

**GARNER PLC
(FORMERLY CONSTELLATION CORPORATION PLC)**

**INTERIM RESULTS FOR THE SIX MONTHS
ENDED 30 JUNE 2006**

GARNER PLC
(FORMERLY CONSTELLATION CORPORATION PLC)
interim report for the six months ended 30 June 2006

Chairman's Statement

You may recall in my statement accompanying our 2005 results I remarked that 2005 in many respects had been a turnaround year. I am delighted to report, as you will see from the results for the half year, that the improvement has continued. Pre-tax profits of £200,000 compares with losses in the same period last year of £36,000.

Turnover is up by 60%, from £685,000 to £1.104 million. More importantly, we can see from current contracted income that this upward trend is continuing through the third quarter. Credit for this lies squarely with my colleagues, all of whom are performing well. We have another consultant and a researcher joining in August. Our headcount then will be seven consultants and four in research.

You are all aware of the important changes to our balance sheet that were approved at the recent Annual General Meeting. However, we will continue to focus on cash generation and cash management and further debt reduction. The symbolism of the Company's name change and the substantial improvement in our performance in the first half is intended to make clear to all our shareholders that we have drawn a clear line under our challenging past and the Board remains cautiously confident regarding the full year performance of the Company. We already have two FTSE 10 volume clients, and serve eight FTSE 100 companies on regular and long term contracts together with a select group of unlisted businesses and multi-nationals and, therefore, have a sound and attractive platform to build on.

J Bartle

Chairman

GARNER PLC
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interim report for the six months ended 30 June 2006
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30 JUNE 2006

| | Note | Six months ended 30 June 2006 (unaudited) £'000 | Six months ended 30 June 2005 (unaudited) £'000 | Year ended 31 December 2005 (audited) £'000 |
|---|------|---|---|---|
| Turnover | | 1,104 | 688 | 1,579 |
| Administrative expenses | | (852) | (666) | (1,425) |
| Total operating profit | | 252 | 22 | 154 |
| Interest payable and similar charges | | (52) | (58) | (108) |
| Profit on ordinary activities before taxation | | 200 | (36) | 46 |
| Taxation | | - | - | - |
| Profit for the financial period | | 200 | (36) | 46 |
| Dividends | | - | (25) | - |
| Retained profit for the financial period | | 200 | (61) | 46 |
| Earnings per share (pence) – Basic and diluted | 2 | 0.04p | (0.01)p | 0.00p |

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CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2006

| | At 30 June 2006 (unaudited) | | At 30 June 2005 (unaudited) | | At 31 December 2005 (audited) | |
|--|--------------------------------|----------|--------------------------------|----------|----------------------------------|----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | | |
| Tangible assets | | 1 | | 2 | | - |
| Investments | | 925 | | 992 | | 959 |
| | | ----- | | ----- | | ----- |
| | | 926 | | 994 | | 959 |
| Current assets | | | | | | |
| Debtors | 573 | | 309 | | 303 | |
| Cash at bank and in hand | - | | - | | 4 | |
| | ----- | | ----- | | ----- | |
| | 573 | | 309 | | 307 | |
| Creditors: amounts falling due within one year | (3,243) | | (3,146) | | (3,105) | |
| | ----- | | ----- | | ----- | |
| Net current liabilities | | (2,670) | | (2,837) | | (2,798) |
| | | ----- | | ----- | | ----- |
| Total assets less current liabilities | | (1,744) | | (1,843) | | (1,839) |
| | | ----- | | ----- | | ----- |
| Creditors: amounts falling due after more than one year | | (593) | | (756) | | (678) |
| | | ----- | | ----- | | ----- |
| Provisions for liabilities and charges | | - | | - | | - |
| | | ----- | | ----- | | ----- |
| Total assets less current liabilities | | (2,337) | | (2,599) | | (2,517) |
| | | ===== | | ===== | | ===== |
| Capital and reserves | | | | | | |
| Called up share capital | | 4,795 | | 4,795 | | 4,795 |
| Share premium account | | 3,523 | | 3,543 | | 3,543 |
| Other reserve | | - | | - | | - |
| Profit and loss account | | (10,655) | | (10,937) | | (10,855) |
| | | ----- | | ----- | | ----- |
| Shareholders' funds | | (2,337) | | (2,599) | | (2,517) |
| | | ===== | | ===== | | ===== |

GARNER PLC
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interim report for the six months ended 30 June 2006

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2006

| | Note | Six months ended 30 June 2006 (unaudited) £'000 | Six months ended 30 June 2005 (unaudited) £'000 | Year ended 31 December 2005 (audited) £'000 |
|--|------|---|---|---|
| Net cash (outflow) / inflow from operating activities | i | (36) | 34 | 148 |
| Returns on investments and servicing of finance | | (52) | (58) | (108) |
| Taxation | | - | - | - |
| Capital expenditure and financial investment | | - | - | - |
| Acquisitions and disposals | | - | - | - |
| Net cash flow before use of liquid resources and financing | | (88) | (24) | 40 |
| Financing | | 58 | (30) | (66) |
| Decrease in cash | ii | (30) | (54) | (26) |

GARNER PLC
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interim report for the six months ended 30 June 2006

NOTES TO THE CASH FLOW STATEMENT

I RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW

| | Six months ended 30 June 2006 (unaudited) £'000 | Six months ended 30 June 2005 (unaudited) £'000 | Year ended 31 December 2005 (audited) £'000 |
|---|---|---|---|
| Operating profit for the period | 252 | 22 | 154 |
| Depreciation of tangible fixed assets | - | 4 | 6 |
| Amortisation of goodwill | 34 | 33 | 69 |
| (Increase) in debtors | (270) | (134) | (128) |
| (Decrease) / increase in creditors | (52) | 109 | 47 |
| | ----- | ----- | ----- |
| Net cash (outflow) / inflow from operating activities | (36) | 34 | 148 |
| | ===== | ===== | ===== |

II RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | Six months ended 30 June 2006 (unaudited) £'000 | Six months ended 30 June 2005 (unaudited) £'000 | Year ended 31 December 2005 (audited) £'000 |
|--|---|---|---|
| (Decrease) in cash in the period | (30) | (54) | (26) |
| Directors' loan advance | (82) | - | (80) |
| Net movement on secured loans | 101 | 30 | 144 |
| | ----- | ----- | ----- |
| Change in net debt resulting from cash flows | (11) | (24) | 38 |
| Net debt at the beginning of the period | (1,683) | (1,721) | (1,721) |
| | ----- | ----- | ----- |
| Net debt at the end of the period | (1,694) | (1,745) | (1,683) |
| | ===== | ===== | ===== |

III ANALYSIS OF CHANGES IN NET DEBT

| | At 31 December 2005 £'000 | Cash flow £'000 | At 30 June 2006 £'000 |
|------------------------------------|---------------------------------|--------------------|-----------------------------|
| Cash at bank and in hand | 4 | (4) | - |
| Bank overdraft | (50) | (26) | (76) |
| | ----- | ----- | ----- |
| Total for cash at bank and in hand | (46) | (30) | (76) |
| Debt due within one year | (564) | 16 | (548) |
| Debt due after more than one year | (678) | 85 | (593) |
| Directors loan account | (395) | (82) | (477) |
| | ----- | ----- | ----- |
| | (1,683) | (11) | (1,694) |
| | ===== | ===== | ===== |

GARNER PLC
(FORMERLY CONSTELLATION CORPORATION PLC)
interim report for the six months ended 30 June 2006

NOTES TO THE UNAUDITED INTERIM REPORT

1 BASIS OF PREPARATION

The results for the six months ended 30 June 2006, which are unaudited, have been prepared in accordance with the Company's accounting policies as set out in its Annual Report and Accounts to 31 December 2005 and under the historical cost convention.

The financial information set out in this document which has been neither audited nor reviewed does not comprise the statutory accounts of the Company within the meaning of section 240(5) of the Companies Act 1985.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the Company and of its subsidiary undertaking Garner International Limited, a company incorporated in England and Wales. Profits or losses on intra-group transactions are eliminated in full.

2 EARNINGS PER ORDINARY SHARE

The calculation of the earnings per share is based on the profit attributable to ordinary shareholders of £200,000 (2005: £61,000) and the weighted average number of ordinary shares in issue during the period, being 1,167,118,360 (2005: 1,167,118,360).

3 RESTATEMENT OF JUNE 2005 BALANCE SHEET

Following receipt of Counsel's opinion relating to the preference shares as noted in the Annual Report and Financial Statements for the year ended 31 December 2005, the balance sheet as at 30 June 2005 has been restated. The effect of this restatement is to decrease shareholders' funds by £1,228,000 and increase current liabilities by the same amount.

4 COPIES OF THE UNAUDITED INTERIM REPORT

Copies of this report are available on request from the Company's registered office at 6 Derby Street, London, W1J 7AD.

CONTACT DETAILS:

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