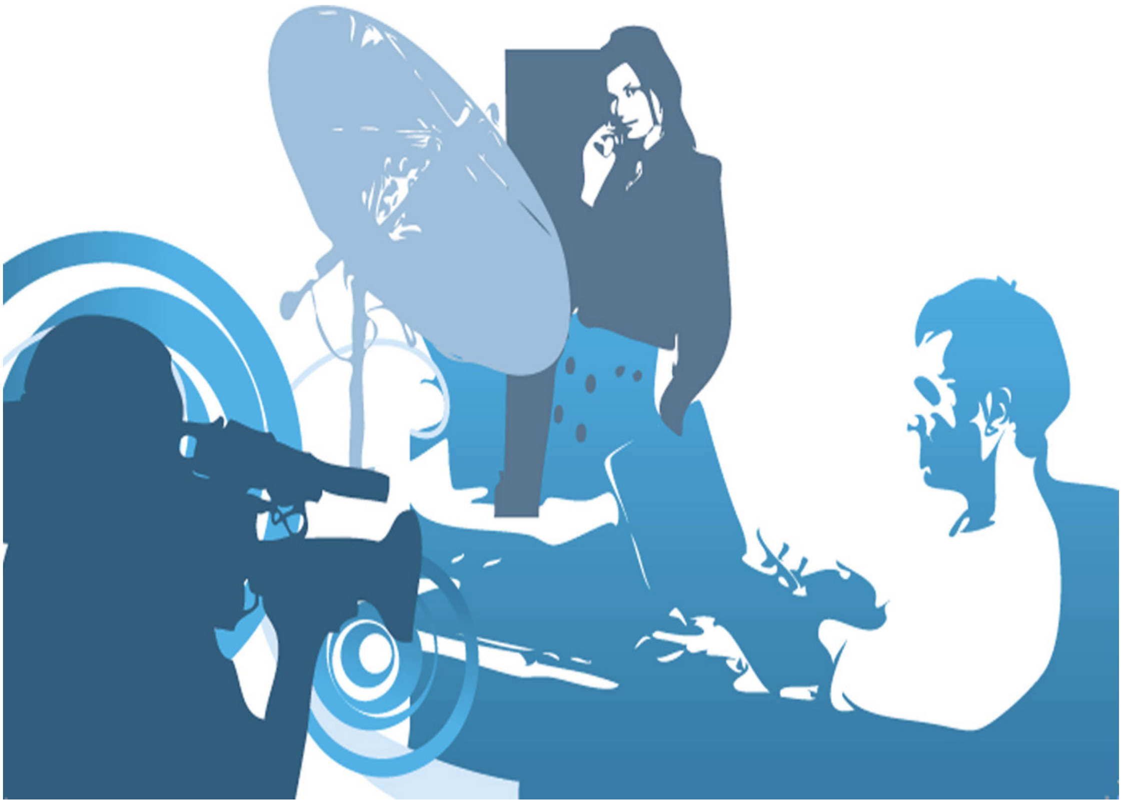
a proven innovator in interactive media

Cellcast plc Interim accounts
for the six months ended 30 June 2009



Cellcast plc
(the "Company")

Interim Results for the six months ended 30 June 2009

Highlights

- revenue for the six months ended 30 June 2009 up 29% on 2008 at £8.6 million
- the Group was cash generative with EBITDA of £54,000 compared to a negative £550,000 in the same period in 2008 (leaving aside the one-off proceeds of sale of the Sky channels)
- In the period the Group repaid £180,000 of the Headstart loan facility, which at 30 June 2009 was down to £67,000 compared to £438,000 a year earlier
- Cellcast Asia Holdings became profitable during the period, with the result that the Group's share of losses in CAH reduced from £179,000 in the six months to 30 June 2008 to £15,000 in the current period
- focus on expanded distribution of the Group's television channels remains a core element of management's strategy to return the Group to profitability
- new channels to be added to the UK Freesat platform
- new applications to be launched for iPhone, Android and other mobile platforms

Julian Paul, Chairman of Cellcast plc, commented:

"After a solid performance in the first six months of 2009, the Group enters the second half of the year much better positioned to negotiate the uncertain economy, and management remains focussed on returning the Group to profitability through expanded distribution and technological innovation."

For further information:

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CHAIRMAN'S STATEMENT

Revenue for the six months ended 30 June 2009 of £8.6 million was up 29% on the same period in the prior year and arose wholly in the UK from interactive television applications. The full impact of prior year cost cutting is seen in the general and administrative costs line, at £564,000 down 20% on 2008. Amortisation and depreciation costs of £367,000 were 76% up on 2008's £208,000, reflecting the increase in amortisation costs in respect of the SUMO.tv project, for which capitalisation of costs ceased from 30 June 2008. From 1 July 2008, the SUMO.tv costs are being amortised over five years

Because of the amortisation and depreciation charge, the Group continued to report an operating loss. For the six months to 30 June 2009, this was £298,000, down 49% on the loss of £580,000 the previous year. However, the Group was cash generative during the period, with EBITDA of £54,000 compared to a negative £550,000 in the same period in 2008 (leaving aside the one-off proceeds of sale of the Sky channels).

After a research and development tax credit of £144,000 (period to 30 June 2008 – nil), the after-tax loss for the period was £239,000, a loss per share of 0.3p. The equivalent figure for 2008, which reflected the one-off profit of £1.2 million from the sale of Sky channels to Discovery, was a profit of £342,000, with earning per share of 0.5p.

Cellcast Asia Holdings

As reported in the 2008 Annual Report, Cellcast Asia Holdings ("CAH"), the Group's 37.5% owned Asian affiliate made profits in March and April 2009, and this continued during May and June. The Group's share of losses in CAH totalled £47,500 in January and February 2009, but subsequent profits resulted in a share of losses in CAH in the six months to 30 June 2009 of £15,000 compared to £179,000 in the same period in 2008. CAH has continued to be profitable in July and August, and the directors are optimistic that this trend will continue. The carrying value of the Group's interest in CAH at 30 June 2009 was £240,000, which the directors believe to be a fair value. CAH has now achieved six months of sustained profitability and has seen significant revenue growth quarter by quarter. It is now the recognised market leader in the Indian participation TV sector, broadcasting a diverse range of formats on ten different channels.

Funding

As indicated above, the Group was cash generative in the six months to 30 June 2009. In the first half of 2009, the Group repaid £180,000 of the Headstart loan facility, and thus at 30 June 2009, the Group had outstanding borrowings under this facility of £67,000 compared to £438,000 at 30 June 2008 and £247,000 at 31 December 2008. The Group continues to have a combination of bank overdraft and debt factoring facilities of £600,000, which the directors believe are sufficient for the foreseeable future and which support the going-concern assumption behind the 2009 interim financial statements.

Change in capital structure

At the Group's annual general meeting held in July 2009, shareholders approved a restructuring of the Company's share capital. For some time now, the ordinary shares have been trading at levels significantly below the nominal 3p value, and this has inhibited both new capital raising and the implementation of staff incentive schemes through the grant of share options. At the AGM, it was resolved that the nominal value of the Ordinary Shares be reduced from 3p to 1p, with the creation of a new class of deferred shares of 2p. The total number of issued ordinary shares has not changed as a result of the sub-division.

Outlook

The economic downturn continues to present major challenges to the media and entertainment industry, but nevertheless the Group expects in 2009 to show year-on-year revenue growth compared to 2008. The Group's CAH subsidiary should contribute positively to the year end results. The Ofcom review of the participation TV sector continues, and is not now expected to be concluded until some time in 2010.

A focus on investment in expanding distribution of the Group's television channels remains a core element of management's strategy to return the Group to profitability. In the second half of the year new channels will be added on the rapidly growing Freesat platform which has nearly doubled its subscriber base in the last 12 months. The Group also continues to focus on technology innovation, and in the coming months will launch new smartphone applications designed to drive increased viewer participation with our television content.

Julian Paul
Chairman

28 September 2009

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	6 months ended 30/06/09 £	6 months ended 30/06/08 £	Year ended 31/12/08 £
Revenue	8,629,008	6,704,265	15,994,412
Cost of sales	(7,976,933)	(6,320,339)	(14,619,887)
Gross profit	652,075	383,926	1,374,525
Operating costs and expenses:			
General and administrative	(564,062)	(703,084)	(1,369,172)
Share option expense	(18,973)	(52,465)	(56,619)
Amortisation and depreciation	(367,396)	(207,979)	(516,587)
Total operating costs and expenses	(950,431)	(963,528)	(1,942,378)
Operating loss	(298,356)	(579,603)	(567,853)
Profit on disposal of channels	-	1,195,064	1,207,275
Interest receivable & similar income	17	2,339	2,914
Interest payable & similar charges	(69,629)	(96,743)	(120,023)
Share of loss in associates	(15,157)	(178,820)	(342,498)
(Loss) / profit before tax	(383,125)	342,238	179,815
R & D tax credit	144,413	-	153,313
Total taxation	144,413	-	153,313
(Loss) / profit for the period attributable to equity holders of the parent	(238,712)	342,238	333,128
(Loss) / earnings per share			
Basic and diluted	(0.3)p	0.5p	0.4p

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME CONSOLIDATED INCOME STATEMENT

	6 months ended 30/06/09 £	6 months ended 30/06/08 £	Year ended 31/12/08 £
(Loss) / profit for the period from continuing operations	(238,712)	342,238	333,128
Other comprehensive income:			
Exchange (gain) / loss on translation of foreign operations	(28,566)	1,839	41,234
Total comprehensive (loss) / income	(267,278)	244,077	374,362

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	30/06/09	30/06/08	31/12/08
	£	£	£
Assets			
Non-current assets			
Intangible assets	2,323,357	2,665,417	2,460,596
Property, plant and equipment	242,685	351,234	327,068
Investments in associates	211,072	382,397	254,795
	2,777,114	3,399,048	3,042,459
Current assets			
Trade and other receivables	2,680,489	2,201,380	2,999,339
Cash and cash equivalents	7,189	321,793	-
	2,687,678	2,523,173	2,999,339
Total assets	5,464,792	5,922,221	6,041,798
Capital and reserves			
Called up share capital	2,265,398	2,265,398	2,265,398
Share premium account	5,498,626	5,498,626	5,498,626
Merger reserve	1,300,395	1,300,395	1,300,395
Cumulative translation reserve	7,509	(3,320)	36,075
Retained earnings	(7,027,925)	(6,803,230)	(6,808,186)
Equity attributable to equity holders of the parent	2,044,003	2,257,869	2,292,308
Liabilities			
Current liabilities			
Trade and other payables	3,353,492	3,226,417	3,502,193
Borrowings	67,297	437,935	247,297
Total liabilities	3,420,789	3,664,352	3,749,490
Total equity and liabilities	5,464,792	5,922,221	6,041,798

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As at 30 June 2009	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserves	Retained Earnings	Shareholders Funds
	£	£	£	£	£	£
Balance at 1 January 2009	2,265,398	5,498,626	1,300,395	36,075	(6,808,186)	2,292,308
Loss for the period					(238,712)	(238,712)
Exchange translation				(28,566)		(28,566)
Total recognised income and expenditure				(28,566)	(238,712)	(267,278)
Share based payment charge					18,973	18,973
Balance at 30 June 2009	2,265,398	5,498,626	1,300,395	7,509	(7,027,925)	2,044,003

The above equity and reserves are attributable to the equity holders of the parent company

As at 31 December 2008	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserves	Retained Earnings	Shareholders Funds
	£	£	£	£	£	£
Balance at 1 January 2008	2,265,398	5,498,626	1,300,395	(5,159)	(7,197,933)	1,861,327
Profit for the year					333,128	333,128
Exchange translation				41,234		41,234
Total recognised income and expenditure	-	-	-	41,234	33,128	374,362
Share based payment charge					56,619	56,619
Balance at 31 December 2008	2,265,398	5,498,626	1,300,395	36,075	(6,808,186)	2,292,308

The above amounts are attributable to the equity holders of the parent company

As at 30 June 2008	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserves	Retained Earnings	Shareholders Funds
	£	£	£	£	£	£
Balance at 1 January 2008	2,265,398	5,498,626	1,300,395	(5,159)	(7,197,933)	1,861,327
Profit for the period					342,238	342,238
Exchange translation				1,839		1,839
Total recognised income and expenditure	-	-	-	1,839	342,238	344,077
Share based payment charge					52,465	52,465
Balance at 30 June 2008	2,265,398	5,498,626	1,300,395	(3,320)	(6,803,230)	2,257,869

The above amounts are attributable to the equity holders of the parent company

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		6 months ended 30/06/09 £	6 months ended 30/06/08 £	Year ended 31/12/08 £
Net cash inflow / (outflow) from operations	a	326,884	988,832	(424,740)
Income taxes		144,413	-	153,313
Interest received		17	2,339	2,914
Net cash inflow / (outflow) from operating activities		471,314	991,171	(268,513)
Net cash (outflow) / inflow from investing activities	b	(145,774)	(500,929)	601,942
Net cash used in financing activities	c	(249,629)	(177,821)	(450,918)
Net increase / (decrease) in cash and cash equivalents		75,911	312,421	(117,489)
Cash and cash equivalents at beginning of period		(68,722)	7,533	7,533
Exchange gains		-	1,839	41,234
Cash and cash equivalents at end of period		7,189	321,793	(68,722)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		6 months ended	6 months ended	Year ended
a	Reconciliation of net (loss) / profit to net cash inflow / (outflow) from operating activities	30/06/09	30/06/08	31/12/08
		£	£	£
	(Loss) / profit before tax	(383,125)	342,238	179,815
	Interest receivable & similar income	(17)	(2,339)	(2,914)
	Interest payable & similar charges	69,629	96,743	120,023
	Share of operating loss in associates	15,157	178,820	342,498
	Amortisation and depreciation	367,396	207,979	516,587
	Share option expense	18,973	52,465	56,619
	Loss on disposal of property, plant and equipment	-	-	24,784
	Gain on disposal of intangible assets – proceeds from disposal of channels	-	-	(1,207,275)
	Finance costs	-		42,977
	Decrease/(increase) in trade and other receivables	318,850	68,647	(765,388)
	(Decrease)/increase in trade and other payables	(79,979)	44,279	267,534
	Net cash inflow / (outflow) from operations	326,884	988,832	(424,740)

b	Cash flow from investing activities			
	Proceeds on disposal of intangible assets	-	-	1,400,000
	Purchase of property, plant and equipment	-	(48,117)	(44,076)
	Purchase of intangible assets	(145,774)	(452,812)	(735,982)
	Net cash (outflow)/inflow from investing activities	(145,774)	(500,929)	601,942

c	Cash flow from financing activities			
	Capital element of finance leases	-	(36,904)	(54,395)
	Interest paid	(69,629)	(96,743)	(120,023)
	Repayment of loan	(180,000)	(44,174)	(276,500)
	Net cash used in financing activities	(249,629)	(177,821)	(450,918)

NOTES TO THE UNAUDITED INTERIM ACCOUNTS STATEMENT

1. General Information

Cellcast plc is a limited liability company incorporated and domiciled in the United Kingdom. Its business address is 150 Great Portland Street, London, W1W 6QD. The address of its registered office is The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Copies of this statement are available from this address and from the company's website www.cellcast.tv.

The company is quoted on the AIM Market of the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 28 September 2009.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2009 should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRS.

The current and comparative periods to June have been prepared using accounting policies and practices consistent with those adopted in the annual financial statements for the year ended 31 December 2008 and are also consistent with those which will be adopted in the 2009 financial statements. Comparative figures for the year ended 31 December 2008 have been extracted from the statutory financial statements for that period which carried an unqualified audit report, did not contain a statement under section 237(2) or (3) of the Companies Act 1985 and have been delivered to the Registrar of Companies.

The financial information contained in this Report does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006.

3. (Loss)/Earnings per share

Basic and diluted (loss) / earnings per share is based on the (loss) / profit after tax and on the following weighted average number of shares in issue.

	30/06/2009 £	30/06/2008 £	31/12/2008 £
Reported (loss) / profit for the financial period	(238,712)	342,238	333,128
Weighted average number of ordinary shares	75,513,224	75,513,224	75,513,224
Weighted average number of ordinary shares including dilutive effect of outstanding share options and warrants	75,513,224	75,513,224	75,513,224
Basic (loss) / earnings per share	(0.3p)	0.5p	0.4p
Diluted (loss) / earnings per share	(0.3p)	0.5p	0.4p

NOTES TO THE UNAUDITED INTERIM ACCOUNTS STATEMENT

4. Segmental Reporting

The group operates a single business, that of television and broadcasting. Following the reorganisation of the group during 2007 and 2008, its business now only operates within one geographical segment, that of the UK.

5. Post Balance Sheet Event

At the Annual General Meeting on 30 July 2009, it was resolved that each existing issued ordinary share of 3p be sub-divided into one new ordinary share of 1p and one new deferred share of 2p and that each authorised but unissued ordinary share of 3p be subdivided into 3 new ordinary shares of 1p each.