



a proven innovator in interactive media

**Cellcast plc Interim accounts
for the six months ended 30 June 2011**



**Cellcast plc
(the "Company")**

Interim Results for the six months ended 30 June 2011

Update on Cellcast Asia Holdinga

The Board of Cellcast plc (AIM: CLTV) are pleased to announce the Group's interims results for the six months ended 30 June 2011 and to provide an update on the Group's Indian Associate held though, Cellcast Asia Holdings and Cellcast India.

Financial highlights

- Revenue for the six months ended 30 June 2011 up 25% to £11.4m (H1 2010: £9.1m)
- First half profit before tax of £609,000 (H1 2010: loss before tax of £434,000); earnings per share of 0.8p (H1 2010: loss per share of 0.6p)
- Operating costs similar to previous period at £870,000 (H1 2010: £845,000)
- The Group's Indian Associate attributed a loss in the period of £94,000 (H1 2010: profit of £77,000)

Update on Cellcast Asia Holdings and Cellcast India

- Cellcast India's financial position to be reinforced through significant capital raise with existing and new venture capital group, subject only to the signing of the relevant agreements
- The Group is finalising agreements to sell part of the its stake in Cellcast India for a consideration of US\$1.5m. The Board expect that these agreements will be signed shortly
- Following entry into the sale agreement relating to the partial sale of its stake it is anticipated that the Group's fully diluted ownership in Cellcast India will be approximately 12%
- The Group has secured a Sale Licence Agreement with Cellcast India valued at \$US1.5m

Andrew Wilson, CEO of Cellcast plc, commented:

"Our growth in revenue and profitability in the first half of the year is attributable to the Group's program of investment in expanded distribution over the last couple of years. After a very encouraging start to the year the second quarter of 2011 has witnessed a decline in both revenue and profitability due to an increase in competition and a decline in consumer demand for our services that was a consequence, we believe, of the general economic downturn."

For further information:

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CHIEF EXECUTIVE OFFICER'S STATEMENT

Half year results

Revenue for the six months ended 30 June 2011 was £11.4 million, an increase of 25% on the same period last year. Revenue was generated wholly in the UK from interactive television applications. The increase was largely due to the successful utilisation of new television distribution capacity in which we had made considerable investment in both 2009 and 2010.

Gross profit for the six months to 30 June 2011 was £1,601,000 compared to £402,000 for the same period last year. Operating costs for the period were £870,000, which is at a comparable level to the previous periods.

Overall, the Group's UK operations incurred an operating profit of £732,000 for the period after depreciation and amortisation costs of £314,000. This compares to an operating loss of £443,000 in the comparative period for 2010. After taking into account the Group's share of the losses of its Indian associate company, Cellcast Asia Holdings Limited ("CAH"), as well as interest charges, the profit for the period was £609,000 (30 June 2010: £434,000 loss). This represents an earnings per share of 0.8p (30 June 2010: 0.6p loss).

After a peak in March 2011, traffic and revenue declined through June, July and August, the latter ended 17% down on March. The decline is expected to continue in September. This fall in traffic is attributable to increased competition and a drop in consumer demand which we attribute to broader economic malaise. These tough market conditions lead to continued uncertainties surrounding revenue levels over the mid term.

Cellcast Asia Holdings ("CAH")

The Group's 37.5% associate, Cellcast Asia Holdings' ("CAH") has maintained its strategy of investment in the development of new formats and shows through its ownership in Cellcast Interactive India Private Limited ("Cellcast India"). The Group's share of the losses of CAH and its subsidiary, Cellcast India, for the six months to 30 June 2011 was £94,000 (2010: profit of £77,000). The carrying value of the Group's investment in CAH at 30 June 2011 was £907,000. The Group is not committed to providing funding to Cellcast India and the Group has received neither dividends nor fees from this associate for the period ended 30 June 2011.

Cellcast India and affiliates are currently closing a significant round of funding from both new and existing investors. As a result of the fundraising, which occurred through the sale of new shares in Cellcast India, CAH's stake in Cellcast India will be reduced to around 70%. Certain of the funds raised are ear-marked for a share buy-back of CAH shares, and the Group is concluding a deal for CAH to repurchase around 3,220,000 of its shares in CAH from Cellcast for a total of US\$1.5m, payable immediately, thereby reducing the Group's holding in CAH to around 18%. This deal is documented and the agreement is expected to be signed shortly.

Following the realisation of part of our investment, the directors will continue to assess the opportunities available to increase the value per share of the Group's remaining effective stake of approximately 12% in Cellcast India through its reduced stake in CAH.

In a separate transaction expected to be signed shortly, the Group will enter into an agreement to assign certain Intellectual Property to Cellcast India for total consideration of US\$1.5m payable over 24 months. No material costs or opportunity costs are expected to be incurred from the provision of this licence agreement.

The primary reason for Cellcast India's fundraising is to provide it with the financial resources required to fund the launch of a proprietary channel across the 4 leading Indian DTH platforms. The objective of this initiative is to free Cellcast India from dependence on buying airtime from 3rd party

TV channels and to build an asset by owning its own distribution in this rapidly growing media market.

Funding

The cash flow for the sixth months ended 30 June 2011 have been positive as a result of the improved trading performance which has enabled the Group to repay all the remaining loans which were outstanding at 30 June 2011.

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.

Outlook

Over the last year the Group consolidated its position as a market leader in all the sectors in which it operates in the UK although the Directors recognised that there has been some saturation of the UK market and some decline in consumer demand that is expected to impact our profitability going forward. Following the strong first quarter, traffic and revenue dropped in consecutive months and we expect the remainder of the year to be challenging given that current trading below the same period last year.

To address this downturn in revenue the Group has commenced a series of cost cutting programs and is in the process of renegotiating terms with key suppliers.

Our primary focus in the coming months will be to regain and maintain profitability.

Andrew Wilson

Chief Executive Officer
29 September 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**
**For the 6 months ended 30 June
2011**

	6 months ended 30/06/11 £	6 months ended 30/06/10 £	Year ended 31/12/10 £
Revenue	11,354,142	9,051,819	19,194,521
Cost of sales	(9,752,894)	(8,649,479)	(17,824,893)
Gross profit	1,601,248	402,340	1,369,628
Operating costs and expenses:			
General and administrative	(541,336)	(519,748)	(1,000,704)
Share option expense	(14,044)	(5,934)	(12,003)
Amortisation and depreciation	(314,317)	(319,498)	(800,974)
Total operating costs and expenses	(869,697)	(845,180)	(1,813,681)
Operating profit / (loss)	731,551	(442,840)	(444,053)
Interest receivable & similar income	1	5	10
Interest payable & similar charges	(28,731)	(67,654)	(147,991)
Share of (loss) / profit in associates	(93,608)	76,973	281,711
Profit / (loss) before tax	609,213	(433,516)	(310,323)
Income tax	-	-	-
Profit / (loss) for the period	609,213	(433,516)	(310,323)
Other comprehensive income			
Exchange difference on translating foreign operations	(39,174)	66,547	66,486
Total comprehensive income attributable to the owners of the parent	570,039	(366,969)	(243,837)
Earnings / (loss) per share			
Basic and diluted (note 3)	0.8p	(0.6)p	(0.4)p

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	30/06/11	30/06/10	31/12/10
	£	£	£
Assets			
Non-current assets			
Intangible assets	1,194,926	1,917,946	1,460,604
Property, plant and equipment	141,451	113,053	128,145
Investments in associates	907,221	835,326	1,040,003
	<u>2,243,598</u>	<u>2,866,325</u>	<u>2,628,752</u>
Current assets			
Trade and other receivables	3,408,164	2,761,126	2,611,841
Cash and cash equivalents	127,648	1,672	110,333
	<u>3,535,812</u>	<u>2,762,798</u>	<u>2,722,174</u>
Total assets	<u>5,779,410</u>	<u>5,629,123</u>	<u>5,350,926</u>
Capital and reserves			
Called up share capital	2,285,398	2,270,398	2,265,398
Share premium account	5,533,626	5,507,376	5,498,626
Merger reserve	1,300,395	1,300,395	1,300,395
Cumulative translation reserve	49,330	88,565	88,504
Warrant reserve	13,702	34,318	13,702
Retained earnings	(8,048,901)	(8,822,036)	(8,672,158)
Equity attributable to owners of the parent	<u>1,133,550</u>	<u>379,016</u>	<u>549,467</u>
Liabilities			
Current liabilities			
Trade and other payables	4,645,860	4,957,052	4,701,459
Borrowings	-	293,055	100,000
Total liabilities	<u>4,645,860</u>	<u>5,250,107</u>	<u>4,801,459</u>
Total equity and liabilities	<u>5,779,410</u>	<u>5,629,123</u>	<u>5,350,926</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As at 30 June 2011	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserve	Warrant Reserve	Retained Earnings	Shareholders Funds
	£	£	£	£	£	£	£
Balance at 1 January 2011	2,285,398	5,533,626	1,300,395	88,504	13,702	(8,672,158)	549,467
Profit for the period	-	-	-	-	-	609,213	609,213
Exchange difference on translating foreign operations	-	-	-	(39,174)	-	-	(39,174)
Total comprehensive income	-	-	-	(39,174)	-	609,213	570,039
Transactions with owners							
- Equity settled share-based payment charge	-	-	-	-	-	14,044	14,044
Total transactions with owners	-	-	-	-	-	14,044	14,044
Balance at 30 June 2011	2,285,398	5,533,626	1,300,395	49,330	13,702	(8,048,901)	1,133,550
As at 31 December 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 year	-	-	-	-	-	(310,323)	(310,323)
Exchange difference on translating foreign operations	-	-	-	66,486	-	-	66,486
Total comprehensive income	-	-	-	66,486	-	(310,323)	(243,837)
Transactions with owners							
- Proceeds of shares issued on exercise of warrants	20,000	35,000	-	-	(27,488)	27,488	55,000
- Equity settled share-based payment charge	-	-	-	-	-	12,003	12,003
Total transactions with owners	20,000	35,000	-	-	(27,488)	39,491	67,003
Balance at 31 December 2010	2,285,398	5,533,626	1,300,395	88,504	13,702	(8,672,158)	549,467
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

In the above tables, the amounts are attributable to the equity holders of the parent.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2011

	6 months ended 30/06/11	6 months ended 30/06/10	Year ended 31/12/10
Net increase / (decrease) in cash and cash equivalents	£	£	£
Net cash inflow / (outflow) from operations a	207,990	(239,564)	140,459
Interest received	1	5	10
Net cash inflow / (outflow) from operating activities	207,991	(239,559)	140,469
Net cash outflow from investing activities b	(61,945)	(42,265)	(81,491)
Net cash used in financing activities c	(128,731)	(14,855)	(148,201)
Net increase / (decrease) in cash and cash equivalents	17,315	(296,679)	(89,223)
Cash and cash equivalents at beginning of period	110,333	199,556	199,556
Cash and cash equivalents net at end of period	127,648	(97,123)	110,333
Cash and cash equivalent	127,648	1,672	110,333
Overdraft included within borrowing	-	(98,795)	-
Cash and cash equivalents net of overdraft at end of period	127,648	(97,123)	110,333

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2011

	6 months ended 30/06/11 £	6 months ended 30/06/10 £	Year ended 31/12/10 £
Reconciliation of net loss to net cash			
a Inflow / (outflow) from operating activities			
Profit / (loss) before tax	609,213	(433,516)	(310,323)
Interest receivable & similar income	(1)	(5)	(10)
Interest payable & similar charges	28,731	67,654	147,991
Share of operating losses / (gains) in associates	93,608	(76,973)	(281,711)
Amortisation and depreciation	314,317	319,498	800,974
Share option expense	14,044	5,934	12,003
Increase in trade and other receivables (Decrease) / increase in trade and other payables	(796,323)	(395,774)	(246,490)
	(55,599)	273,618	18,025
Net cash inflow / (outflow) from operations	207,990	(239,564)	140,459
b Cash flow from investing activities			
Purchase of property, plant and equipment	(51,945)	(17,447)	(17,447)
Purchase of intangible assets	(10,000)	(24,818)	(64,044)
Net cash outflow from investing activities	(61,945)	(42,265)	(81,491)
c Cash flow from financing activities			
Interest paid	(28,731)	(28,605)	(103,201)
Repayment of loan	(100,000)	-	(200,000)
Proceeds from the issue of share capital	-	13,750	55,000
Proceeds from directors loan	-	-	100,000
Net cash used in financing activities	(128,731)	(14,855)	(148,201)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 29 September 2011.

2. Basis of preparation

This unaudited condensed consolidated interim financial information is for the six months ended 30 June 2011. This has 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 information does not include all of the information required for full annual financial statements and accordingly, whilst the interim financial information has been prepared in accordance with the recognition and measurement principles of IFRS, it cannot be construed as being in full compliance with IFRS.

The comparative financial information for the year ended 31 December 2010 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 2010 have been reported on by the Company's auditor and have been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not contain statements under section 498(2) and (3) of the Companies Act 2006 and included an emphasis of matter relating to the uncertainties in respect to the Group's ability to continue as a going concern.

The IFRS's that will be effective in the financial statements for the year to 31 December 2011 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 2011.

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 2010 and are also consistent with those which will be adopted in the 31 December 2011 financial statements.

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

NOTES TO THE UNAUDITED INTERIM ACCOUNTS STATEMENT

3. Earnings / (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.

	30/06/2011 £	30/06/2010 £	31/12/2010 £
Reported profit / (loss) for the financial period	609,213	(433,516)	(310,323)
	Number	Number	Number
Weighted average number of ordinary shares	77,513,224	75,691,002	76,471,557
Dilutive effect of outstanding share options and warrants	1,292,626	-	-
Weighted average number of ordinary shares for diluted earnings per share	78,805,850	75,691,002	76,471,557
Basic earnings / (loss) per share (pence)	0.8p	(0.6)p	(0.4)p
Diluted earnings / (loss) per share (pence)	0.8p	(0.6)p	(0.4)p