**Press Release** **31 August 2006**

**Cellcast plc**

("Cellcast" or "the Company")

**2006 Interim Results**

Cellcast plc (AIM: CLTV.L), an international provider of digital participation television programmes and interactive mobile content, announces its interim results for the six months ended 30 June 2006.

The Company develops innovative strategies for integrating mobile phone content into the TV environment. In the UK alone, Cellcast currently broadcasts over 60 hours of live interactive programming each day.

**Highlights**

- Turnover increased by 65% to £9.6 million from £5.8 million during the same period in 2005
- Profitability impacted by reorganisation of Sky's Electronic Programming Guide ("EPG"), with a loss of before tax of £2 million, compared to a loss of £539,000 in the same period in the prior year.
- Moved quickly to counter effects of EPG by introducing new formats, redeploying bandwidth, increasing marketing spend to help viewers find channels, and, reducing production costs and operating expenses
- Continued growth in international operations which accounted for around 25% of revenues in the first half and will represent rapidly growing proportion of overall revenues in second half of 2006
- Rapid expansion of international operations has been achieved at a low cost, demonstrating scalability of business and technical models

Commenting on the results, Julian Paul, Chairman of Cellcast plc, said: "With the Board having taken the necessary steps to restore the profitability of our UK operations, and with an increasing proportion of our revenues coming from international markets, I feel confident that Cellcast will prosper in this exciting marketplace."

**For further information:**

**Cellcast plc**

| | |
|---|---|
| Andrew Wilson, Chief Executive Officer | Tel: +44 (0) 20 7190 0300 |
| andrew@cellcast.tv | |
| Emmanuelle Guicharnaud, Chief Financial Officer | Tel: +44 (0) 20 7190 0300 |
| emmanuelle@cellcast.tv | www.cellcast.com |

**Daniel Stewart & Company Plc**

| | |
|---|---|
| Lindsay Mair, Corporate Finance | Tel: +44 (0) 20 7776 6550 |
| lindsay.mair@danielstewart.co.uk | www.danielstewart.co.uk |

**Media enquiries:**

**Abchurch**

| | |
|---|---|
| Henry Harrison-Topham / Gareth Mead | Tel: +44 (0) 20 7398 7700 |
| henry.ht@abchurch-group.com | www.abchurch-group.com |

## CHAIRMAN'S STATEMENT

The first half of 2006 has been a very challenging period for the Company due to external events that effected our UK operations. Your Board reacted both swiftly and positively to counter this temporary set-back and as a result stability is now being restored to our UK operations. Importantly, during this period the Board remained focused on the continuing successful international roll-out and this is reflected in our results detailed below.

### 2006 Interim Results

Turnover both in the UK and internationally, totalling £9.6 million, was up substantially on last year's £5.8 million for the same period. However, the Sky Electronic Programming Guide (EPG) reorganisation that took place in March and April this year had a negative impact on the Group's profitability, as we announced on 2 June 2006. The EPG reorganisation has created scheduling inefficiencies and has made navigation difficult for the regular viewers of the Company's programmes. These issues have led to the Company incurring higher than foreseen costs and have resulted in the Company reporting a larger than anticipated loss before tax for the six months to 30 June 2006 of £2 million (2005: £539,000). Losses at the EBITDA level were £1.6 million (operating loss of £2 million, less depreciation and amortisation of £285,000 and minority interest share of overseas losses of £142,000). The equivalent figure for the six months to 30 June 2005 was an EBITDA loss of £327,000. No dividend is proposed (2005: £nil).

The Company has moved quickly to counter the effect of the EPG changes, having introduced new formats, redeployed bandwidth and increased marketing of all its channels to help viewers locate them on the EPG. In addition, the Company has reduced production costs as well as operating expenses which will provide significant cost savings in the future. The Board believes it is unlikely that Sky Digital will implement another similar EPG reorganisation in the foreseeable future.

The Directors also believe that good progress has been achieved in the development of Cellcast's international operations which, from a negligible base last year, accounted for some 25% of revenues in the first half of 2006. Building on momentum from the second quarter, the Directors expect that the Company's international operations will represent a rapidly growing proportion of overall revenues in the second half of 2006.

The expansion of our international presence at relatively low cost not only is a demonstration of the scalability of the Company's business model, but also of the versatility and straightforward implementation of its technologies, usually in partnership with local broadcasters.

We are actively involved in France, Ukraine, across the Middle East, India, China, Malaysia, Thailand, Indonesia, Argentina, Brazil and USA. The Company's emphasis lies in those markets where mobile phone penetration is growing rapidly. Notably, we have successfully penetrated the huge Indian market, which we believe will be a significant source of future revenue. India currently has over 85 million television households and in 2005, mobile phone subscribers reached 60 million with a current growth rate of 2.5 million new users a month. Cellcast has been in this growing market since 2004, and in May, we launched Bid2Win, a 30-minute reverse auction show broadcast on five channels in partnership with a single mobile operator. In its first month of broadcast, Bid2Win generated over 1,300,000 units of premium SMS traffic. From September, Bid2Win will be dubbed into various Indian languages or dialects for regional distribution, reaching out to new audiences with little additional cost.

**Outlook**

With the Board having taken the necessary steps to restore the profitability of our UK operations, and with an increasing proportion of our revenues coming from international markets, I feel confident that Cellcast will prosper in this exciting marketplace.

**Julian Paul**
**Chairman**
**30 August 2006**

**UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT**
**FOR THE SIX MONTHS ENDED 30 JUNE 2006**

| | Cellcast plc 6 months 30 June 2006 | Cellcast UK Ltd 6 months 30 June 2005 | Cellcast plc Year 31 December 2005 |
|---|---|---|---|
| | £ | £ | £ |
| **Turnover** | 9,612,554 | 5,838,162 | 13,186,663 |
| Cost of sales | (8,791,962) | (4,399,197) | (11,361,484) |
| **Gross profit** | 820,592 | 1,438,965 | 1,825,179 |
| Administrative expenses | (2,560,487) | (1,804,360) | (2,152,528) |
| Depreciation and amortisation | (285,368) | (167,101) | (400,908) |
| **Operating loss** | (2,025,263) | (532,496) | (728,257) |
| Loss on disposal of subsidiaries | - | - | (35,726) |
| **Loss on ordinary activities before interest** | (2,025,263) | (532,496) | (763,983) |
| Other interest receivable and similar income | 22,103 | 3,211 | 42,226 |
| Interest payable and similar charges | (935) | (10,000) | (2,683) |
| **Loss on ordinary activities before taxation** | (2,004,095) | (539,285) | (724,440) |
| Tax on loss on ordinary activities | - | (5,298) | - |
| **Loss on ordinary activities after taxation** | (2,004,095) | (544,583) | (724,440) |
| Minority interests | 141,852 | 38,399 | - |
| **Loss for the period** | (1,862,243) | (506,184) | (724,440) |
| **Loss per share** | | | |
| Basic and diluted | (6.6)p | (2.4)p | (3.2)p |

## UNAUDITED CONSOLIDATED BALANCE SHEET
## AS AT 30 JUNE 2006

| | Cellcast plc 30 June 2006 £ | Cellcast UK Ltd 30 June 2005 £ | Cellcast plc 31 December 2005 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 604,444 | 376,667 | 611,695 |
| Tangible assets | 1,064,200 | 561,849 | 858,458 |
| Investments | 4,933 | 4,933 | 4,933 |
| | 1,673,577 | 943,449 | 1,475,086 |
| **Current assets** | | | |
| Debtors | 4,239,185 | 1,550,352 | 2,778,267 |
| Cash at bank and in hand | 221,382 | 158,569 | 2,696,180 |
| | 4,460,567 | 1,708,921 | 5,474,447 |
| **Creditors: amounts falling due within one year** | (4,107,459) | (2,915,107) | (2,852,147) |
| | 353,108 | (1,206,186) | 2,622,300 |
| **Net current liabilities** | | | |
| **Total assets less current liabilities** | 2,026,685 | (262,737) | 4,097,386 |
| **Creditors: amounts falling due after more than one year** | (55,672) | - | (122,278) |
| | 1,971,013 | (262,737) | 3,975,108 |
| **Capital and reserves** | | | |
| Called up share capital | 850,407 | 632,200 | 850,407 |
| Share premium account | 4,038,676 | 1,144,282 | 4,038,676 |
| Merger reserve | 1,300,395 | - | 1,300,395 |
| Profit and loss account | (4,076,613) | (1,996,114) | (2,214,370) |
| **Shareholders' funds - equity interests** | 2,112,865 | (219,632) | 3,975,108 |
| **Minority interests** | (141,852) | (43,105) | - |
| | 1,971,013 | (262,737) | 3,975,108 |

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

| | Cellcast plc 6 months 30 June 2006 | | Cellcast UK Ltd 6 months 30 June 2005 | | Cellcast plc Year 31 December 2005 | |
|---|---|---|---|---|---|---|
| | **£** | **£** | **£** | **£** | **£** | **£** |
| **Net cash outflow from operating activities** | | (2,167,333) | | (60,456) | | (669,985) |
| **Returns on investments and servicing of finance** | | | | | | |
| Interest received | 22,103 | | 3,216 | | 42,226 | |
| Interest paid | (935) | | - | | (2,683) | |
| **Net cash inflow for returns on investments and servicing of finance** | | 21,168 | | 3,216 | | 39,543 |
| **Taxation** | - | | - | | | (7,053) |
| **Capital expenditure** | | | | | | |
| Payments to acquire intangible assets | (56,654) | | - | | (294,674) | |
| Payments to acquire tangible assets | (427,206) | | (189,031) | | (804,384) | |
| **Net cash outflow for capital expenditure** | | (483,860) | | (189,031) | | (1,099,058) |
| **Acquisitions and disposals** | | | | | | |
| Proceeds on disposal of subsidiary undertakings | - | | - | | 2 | |
| Cash on disposal of subsidiary undertakings | - | | - | | (212,548) | |
| **Net cash outflow for acquisitions and disposals** | | - | | - | | (212,546) |
| **Net cash outflow before management of liquid resources and financing** | | (2,630,025) | | (246,271) | | (1,949,099) |
| **Financing** | | | | | | |
| Issue of ordinary share capital | - | | - | | 5,001,248 | |
| Share issue costs | - | | - | | (751,244) | |
| Capital element of finance lease contracts | 155,227 | | (9,093) | | (15,364) | |
| **Net cash inflow from financing** | | 155,227 | | (9,093) | | 4,234,640 |
| **Increase in cash in the period** | | (2,474,798) | | (255,364) | | 2,285,541 |

## NOTES TO THE UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 1 Reconciliation of operating loss to net cash outflow from operating activities

| | Cellcast plc 30 June 2006 £ | Cellcast UK Ltd 30 June 2005 £ | Cellcast plc 31 December 2005 £ |
|---|---|---|---|
| Operating loss | (2,025,263) | (532,496) | (728,257) |
| Depreciation of tangible assets | 278,117 | 157,101 | 331,262 |
| Amortisation of intangible assets | 7,251 | 10,000 | 69,646 |
| Loss on disposal of fixed assets | - | - | 6,638 |
| Increase in debtors | (1,460,917) | (307,217) | (2,386,412) |
| Increase in creditors | 1,033,479 | 612,156 | 2,037,138 |
| **Net cash outflow from operating activities** | (2,167,333) | (60,456) | (669,985) |

### 2 Analysis of net funds

| | 1 January 2006 | Cash flow | Other non-cash changes | 30 June 2006 |
|---|---|---|---|---|
| **Net cash** | | | | |
| Cash at bank and in hand | 2,696,180 | (2,474,798) | - | 221,382 |
| Bank overdrafts | - | - | - | - |
| | 2,696,180 | (2,474,798) | - | 221,382 |
| **Finance leases** | (8,744) | (155,227) | - | (163,971) |
| **Net funds** | 2,687,436 | (2,630,025) | - | 57,411 |

### 3 Reconciliation of net cash flow to movement in net debt

| | Cellcast plc 30 June 2006 £ | Cellcast UK Ltd 30 June 2005 £ | Cellcast plc 31 December 2005 £ |
|---|---|---|---|
| (Reduction) / Increase in cash in the period | (2,474,798) | (255,364) | 2,285,541 |
| Cash inflow from increase in debt | - | 9,093 | - |
| Cash inflow from finance lease | (155,227) | - | 15,364 |
| **Movement in net funds in the period** | (2,630,025) | (246,271) | 2,300,905 |
| Opening net funds | 2,687,436 | 386,531 | 386,531 |
| **Closing net funds** | 57,411 | 140,260 | 2,687,436 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 1. Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2006. The financial statements have been prepared under the merger accounting rules (the pooling of interests method), as the combining entities within the group were controlled by the same parties both before and after the combination. Accordingly, the financial information for the current period and for the prior period has been presented as if Cellcast (UK) Limited has been owned by Cellcast plc throughout both periods.

### 2. Accounting convention

The accounts are prepared under the historical cost convention and on the going concern basis.

### 3. Basis of preparation

The interim accounts have been properly compiled in accordance with the AIM rules and fairly represent the financial position of the group with respect to levels of turnover, expenses and provisions and the assets and liabilities of the group as at 30 June 2006 and (subject to the qualification that the accounts are unaudited) have been prepared in accordance with applicable accounting standards and on the bases consistent with the bases adopted and disclosed in the accounts.

### 4. Earnings per share

The calculation of the basic loss per share is based on the loss attributable to ordinary equity shareholders of £1,862,243 (December 2005 £724,440) divided by the weighted average of 28,346,911 (December 2005 22,891,724) ordinary shares in issue.

Due to the loss in the period, there is no dilution effect from the issued share options.