27 September 2010

Cellcast plc
(the "Company")

Interim Results for the six months ended 30 June 2010

Highlights

- Revenue for the six months ended 30 June 2010 up 5% to £9.1m (H1 2009: £8.6m)
- First half loss before tax of £434,000 (H1 2009: £239,000); loss per share of 0.6p (H1 2009: 0.3p)
- Investment in new distribution capacity starting to deliver promised revenue growth
- Company was profitable and cash generative during the second quarter
- Operating costs reduced by 11% to £845,000 (H1 2009: £950,000)
- 37.5% holding in Cellcast Asia Holdings continues to appreciate in value
- Reduction of net debt and dispensing of £450,000 debt factoring facility
- Confidence returns to the sector with introduction of Ofcom's new regulatory regime after three-year consultation
- Continuing year-on-year revenue growth and operational profitability are forecast, based on tightly controlled operating costs, strong Q2 performance and increased distribution capacity

Julian Paul, Chairman of Cellcast plc, commented:

"The Board is pleased with management's decision to allocate capital to secure broadcast bandwidth in 2009. While these investments resulted in short-term losses we are now seeing the benefits of this additional long-term distribution in our operating results. Management's belief in the business and calculated risk in increasing our TV distribution footprint should serve the Company and our shareholders well in the future."

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CHAIRMAN'S STATEMENT

Half year results

Revenue for the six months ended 30 June 2010 was £9.1 million, an increase of nearly 5% on the same period last year. Revenue was generated wholly in the UK from interactive television applications. The increase was largely due to the monetization of new television distribution capacity in which we made a considerable investment in both 2009 and 2010. This capacity began to generate revenues in the first quarter resulting in our UK operations being both profitable and cash generative during the second quarter.

Despite the increase in revenue, gross profit for the six months to 30 June 2010 was £402,000 compared to £652,000 in the same period last year. This reflected the continued expense of new bandwidth development costs in the first quarter and the fact that Q1 2009 contained a number of exceptional gains. Operating costs for the period were £845,000, representing an 11% decline versus last year as we continued to benefit from cost cutting in 2009. Overheads now run at between £70,000 and £75,000 per month.

Overall, the Company's UK operations incurred an operating loss of £443,000 for the period after depreciation and amortisation costs of £320,000. This compares to an operating loss of £298,000 in the comparative period for 2009. After taking into account the Company's share of the profits of its Indian associate company, Cellcast Asia Holdings Limited ("CAH"), as well as interest charges and exchange rate translation costs, the loss for the period was £500,000 (six months ending 30 June 2009: £267,000 loss). This represents a loss per share of 0.6p (six months ending 30 June 2009: 0.3p loss).

Cellcast Asia Holdings ("CAH")

The Company continues to own 37.5% of CAH, which performed reasonably well in the first quarter of 2010, but as anticipated by the Board, audience levels were reduced in the second quarter as a result of competition from television coverage of the Indian cricket league. CAH maintained its strategy of investment in the development of new formats and shows. The Company's share of the profits of CAH for the six months to 30 June 2010 was £77,000 (six months ending 30 June 2009: loss of £15,000). The carrying value of the Company's investment in CAH at 30 June 2010 was £835,000, which the directors consider to be a fair value. The Company's investment in CAH continues to be cash neutral - we have no funding obligations to CAH and we receive neither dividends nor management or any other fees from this investment.

Funding

A combination of the strong cash flow arising from the successful implementation of our new distribution capacity and the negotiation of improved credit terms from certain television bandwidth and telephony providers has enabled the Company to dispense with its £450,000 factoring facility. The Company's remaining borrowings at 30 June 2010 were a £100,000 bank overdraft on a £150,000 overdraft facility and the £200,000 Headstart loan of which a £65,000 repayment was made in July with the balance due to be repaid before the end of the year. Having reviewed the forward cash flows for the remainder of the year, the directors are confident that the Company has sufficient financial resources and that the preparation of the interim accounts on a going concern basis is appropriate.

Personnel

In light of the Company's UK centric focus, Bertrand Folliet, whose responsibilities were largely concerned with the Company's international business, has temporarily reduced his time commitment to the Company and has with effect from today relinquished his title as Chief Operating Officer. He remains a main board director and continues to represent the Company's interest in CAH by serving as a non-executive director of that Company.

Outlook

The publication in June by Ofcom of its PTV3 Consultation which came into effect on 1st September 2010 has set out a viable regulatory regime for the Group's activities. It removed the very significant uncertainties that have hung over the business for the duration of the 3 year consultation. This has allowed us to better plan and invest for the future.

With the full implementation of additional distribution capacity, the Company anticipates continued year-on-year growth in revenue and a continuation of operating profitability in the UK. July and August continued the positive trend of the preceding three months, generating a positive return and cash flows. CAH also continued to trade profitably in July and August.

The Directors view the future with confidence.

Julian Paul
Chairman

27 September 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2010

	6 months ended 30/06/10 £	6 months ended 30/06/09 £	Year ended 31/12/09 £
Revenue	9,051,819	8,629,008	16,810,064
Cost of sales	(8,649,479)	(7,976,933)	(17,121,563)

Gross profit/(loss)	402,340	652,075	(311,499)
Operating costs and expenses:			
General and administrative	(519,748)	(564,062)	(1,196,883)
Share option expense	(5,934)	(18,973)	(17,297)
Amortisation and depreciation	(319,498)	(367,396)	(704,672)
Total operating costs and expenses	(845,180)	(950,431)	(1,918,852)
Operating loss	(442,840)	(298,356)	(2,230,351)
Interest receivable & similar income	5	17	22
Interest payable & similar charges	(67,654)	(69,629)	(101,923)
Share of profit / (loss) in associates	76,973	(15,157)	451,068
Loss before tax	(433,516)	(383,125)	(1,881,184)
Current Taxation			
R & D tax credit	-	144,413	270,747
Total taxation	-	144,413	270,747
Loss for the period	(433,516)	(238,712)	(1,610,437)
Other comprehensive income			
Exchange difference on translating foreign operations	(66,547)	(28,566)	(14,057)
Total comprehensive income attributable to the owners of the parent	(500,063)	(267,278)	(1,624,494)
Loss per share			
Basic and diluted (note 3)	(0.6)p	(0.3)p	(2.1)p

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	30/06/10	30/06/09	31/12/09
	£	£	£
Assets			
Non-current assets			
Intangible assets	1,917,946	2,323,357	2,128,419
Property, plant and equipment	113,053	242,685	179,813
Investments in associates	835,326	211,072	691,806
	2,866,325	2,777,114	3,000,038
Current assets			
Trade and other receivables	2,761,126	2,680,489	2,365,352
Cash and cash equivalents	1,672	7,189	199,556
	2,762,798	2,687,678	2,564,908
Total assets	5,629,123	5,464,792	5,564,946
Capital and reserves			
Called up share capital	2,270,398	2,265,398	2,265,398
Share premium account	5,507,376	5,498,626	5,498,626
Merger reserve	1,300,395	1,300,395	1,300,395
Cumulative translation reserve	88,565	7,509	22,018
Warrant reserve	34,318	-	41,190
Retained earnings	(8,822,036)	(7,027,925)	(8,401,326)
Equity attributable to owners of the parent	379,016	2,044,003	726,301
Liabilities			
Current liabilities			
Trade and other payables	4,957,052	3,353,492	4,683,435
Borrowings	293,055	67,297	155,210
Total liabilities	5,250,107	3,420,789	4,838,645
Total equity and liabilities	5,629,123	5,464,792	5,564,946

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As at 30 June 2010	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserve	Warrant Reserve	Retained Earnings	Shareholders Funds
	£	£	£	£	£	£	£
Balance at 1 January 2010	2,265,398	5,498,626	1,300,395	22,018	41,190	(8,401,326)	726,301
Loss for the period	-	-	-	-	-	(433,516)	(433,516)
Exchange difference on translating foreign operations	-	-	-	66,547	-	-	66,547
Total comprehensive income	-	-	-	66,547		(433,516)	(366,969)
Transactions with owners							
- Proceeds of shares issued on exercise of warrants	5,000	8,750	-	-	(6,872)	6,872	13,750
- Equity settled share-based payment charge	-	-	-	-	-	5,934	5,934
Total transactions with owners	5,000	8,750	-	-	(6,872)	12,806	19,684
Balance at 30 June 2010	2,270,398	5,507,376	1,300,395	88,565	34,318	(8,822,036)	379,016

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

As at 31 December 2009	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserve	Warrant Reserve	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 year	-	-	-	-	-	(1,610,437)	(1,610,437)
Exchange difference on translating foreign operations	-	-	-	(14,057)	-	-	(14,057)
Total comprehensive income	-	-	-	(14,057)	-	(1,610,437)	(1,624,494)
Transactions with owners							
- Warrant issue	-	-	-	-	41,190	-	41,190
- Equity settled share-based payment charge	-	-	-	-	-	17,297	17,297
Total transactions with owners	-	-	-	-	41,190	17,297	58,487
Balance at 31 December 2009	2,265,398	5,498,626	1,300,395	22,018	41,190	(8,401,326)	726,301

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

As at 30 June 2009	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserve	Warrant Reserve	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 difference on	-	-	-	(28,566)	-	-	(28,566)

translating foreign operations							
Total comprehensive income	-	-	-	(28,566)	-	(238,712)	(267,278)
Transactions with owners - Equity settled share-based payment charge	-	-	-	-	-	18,973	18,973
Total transactions with owners	-	-	-	-	-	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 amounts are attributable to the equity holders of the parent Company

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2010

		6 months ended 30/06/10	6 months ended 30/06/09	Year ended 31/12/09
Net (decrease) / increase in cash and cash equivalents		£	£	£
Net cash (outflow) / inflow from operations	a	(239,564)	326,884	392,665
Income taxes		-	144,413	270,747
Interest received		5	17	22
Net cash (outflow) / inflow from operating activities		(239,559)	471,314	663,434
Net cash outflow from investing activities	b	(42,265)	(145,774)	(225,240)
Net cash used in financing activities	c	(14,855)	(249,629)	(169,916)
Net (decrease) / increase in cash and cash equivalents		(296,679)	75,911	268,278
Cash and cash equivalents at beginning of period		199,556	(68,722)	(68,722)
Cash and cash equivalents net of overdraft at end of period		(97,123)	7,189	199,556
Cash and cash equivalent		1,672	7,189	199,556
Overdraft included within borrowing		(98,795)	-	-
Cash and cash equivalents net of		(97,123)	7,189	199,556

overdraft at end of period

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2010

		6 months ended 30/06/10 £	6 months ended 30/06/09 £	Year ended 31/12/09 £
a	**Reconciliation of net loss to net cash (outflow) / inflow from operating activities**			
	Loss before tax	(433,516)	(383,125)	(1,881,184)
	Interest receivable & similar income	(5)	(17)	(22)
	Interest payable & similar charges	67,654	69,629	101,923
	Share of operating (gains) / losses in associates	(76,973)	15,157	(451,068)
	Amortisation and depreciation	319,498	367,396	704,672
	Share option expense	5,934	18,973	17,297
	(Increase)/decrease in trade and other receivables	(395,774)	318,850	633,987
	Increase/(decrease) in trade and other payables	273,618	(79,979)	1,267,060
	Net cash (outflow) / inflow from operations	(239,564)	326,884	392,665
b	**Cash flow from investing activities**			
	Purchase of property, plant and equipment	(17,445)	-	(9,287)
	Purchase of intangible assets	(24,820)	(145,774)	(215,953)
	Net cash outflow from investing activities	(42,265)	(145,774)	(225,240)
c	**Cash flow from financing activities**			
	Capital element of finance leases	-	-	(17,096)
	Interest paid	(28,605)	(69,629)	(95,523)
	Repayment of loan	-	(180,000)	(247,297)
	Proceeds from the issue of term loan note	-	-	200,000
	Proceeds from the issue of share capital	13,750	-	-
	Less issue costs	-	-	(10,000)

Net cash used in financing activities	(14,855)	(249,629)	(169,916)

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 27 September 2010.

2. Basis of preparation

These unaudited interim financial statements are for the six months ended 30 June 2010. They have been prepared in accordance with recognition and measurement principles of International Financial Reporting Standards (IFRS) as endorsed by the European Union and implemented in the UK. The financial information in this interim announcement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The interim financial statements do not include all of the information required for full annual financial statements and accordingly, whilst the interim statements have been prepared in accordance with the recognition and measurement principles of IFRS, they cannot be construed as being in full compliance with IFRS.

The comparative financial information for the year ended 31 December 2009 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts of the Group for the year ended 31 December 2009 have been reported on by the Company's auditor and have been delivered to the Registrar of Companies. The report of the auditor was unqualified. The auditor's report did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The IFRS's that will be effective in the financial statements for the year to 31 December 2010 are still subject to change and to the issue of additional interpretation(s) and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period that are relevant to this interim financial information will be determined only when the IFRS financial statements are prepared at 31 December 2010.

Except as described above, 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 2009 and are also consistent with those which will be adopted in the 31 December 2010 financial statements.

There were no other Standards and Interpretations which were in issue but not effective at the date of authorisation of these condensed interim financial statements that the directors anticipate will have a material impact on the financial statements of the Group.

3. Loss per share

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

	30/06/2010	30/06/2009	31/12/2009
	£	£	£
Reported loss for the financial period	(433,516)	(238,712)	(1,610,437)
Weighted average number of ordinary shares	75,691,002	75,513,224	75,513,224
Weighted average number of ordinary shares including dilutive effect of outstanding share options and warrants	75,691,002	75,513,224	75,513,224
Basic and diluted loss per share	(0.6)p	(0.3)p	(2.1)p

Due to the loss incurred in the periods there is no dilution effect from the issued share options and warrants.

4. Segmental Reporting

The group operates a single business, that of television and broadcasting and one geographical segment, that of the UK.

5. Share Capital and exercise of warrants

On 27 April 2010 Headstart Funds ("Headstart") exercised 500,000 warrants over new ordinary shares of 1p each at an exercise price of 2.75 pence per share and 500,000 new ordinary shares of 1p each were issued.