Cellcast plc
(the "Company")

Interim Results for the six months ended 30 June 2007

Highlights for the period

- Revenues increase to £11.4 million - up 18.5% on the same period in 2006
- Reduced loss at EBITDA level of £980,000 compared to £1.6 million in the first six months of 2006
- UK operations achieve sustained profitability
- Continued roll out of Cellcast formats and technology to international markets.

Post period highlights

- Reorganisation and recapitalisation of Asian businesses into Cellcast Asia Holdings
- Injection of $5.25 million into Cellcast Asia Holdings, by leading private equity house, Canaan Partners providing post-money valuation of $13.5 million, valuing Cellcast's 37.5% share holding at $5.1 million against a cost of $1.4 million
- SUMO.tv achieves significant growth in web traffic and TV revenues, and developing co-venture opportunities accelerating the distribution timetable

Julian Paul, Chairman of Cellcast plc, commented:

"With the UK business achieving operating profitability (before SUMO.tv costs), the enhanced shareholding and deconsolidation of our Asian interests, and the potential to spin-off SUMO.tv, the outlook is much improved. The company is focussing on improvements in gross margin, EBITDA and cash flow rather than the headline revenue numbers. Our growth strategy is to leverage our expertise, successful formats and proprietary technology to multiply co-ventures with strategic media partners worldwide."

For further information:
Cellcast plc
Andrew Wilson, CEO — Tel: +44 (0) 20 7190 0300
andrew@cellcast.tv — www.cellcast.tv

HB Corporate
Edward Hutton / Rachel Kane — Tel: +44 (0) 20 7510 8600
e.hutton@hbcorporate.co.uk — www.hbcorporate.co.uk

Media enquiries:
Threadneedle Communications
Graham Herring / Josh Royston — Tel: +44 (0) 20 7936 9605
graham.herring@threadneedlepr.co.uk

CHAIRMAN'S STATEMENT

These interim statements for the six months ended 30 June 2007 are the first that the company has prepared under International Financial Reporting Standards ("IFRS") and include reconciliations to the previously reported numbers prepared under UK GAAP, as well as a comprehensive restatement of the company's current accounting policies. The numbers reported for 31 December 2006 have been audited under UK GAAP but not under IFRS. The major reconciling item between UK GAAP and IFRS is the capitalisation of development costs relating to SUMO.tv, which had previously been expensed. This is discussed in more detail below.

Interim Results

Revenues for the six months to 30 June 2007 of £11.4 million were up 18.5% on the same period in 2006. These numbers are unaffected by the move to IFRS. The geographic mix however has changed significantly. In the six months to 30 June 2006, UK revenues accounted for 75% of the total with Western Europe 23%. In the current period, the UK was 49% of the total, with Latin America accounting for 39% and Western Europe less than 1%. The company reports a loss for the period at the EBITDA level of £980,000 (operating loss of £1,731,000, less depreciation and amortisation of £235,000, minority interest share of overseas losses of £23,000 and IFRS2 share option charge of £493,000), compared to £1.6 million in the first six months of 2006. Encouragingly, as a result of cost cutting initiatives following the 2006 Sky EPG reorganisation, the UK operations returned to profitability, with an operating profit before allocation of central overheads of £670,000 against a loss for the same period the previous year of £590,000.

In view of the loss for the period, no dividend is proposed (2006 – £ nil).

SUMO.tv

As previously indicated, the company has been seeking to capitalise on the substantial investment it has been making over the last year or so in the development of its multi-platform user-generated content network, SUMO.tv, launched in October 2006. Prior to the adoption of IFRS, development costs for this project were expensed under UK GAAP. As at 31 December 2006, these costs amounted to £443,000, all incurred in the second half of the year. Between 1 January and 30 June 2007, further costs of £664,000 were incurred – a total of £1.1 million. Under IFRS, we are now required to capitalise these development costs (subject to impairment considerations) and accordingly the restated income statements reflect this.

The web traffic and TV revenues are increasing quarter by quarter, which has positioned SUMO.tv as one of the global leaders in the video sharing space. The SUMO.tv website is now visited by over 3.5 million users per month and is now around number 4,000 of all websites globally (according to industry standard Alexa ratings, exceeding that of a number of much better capitalised companies in the video sharing space). This rapid traction has enabled the company to open discussions with various overseas parties to licence its programming and technology. The activity is reaching a level of maturity which creates a window of opportunity to attract financial as well as strategic partners. Discussions are in progress with a number of parties to co-venture the further development of the SUMO.tv project which will remove the need for further funding by Cellcast and will deconsolidate its business. We will report back to shareholders on material developments in this regard.

Subsequent event – Cellcast Asia

During the first half of 2007, Cellcast invested further funds in its Asian operations to gain better exposure in the market and demonstrate the efficacy of its proprietary participation tv solutions to key strategic telecoms and broadcast partners. This impacted the short-term profitability of Cellcast's international operations but enabled the company to create the right operating platform to pave the way for a large private equity investment. On 21 August, we reported that we had concluded a reorganisation and recapitalisation of our Asian businesses through the creation of a new holding company, Cellcast Asia Holdings, into which we transferred our 100% holding in Cellcast Interactive India Pvt Limited and 50% holding in Cellcast SEA Limited. At the same time, Canaan Partners, a leading private equity house, injected $5.25 million into the new holding company, which now has a post-money valuation of $13.5 million. Cellcast's fully diluted 37.5% shareholding is thus valued at around $5.1 million (£2.6 million), compared to an investment cost of £700,000. Going forward, Cellcast Asia Holdings will assume its own costs which were previously funded by

Cellcast, and Cellcast's interest in Cellcast Asia Holdings will be equity-accounted rather than consolidated. We regard this as a very positive development as we have a strong equity partner in this venture, which we will no longer have to fund and absorb costs but where we have the opportunity to participate in the future upside.

Funding

As indicated above, the company has carried the costs and funding of both SUMO.tv and Cellcast India in anticipation of a strategic spin-off of these components of our business. This has put a strain on our cash resources, and consequently during the period under review, we have raised additional convertible loan funds. The total amount drawn to date is £1.5 million. We currently have undrawn facilities of a further £1.5 million, and the directors believe that this is sufficient to meet the company's funding requirements for the foreseeable future.

Current trading

In the statement accompanying the 2006 full-year results, we stated that our activities in South America had strong revenue and earnings potential in 2007, and stated that in the first quarter of 2007 we saw significant increased revenues and profitability in our South American operations. However, the high volume of telecom traffic we were generating in Brazil created unforeseen problems at a technical infrastructure level that made our output unsustainable and forced a retrenchment of our media exposure. As a result of the current process of resolving telecom network traffic termination issues (which we expect to complete in the last quarter of this year) we do not expect to generate profits from Brazil in the second half of 2007. However, we look forward to the restoration and expansion of traffic and revenues in the first half of next year in a market that has already proven highly responsive to Cellcast formats and applications.

After a successful reorganisation, repositioning and cost reduction programme, the UK business continues to trade well. We are now expanding beyond television by getting more traction on the web and mobile services which should substantially improve the profitability of this operation.

Capitalising on its large portfolio of interactive TV formats and proprietary technology, the company is working on TV projects in Europe, Middle East and South America. For each of these projects the company is partnering with local broadcasters to limit the financial exposure. The management of these projects will be undertaken from the UK where an international project management team has been assembled.

Outlook

With the restoration to operating profitability of the UK operations before the SUMO.tv costs, the reorganisation and deconsolidation of our Asian interests and the potential to spin-off the SUMO.tv activity, the outlook is much improved. The company is focussing on improvements in gross margin, EBITDA and cash flow rather than the headline revenue numbers. Our strategy is focussed on leverage of our expertise, formats and proprietary technology to co-venture with partners that have access to funds or media properties in the UK and overseas. The efficacy of this strategy is demonstrated by the successful spin off of our Indian operations. With our core technology and formats now proven we look forward to increased revenues and profitability through this licensing driven model.

Julian Paul
Chairman

28 September 2007

CONSOLIDATED INCOME STATEMENTS

	Unaudited 6 Months ended 30 June 2007 £	Unaudited 6 Months ended 30 June 2006 £	Unaudited Year to 31 December 2006 £
REVENUE	11,396,273	9,612,554	21,977,972
Cost of sales	(10,024,157)	(8,791,962)	(17,768,179)
GROSS PROFIT	1,372,116	820,592	4,209,793
Operating costs and expenses:			
General and administrative	(2,409,008)	(2,560,487)	(6,786,705)
Depreciation and amortisation	(234,831)	(285,368)	(575,159)
IFRS 2 charge -share option expense	(492,708)	(160,515)	(298,895)
Total operating costs and expenses	(3,136,547)	(3,006,370)	(7,660,759)
OPERATING LOSS	(1,764,431)	(2,185,778)	(3,450,966)
Interest receivable	2,122	22,103	32,217
Interest payable and similar charges	(7,634)	(935)	(6,872)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(1,769,943)	(2,164,610)	(3,425,621)
Taxation	-	-	64,798
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(1,769,943)	(2,164,610)	(3,360,823)
Attributable to:			
Equity Holders of the company	(1,747,000)	(2,022,758)	(3,330,139)
Minority interest	(22,943)	(141,852)	(30,684)
	(1,769,943)	(2,164,610)	(3,360,823)
LOSS PER SHARE			
Basic and dilluted	(3.3p)	(7.1p)	(10.2)p

Note: The operating loss for the period arises from the Group's continuing operations

CONSOLIDATED BALANCE SHEETS

	Unaudited 30 June 2007 £	Unaudited 30 June 2006 £	Unaudited 31 December 2006 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
- Development costs	1,763,857	604,444	1,099,404
Investments	4,933	4,933	4,933
Property, plant and equipment	951,540	1,064,200	1,108,507
Deferred tax	84,698		84,698
	2,805,028	1,673,577	2,297,542
CURRENT ASSETS			
Work in progress			38,984
Trade and other receivables	3,480,259	4,239,185	6,997,017
Cash and cash equivalents	134,310	221,382	135,677
	3,614,569	4,460,567	7,171,678
TOTAL ASSETS	6,419,597	6,134,144	9,469,220
LIABILITIES			
Non current			
Finance Leases	51,147	55,672	70,202
Current			
Trade and other payables	4,519,092	4,107,459	7,242,564
TOTAL LIABILITIES	4,570,239	4,163,131	7,312,766
NET ASSETS	1,849,358	1,971,013	2,156,454
CAPITAL AND RESERVES			
Called up share capital	1,726,656	850,407	1,331,619
Share premium account	5,317,756	4,038,676	4,775,743
Merger reserve	1,300,395	1,300,395	1,300,395
Retained earnings	(6,499,907)	(4,076,613)	(5,245,614)
Translation reserve	58,085		24,995
Attributable to equity holders of the company	1,902,985	2,112,865	2,187,138
Minority interest in equity	(53,627)	(141,852)	(30,684)
TOTAL EQUITY	1,849,358	1,971,013	2,156,454

CONSOLIDATED CASH FLOW STATEMENTS

	Unaudited 6 Months ended 30 June 2007 £	Unaudited 6 Months ended 30 June 2006 £	Unaudited Year to 31 December 2006 £
Cash inflows/(outflows) from operating activities			
Cash used from operations	(157,424)	(2,167,333)	(2,874,382)
Taxation			70,097
Interest received	2,122	22,103	32,217
Net cash outflow from operating activities	(155,302)	(2,145,230)	(2,772,068)
Cash outflows from investing activities			
Purchase of property, plant and equipment	(73,391)	(271,979)	(563,451)
Purchase of intangible assets	(664,453)	(56,654)	(581,747)
Net cash outflow from investing activities	(737,844)	(328,633)	(1,145,198)
Cash inflow/(outflow) from financing activities			
Capital element of finance leases	(21,298)	(17,519)	(43,798)
Interest paid	(7,634)	(935)	(6,872)
Proceeds from the issue of share capital	1,000,000		1,283,220
Issue costs paid	(62,951)		(64,940)
Net cash inflow/(outflow) from financing activities	908,117	(18,454)	1,167,610
Increase/(decrease) in cash in the period	14,971	(2,492,317)	(2,749,656)

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

1 Cash flow from operating activities

	Unaudited 6 Months ended 30 June 2007 £	Unaudited 6 Months ended 30 June 2006 £	Unaudited Year to 31 December 2006 £
Operating loss	(1,764,431)	(2,185,778)	(3,450,966)
Depreciation of property plant and equipment	202,028	278,117	479,306
Amortisation intangible assets	32,803	7,251	95,853
Share option charge	492,708	160,515	298,895
Increase in work in progress	38,984		(38,984)
Decrease /(increase) in trade and other receivables	3,516,758	(1,460,917)	(4,218,750)
Increase/(decrease) in trade and other payables	(2,676,274)	1,033,479	3,960,264
Net cash outflow from operating activities	(157,424)	(2,167,333)	(2,874,382)

2 Analysis of net funds

	1 January 2007	Cashflow	Other non-cash changes	30 June 2007
Cash at bank and in hand	135,677	(1,367)		134,310
Bank overdrafts	(189,153)	16,338		(172,815)
	(53,476)	14,971		(38,505)
Finance leases	(132,665)	21,298		(111,367)
Net funds	(186,141)	36,269		(149,872)

3 Reconciliation of net cash flow to movement in debt

	Unaudited 6 Months ended 30 June 2007 £	Unaudited 6 Months ended 30 June 2006 £	Unaudited Year to 31 December 2006 £
(Reduction) / increase in cash in the period	14,971	(2,492,317)	(2,749,656)
Finance lease	21,298	17,519	43,798
MOVEMENT IN NET FUNDS IN THE PERIOD	36,269	(2,474,798)	(2,705,858)
New Finance lease		(155,227)	(167,719)
Opening net funds	(186,141)	2,687,436	2,687,436
Closing net (debts) / funds	(149,872)	57,411	(186,141)

STATEMENT OF CHANGES IN EQUITY

As at 30 June 2007	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserves	Retained Earnings	Shareholders Funds	Minority interest	Total
Balance at 1 January 2007	1,331,619	4,775,743	1,300,395	24,995	(5,245,614)	2,187,138	(30,684)	2,156,454
Loss for the period					(1,747,000)	(1,747,000)	(22,943)	(1,769,943)
Exchange translation				33,090		33,090		33,090
Total recognised gain / losses for the year				33,090	(1,747,000)	(1,713,910)	(22,943)	(1,736,853)
Share based payment charge					492,708	492,708		492,708
Proceeds of shares issued	395,037	604,963				1,000,000		1,000,000
Share issue costs		(62,951)				(62,951)		(62,951)
Balance at 30 June 2007	1,726,656	5,317,755	1,300,395	58,085	(6,499,906)	1,902,985	(53,627)	1,849,358

As at 31 December 2006	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserves	Retained Earnings	Shareholders Funds	Minority interest	Total
Balance at 1 January 2006	850,407	4,038,676	1,300,395		(2,214,370)	3,975,108		3,975,108
Loss for the period					(3,330,139)	(3,330,139)	(30,684)	(3,360,823)
Exchange translation				24,995		24,995		24,995
Total recognised gain / losses for the year				24,995	(3,330,139)	(3,305,144)	(30,684)	(3,335,828)
Share based payment charge					298,895	298,895		298,895
Proceeds of shares issued	481,212	802,007				1,283,219		1,283,219
Share issue costs		(64,940)				(64,940)		(64,940)
Balance at 31 December 2006	1,331,619	4,775,743	1,300,395	24,995	(5,245,614)	2,187,138	(30,684)	2,156,454

As at 30 June 2006	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserves	Retained Earnings	Shareholder Funds	Minority interest	Total
Balance at 1 January 2006	850,407	4,038,676	1,300,395		(2,214,370)	3,975,108		3,975,108
Loss for the period					(2,022,758)	(2,022,758)	(141,852)	(2,164,610)
Exchange translation								
Total recognised gain / losses for the year					(2,022,758)	(2,022,758)	(141,852)	(2,164,610)
Share based payment charge					160,515	160,515		160,515
Proceeds of shares issued								
Share issue costs								
Balance at 30 June 2006	850,407	4,038,676	1,300,395		(4,076,613)	2,112,865	(141,852)	1,971,013

ACCOUNTING POLICIES

Basis of preparation

These interim financial statements were approved by the directors on 28 September 2007.

From January 1 2007, the Group has adopted International Financial Reporting Standards ("IFRS") and the IFRIC interpretations in the preparation of its consolidated financial statements. The financial statements have been prepared under the historical cost basis. Information on the impact on accounting policies and financial results resulting from the conversion from UK Generally Accepted Accounting Principles ("UK GAAP") to IFRS is provided later in this report.

Prior to 2007, the Group prepared its audited financial statements and unaudited interim financial statements under UK GAAP. From 1 January 2007, the Group is required to prepare annual consolidated financial statements in accordance with IFRS as adopted by the European Union. As the 2007 annual financial statements will include comparatives for 2006, the Group's date of transition to IFRS is 1 January 2006 with the 2006 comparatives restated to IFRS. Accordingly the financial information for the six months to 30 June 2006 has been restated to present the comparative information in accordance with IFRS based on the transition date of 1 January 2006.

The accounting policies applied in these unaudited financial statements is those that the Group expects to apply in its annual financial statements for the year ended 31 December 2007, which will be prepared in accordance with IFRS, and those parts of the Companies Act 1985 that remain applicable to companies reporting under IFRS.

This interim report does not constitute statutory accounts of the Group within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2006, which were prepared under UK generally accepted accounting principles (UK GAAP), have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under section 237 (2) or (3) of the Companies Act 1985. The unaudited results for the year ended 31 December 2006 disclosed in this report are an abridged version of the company's Annual Report and Accounts adjusted for the transition to IFRS. They do not constitute the Financial Statements for that period.

At the date of authorisation of this interim financial statement the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

International Financial Reporting Standards ("IFRS")

- IFRS 7 "Financial Instruments: Disclosures"
- IFRS 8 "Operating Segments"

International Financial Reporting Interpretations Committee ("IFRIC")

- IFRIC 11 "IFRS 2: Group and Treasury Share Transactions"
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 13 "Customer loyalty programmes"
- IFRIC 14 "IAS 19 – The limit on a defined benefit scheme asset, minimum funding requirement and their interaction"

Amendments to existing standards

Amendment to IAS 1	"Presentation of Financial Statements" – Capital disclosures
Amendments to IAS 19	"Employee Benefits" – Actuarial Gains and Losses, Group Plans and Disclosures
Amendments to IAS 21	"The Effects of Changes in Foreign Exchange Rates" – Net Investments in Foreign Operation.
Amendments to IAS 39	"Financial Instruments: Recognition and Measurement"- Cash flow hedge accounting of forecast intra-group transactions, The Fair Value Option.
Amendments to IAS 39	"Financial Instruments: Recognition and Measurement" and IFRS 4 "Insurance Contracts"
Amendments to IFRS 1	"First-time adoption of International Financial Reporting Standards"

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards come into effect for commencing on or after 1 January 2008.

1 Principal Accounting Policies of the Group

This interim financial information has been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that either are endorsed by the EU and effective (or available for early adoption) at 30 June 2007 or are expected to be endorsed and effective (or available for early adoption) at 31 December 2007, the Group's first annual reporting under IFRS. Based on these adopted and unadopted IFRSs, the directors have made assumptions about the accounting policies expected to be applied, which are as set out below, when the first annual IFRS financial statements are prepared for the year ending 31 December 2007.

The adopted IFRS that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 December 2007 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for the annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 December 2007.

Transitional arrangements
The Group has taken the following optional exemptions contained in IFRS 1 'First-time Adoption of International Financial Reporting Standards' in preparing the Group's balance sheet on transition to IFRS at 1 January 2006:

Cumulative translation differences - the cumulative translation differences for all foreign subsidiaries have been set to zero at 1 January 2006 and exchange differences arising prior to this date will not be recycled to the income statement.

Business combinations - the Group has elected not to apply IFRS-3 Business Combinations retrospectively to past business combinations (business combinations that occurred before the date of transition to IFRS).

Based on the above exemptions there are no transitional adjustments to the 1 January 2006 opening balance sheet. A UK GAAP to IFRS reconciliation for the comparative periods is included in this interim statement in Note 5.

Basis of consolidation
The consolidated income statement and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2006.

Acquisitions of subsidiaries are dealt with by the acquisition method of accounting except for those qualifying as group reconstructions where merger accounting is permitted.

Research and Development
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's computer software development initiative is recognised only if all of the following conditions are met:

- An asset is created that can be identified
- It is probable that the asset created will generate future economic benefits
- The development cost of the asset can be measured reliably

Development costs meeting these criteria are capitalised and amortised on a straight-line basis over their useful lives once the related software product is available for use.

Share-based payment
The group operates executive and employee share schemes. For all grants of share options, the fair value as at the date of grant is calculated using an option pricing model and the corresponding expense is recognised over the vesting period.

The expense is recognised as a staff cost and the associated credit entry is made against equity.

Intangible assets
Intangible assets purchased separately, such as software licenses that do not form an integral part of related hardware, are capitalised at cost and amortised over their useful economic life. Intangible assets acquired through a business combination such as customer contracts and intellectual property are initially measured at fair value and amortised over their estimated useful economic life.

Tangible fixed assets and depreciation
Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Broadcasting equipment	20% to 50% straight line
Computers, fixtures and fittings	20% to 50% straight line

Leasing and hire purchase commitments
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Investments
Fixed asset investments are stated at cost less provision for diminution in value.

Borrowing costs
Borrowing costs are recognised as an expense in the period when they are incurred.

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments
The following policies for financial instruments have been applied in the preparation of the Group's interim financial statements. Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents
For the purpose of preparation of the cash flow statement, cash and cash equivalents includes cash at bank and in hand, and short term deposits with an original maturity period of three months or less.

Trade and other receivables
Trade and other 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.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that resulted in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies
The accounting policy on foreign currencies, in compliance with IAS 21, additionally includes the following:

The income statement and balance sheet of foreign operations and foreign entities are translated into the functional currency (£ sterling) on consolidation at the average rates for the period and the rates prevailing at the balance sheet dates respectively. Exchange gains and losses arising on the translation of the Group's net investment in foreign operations and foreign entities, are recognised as a separate component of shareholders' equity. On disposal of foreign operations and foreign entities, the cumulative translation differences are recycled to the income statement and recognised as part of the gain or loss on disposal.

The most important foreign currency for the Group is the US dollar. The relevant exchange rates for this and other currencies to sterling were:

Currency	30 June 2007	30 June 2006	31 December 2006
US $	2.0064	1.8163	1.9600
Euro	1.4856	1.44000	1.4600
Hong Kong $	15.6885	14.1088	15.6600

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

2 Loss per share

Basic loss per share is based on the loss on ordinary activities after taxation and on the following weighted average number of shares in issue.

Shares in issue	30 June 2007	30 June 2006	31 December 2006
1 January 2007	44,387,300	28,346,900	28,346,900
Issue of shares in the year	17,580,274		16,040,400
30 June 2007	61,967,547	28,346,900	44,387,300
Adjustments:			
Weighted Shares	53,405,602	28,346,900	32,609,687

As a result of the loss incurred in the period ended 30 June 2007 there is no dilutive effect from the issue of share options.

3 Segmental reporting

	Unaudited 30 June 2007 £	Unaudited 30 June 2006 £	Unaudited 31 December 2006 £
REVENUE			
UK	5,631,624	7,198,237	12,900,563
Rest of Europe	600,000	2,196,240	6,889,485
Asia	764,690	218,077	1,019,629
South America	4,399,959		1,168,295
Total	11,396,273	9,612,554	21,977,972
COST OF SALES			
UK	4,421,355	6,605,534	12,745,472
Rest of Europe	500,000	1,864,849	2,891,623
Asia	1,020,183	321,579	1,117,728
South America	4,082,618		1,013,356
Total	10,024,157	8,791,962	17,768,179
GROSS PROFIT			
UK	1,210,268	592,703	155,091
Rest of Europe	100,000	331,391	3,997,862
Asia	(255,493)	(103,502)	(98,099)
South America	317,341		154,939
Total	1,372,116	820,592	4,209,793
OPERATING LOSS			
UK	(127,748)	(1,302,481)	(2,091,118)
Rest of Europe			116,862
Asia	(629,558)	(306,194)	(592,982)
South America	(279,586)	(131,220)	(9,674)
Non Segmental			
Depreciation and amortisation	(234,831)	(285,368)	(575,159)
IFRS 2 charge -share option expense	(492,708)	(160,515)	(298,895)
Total	(1,764,431)	(2,185,778)	(3,450,966)
TOTAL ASSETS			
UK	4,533,134	5,772,789	4,618,949
Rest of Europe	130,430	1,815	2,868,974
Asia	867,840	359,540	878,346
South America	803,495		1,018,253
Non Segmental			
Deferred tax	84,698		84,698
Total	6,419,597	6,134,144	9,469,220

	Unaudited 30 June 2007 £	Unaudited 30 June 2006 £	Unaudited 31 December 2006 £
TOTAL LIABILITIES			
UK	2,662,682	3,476,499	2,591,040
Rest of Europe		1,815	2,736,732
Asia	979,144	684,817	957,806
South America	928,413		1,027,188
Total	4,570,239	4,163,131	7,312,766
CAPITAL EXPENDITURE - INTANGIBLE			
UK	664,453	13,256	136,886
Rest of Europe		1,815	
Asia		41,583	1,507
South America			
Total	664,453	56,654	138,393
CAPITAL EXPENDITURE - TANGIBLE			
UK	48,538	427,206	411,806
Rest of Europe			1,910
Asia	24,853		47,137
South America			102,598
Total	73,391	427,206	563,451
DEPRECIATION AND AMORTISATION			
UK	221,930	285,368	549,461
Rest of Europe			95
Asia	12,901		24,350
South America			1,253
Total	234,831	285,368	575,159

4 Financial Instruments

Facility
The group currently has an overdraft facility of £150,000, bearing interest of 2% over base rate up to £50,000 and 3% over base rate above this amount.

Headstart convertible Loan

In January 2007, the company entered into a convertible loan agreement of up to £1 million with the Headstart Funds. The facility was available for a term of two years, with interest payable at a rate of 8 per cent per annum. Headstart had the option to convert any part of the loan which is outstanding into equity at any time for a period of 360 days from the date that the relevant tranche of the loan was made available. Headstart was issued with five year warrants in respect of 1,000,000 Ordinary Shares of 3 pence each at an exercise price of 8 pence per share.

The company also issued 355,555 new Ordinary Shares of 3 pence each to Headstart at a price of 8 pence per share as part of the arrangement. By 16 May 2007, the company had fully drawn down the £1 million facility, and converted the proceeds into Ordinary Shares of 3 pence each.

5 Capital and reserves

Shares issued
During the period ending 30 June 2007 17,580,274 ordinary shares were issued at 3 pence each.

Cumulative translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that do not have a sterling functional currency. Exchange differences are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the income statement in the period in which the operation is disposed of.

6 Explanation of Transition to IFRS

As required by IFRS 1, the impact of the transition from UK GAAP to IFRS is explained below.
The accounting policies set out above have been applied consistently to all periods presented in this interim financial information and in preparing an opening IFRS balance sheet at 1 January 2006 for the purposes of the transition to IFRS.

IAS 1 - Presentation of Financial Statements. The form and presentation of the UK GAAP financial statements has been changed to be in compliance with IAS 1.

IAS 7 - Cash Flow Statements. The IFRS Cash Flow Statement, prepared under IAS 7, presents cash flows in three categories; cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. Other than the reclassification of cash flow into the new disclosure categories, there are no significant differences between the Group's Cash Flow Statement under UK GAAP and IFRS. Consequently, no cash flow reconciliations are provided. Purchases of tangible fixed assets under UK GAAP have been reclassified to purchases of intangible assets and purchases of property, plant and equipment under IFRS.

No reconciliation between UK GAAP and IFRS has been made in respect of the 1 January 2006 balance sheet, as there was no difference between the two formats.

(a) Translation reserves
The translation reserve results from exchange gains and losses arising from the translation of the Group's net investments in its overseas operating subsidiaries. The foreign exchange impact of translating foreign operations since 1 January 2006 is reflected in the restated income statements.

(b) Share option expense
The share option expense is realised in accordance with the company accounting policies.

(c) Amortisation of intangibles
The intangible assets acquired have been amortised in accordance of IFRS 38 as stated in company's policy on intangible assets.

RECONCILIATION OF UK GAAP TO IFRS
Six months ended 30 June 2006 Consolidated Income Statement

	UK GAAP £	IFRS Adjustment £	Restated £
REVENUE	9,612,554		9,612,554
Cost of sales	(8,791,962)		(8,791,962)
GROSS PROFIT	820,592		820,592
Operating costs and expenses:			
General and administrative	(2,560,487)		(2,560,487)
Depreciation and amortisation	(285,368)		(285,368)
IFRS 2 charge -share option expense	(160,515)		(160,515)
Total operating costs and expenses	(3,006,370)		(3,006,370)
OPERATING LOSS	(2,185,778)		(2,185,778)
Interest receivable	22,103		22,103
Interest payable and similar charges	(935)		(935)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(2,164,610)		(2,164,610)
Taxation			
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(2,164,610)		(2,164,610)
Attributable to:			
Equity Holders of the company	(2,022,758)		(2,022,758)
Minority interest	(141,852)		(141,852)
LOSS FOR THE PERIOD	(2,164,610)		(2,164,610)
LOSS PER SHARE			
Basic	(7.1)p		(7.1)p

RECONCILIATION OF UK GAAP TO IFRS

Six months ended 30 June 2006 Consolidated Balance Sheet

	UK GAAP	IFRS Adjustment	Restated
	£	£	£
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
- Development costs	604,444		604,444
Investments	4,933		4,933
Property, plant and equipment	1,064,200		1,064,200
Deferred tax	604,444		604,444
Total non-current assets	1,673,577		1,673,577
CURRENT ASSETS			
Work in Progress			
Trade and other receivables	4,239,185		4,239,185
Cash and cash equivalents	221,382		221,382
	4,460,567		4,460,567
TOTAL ASSETS	6,134,144		6,134,144
LIABILITIES			
Non current			
Finance lease	55,672		55,672
Current			
Trade and other payables	4,107,459		4,107,459
TOTAL LIABILITIES	4,163,013		4,163,013
NET ASSETS	1,971,013		1,971,013
CAPITAL AND RESERVES			
Called up share capital	850,407		850,407
Share premium account	4,038,676		4,038,676
Merger reserve	1,300,395		1,300,395
Retained earnings	(4,076,613)		(4,076,613)
Translation reserve			
Attributable to equity holders of the company	2,112,865		2,112,865
Minority Interest	(141,852)		(141,852)
TOTAL EQUITY	1,971,013		1,971,013

RECONCILIATION OF UK GAAP TO IFRS
Year ended 31 December 2006 Consolidated Income Statement

	UK GAAP £	IFRS Adjustment £	Restated £
REVENUE	21,977,972		21,977,972
Cost of sales	(18,211,533)	443,354	(17,768,179)
GROSS PROFIT	3,766,439	443,354	4,209,793
Operating costs and expenses:			
General and administrative	(6,786,705)		(6,786,705)
Depreciation and amortisation	(575,159)		(575,159)
IFRS 2 charge -share option expense	(298,895)		(298,895)
Total operating costs and expenses	(7,660,759)		(7,660,759)
OPERATING LOSS	(3,894,320)	443,354	(3,450,966)
Interest receivable	32,217		32,217
Interest payable and similar charges	(6,872)		(6,872)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(3,868,975)	443,354	(3,425,621)
Taxation	64,798		64,798
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(3,804,177)	443,354	(3,360,823)
Attributable to:			
Equity Holders of the company	(3,773,493)	443,354	(3,330,139)
Minority interest	(30,684)		(30,684)
LOSS FOR THE PERIOD	(3,804,177)	443,354	(3,360,823)
LOSS PER SHARE			
Basic and dilluted	(11.6)p		(10.2)p

RECONCILIATION OF UK GAAP TO IFRS
Year ended 31 December 2006 Consolidated Balance Sheet

	UK GAAP	IFRS Adjustment	Restated
	£	£	£
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
- Development costs	656,050	443,354	1,099,404
Investments	4,933		4,933
Property, plant and equipment	1,108,507		1,108,507
Deferred tax	84,698		84,698
	1,854,188	443,354	2,297,542
CURRENT ASSETS			
Work in progress	38,984		38,984
Trade and other receivables	6,997,017		6,997,017
Cash and cash equivalents	135,677		135,677
	7,171,678		7,171,678
TOTAL ASSETS	9,025,866	443,354	9,469,220
LIABILITIES			
Non current			
Finance Leases	70,202		70,202
Current			
Trade and other payables	7,267,559	(24,995)	7,242,564
TOTAL LIABILITIES	7,337,761	(24,995)	7,312,766
NET ASSETS	1,688,105	468,349	2,156,454
CAPITAL AND RESERVES			
Called up share capital	1,331,619		1,331,619
Share premium account	4,775,743		4,775,743
Merger reserve	1,300,395		1,300,395
Retained earnings	(5,688,968)	443,354	(5,245,614)
Translation reserve		24,995	24,995
Attributable to equity holders of the company	1,718,789	468,349	2,187,138
Minority interest in equity	(30,684)		(30,684)
TOTAL EQUITY	1,688,105	468,349	2,156,454

Notes:

The deferred tax was included within debtors in the last published report and have now been separately disclosed.

Prior to the adoption of IFRS, the development costs amounting to £443,354 were expensed under UK GAAP. Under IFRS, the Company is required to capitalise these costs (subject to impairment considerations) and accordingly the restated income statements reflect this.

7 Subsequent events

Cellcast Asia Holdings Limited ("CAH")

In August 2007, a new intermediate holding company, Cellcast Asia Holdings was established, into which the Company injected its 100% holding in Cellcast Interactive India Pvt Limited and its 50% holding in Cellcast SEA Limited. At the same time, CAH conditionally agreed to issue US$5.25 million of Series A Preferred Stock to Canaan Partners, a global venture capital firm. Post new money the Preferred Stock issue values CAH at US$13.5 million.

The Company now owns 37.5% of the fully diluted share capital of CAH. Canaan Partners own 38.9% with the remaining shares being held by a trust which administers share option plans for existing and future employees of Cellcast India.

Additional loan facility

On 2 July 2007, the Company entered into a secured convertible loan agreement of up to £2 million with the Headstart Funds. The facility, which is secured by charges over available assets of the Company, is available for a term of two years, with interest payable at a rate of 9 per cent per annum. The first tranche of £500,000 was drawn down on 4 July 2007.

Headstart has the option to convert any part of the loan which is outstanding into equity at any time for a period of 360 days from the date that tranche of the loan was made available at 95 per cent of the lowest bid price of the Company's shares during the 15 trading days preceding the conversion date. Unless previously repaid or converted, each tranche is repayable not later than 360 days after draw down.