to 'cash and cash equivalents' which includes movements on short-term deposits. The Company has not held any short-term deposits.