

28 September 2012

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

Interim Results for the six months ended 30 June 2012

The Board of Cellcast plc (AIM: CLTV) are pleased to announce the Group's interim results for the six months ended 30 June 2012 and to provide an update on the Group's Asia based investments , Cellcast Asia Holdings and Cellcast India.

Financial highlights

- Revenue for the six months ended 30 June 2012 of £9.8m (H1 2011: £11.4m);
- First half loss before tax of £119,000 (H1 2011: profit before tax of £609,000);
- Operating costs reduced by 9.9% to £784,000 (H1 2011: £870,000), leading to improved performance compared to H2 2011.

Update on Cellcast India

- In October 2011 additional capital raised by Cellcast India and partial sale of stake resulted in dilution of Group's ownership in Cellcast India to 12%.
- Cellcast India's financial position deteriorates further as the effects of new regulations reducing premium mobile tariffs for key application take a toll on Cellcast India margins.
- As a result of the above Cellcast India delays payments due the PLC under the IP Licensing agreement.

Andrew Wilson, CEO of Cellcast plc, commented:

The first half of 2012 saw a significant decline in revenue and profitability over the same period in 2011. This was largely attributable to a recession driven decline in consumer demand. On the positive side the first half of 2012 produced significantly improved results over the second half of 2011 as a result of cost cutting measures.

For further information:

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CHIEF EXECUTIVE OFFICER'S STATEMENT

Half year results

The Group's performance in the first half showed a decline in revenue and operating profit when compared with the first half of 2011 but a noticeable improvement in both revenue and gross operating profit compared with the second half of 2011.

Revenue for the six months ended 30 June 2012 was £9.8 million, a decrease of 13% on the same period last year but an increase of 3% over the second half 2011 performance. Gross profit for the period was £678,000 (H1 2011: £1,601,000), again showing an improvement on the second half of 2011, which recorded a gross profit of £110,000.

Revenues in the second quarter of 2012 were up 8% compared to the first quarter with the costs at a consistent level in these two quarters.

Operating costs for the period were £784,000, which is 10% lower than the £870,000 total for the first half of 2011.

Overall, the Group's UK operations incurred an operating loss of £106,000 for the period after depreciation and amortisation costs of £301,000. This compares unfavourably to an operating profit of £732,000 in the comparative period for 2011 but amounts to a significant improvement over the second half of 2011 when the Group incurred an operating loss of £710,000

The improvement over the second half of 2011 is a direct result of significant costs cutting program implemented during that period.

After taking into account the interest charges, the loss for the period was £119,000 (30 June 2011: £570,000 profit). This represents a loss per share of (0.2)p (30 June 2011: 0.8p profit).

Cellcast Asia Holdings ("CAH")

On 7 October 2011 CAH bought back 3.2 million shares in CAH from Cellcast for a consideration of USD1.5m (£949,000), thereby reducing the Group's holding in Cellcast India to 12%.

The performance of Cellcast India deteriorated in the first half of 2012, impacted by new rules introduced by the Indian telecoms regulator, TRAI, which effectively reduced the premium tariffs applicable to Cellcast India's core services. As a result, Cellcast India has delayed payments due under the Intellectual Property assignment agreement concluded contemporaneously with the Share Buy Back Agreement mentioned above. Adequate provision was made against these amounts at 31 December 2011. No additional provision has been required in the period.

As of this date we understand that Cellcast India is exploring a repositioning and recapitalisation of the business.

Funding

The cash flow for the sixth months ended 30 June 2012 was significantly improved from the same period last year due to the timing of receipt of the proceeds on the part-disposal of the Group's Indian associate received in November 2011.

Having reviewed the forward cash flows for the foreseeable future, 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

The group continues to invest in the development of innovative products and services to meet the challenges and growth opportunities presented by the expansion of digital television and the convergence of the web, TV and telephony.

The economic situation continues to negatively impact demand for the Group's services in the UK and the Directors expect the last quarter to be a challenging one. As stated in the 2011 Annual Report, the Group has now reached saturation levels in terms of its multi channel multi platform distribution in the UK so we are increasingly focussing our efforts on identifying and developing new international markets for our products and services.

Andrew Wilson

Chief Executive Officer
28 September 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 June 2012

	6 months ended 30/06/12 £	6 months ended 30/06/11 £	Audited Year ended 31/12/11 £
Revenue	9,834,611	11,354,142	20,879,171
Cost of sales	(9,156,333)	(9,752,894)	(19,168,083)
Gross profit	<u>678,278</u>	<u>1,601,248</u>	<u>1,711,088</u>
Operating costs and expenses:			
General and administrative	(477,514)	(541,336)	(1,049,732)
Share option expense	(5,619)	(14,044)	(27,350)
Amortisation and depreciation	(301,042)	(314,317)	(612,273)
Total operating costs and expenses	<u>(784,175)</u>	<u>(869,697)</u>	<u>(1,689,355)</u>
Operating (loss) / profit	(105,897)	731,551	21,733
Interest receivable & similar income	353	1	151
Interest payable & similar charges	(13,406)	(28,731)	(18,739)
Profit on disposal of interest in associate	-	-	91,603
Gain on sale of intellectual property	-	-	364,005
Share of loss in associates	-	(93,608)	(93,608)
(Loss) / profit before tax	<u>(118,950)</u>	<u>609,213</u>	<u>365,145</u>
Taxation	-	-	(72,801)
(Loss) / profit for the period	<u>(118,950)</u>	<u>609,213</u>	<u>292,344</u>
Other comprehensive income			
Exchange difference on translating foreign operations	-	(39,174)	(92,083)
Total comprehensive income attributable to the owners of the parent	<u>(118,950)</u>	<u>570,039</u>	<u>200,261</u>
(Loss) / earning per share			
Basic and diluted (note 3)	<u>(0.2)p</u>	<u>0.8p</u>	<u>0.4p</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	30/06/12	30/06/11	Audited 31/12/11
	£	£	£
Assets			
Non-current assets			
Intangible assets	758,254	1,194,926	923,568
Property, plant and equipment	182,819	141,451	172,288
Investments in associates	-	907,221	-
	<u>941,073</u>	<u>2,243,598</u>	<u>1,095,856</u>
Current assets			
Trade and other receivables	2,606,991	3,408,164	3,276,087
Cash and cash equivalents	904,201	127,648	662,885
	<u>3,511,194</u>	<u>3,535,812</u>	<u>3,938,972</u>
Total assets	<u>4,452,265</u>	<u>5,779,410</u>	<u>5,034,828</u>
Capital and reserves			
Called up share capital	2,285,398	2,285,398	2,285,398
Share premium account	5,533,626	5,533,626	5,533,626
Merger reserve	1,300,395	1,300,395	1,300,395
Cumulative translation reserve	-	49,330	-
Warrant reserve	13,702	13,702	13,702
Retained earnings	(8,465,795)	(8,048,901)	(8,352,464)
Equity attributable to owners of the parent	<u>667,326</u>	<u>1,133,550</u>	<u>667,327</u>
Liabilities			
Current liabilities			
Trade and other payables	3,784,939	4,645,860	4,208,732
Borrowings	-	-	45,439
Total liabilities	<u>3,784,939</u>	<u>4,645,860</u>	<u>4,254,171</u>
Total equity and liabilities	<u>4,452,265</u>	<u>5,779,410</u>	<u>5,034,828</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As at 30 June 2012	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserve	Warrant Reserve	Retained Earnings	Shareholders Funds
	£	£	£	£	£	£	£
Balance at 1 January 2012	2,285,398	5,533,626	1,300,395	-	13,702	(8,352,464)	780,657
Loss for the period	-	-	-	-	-	(118,950)	(118,950)
Transactions with owners							
- Equity settled share-based payment charge	-	-	-	-	-	5,619	5,619
Balance at 30 June 2012	2,285,398	5,533,626	1,300,395	-	13,702	(8,465,795)	667,326

As at 31 December 2011 (Audited)	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 year	-	-	-	-	-	292,344	292,344
Exchange difference on translating foreign operations	-	-	-	(92,083)	-	-	(92,083)
Total comprehensive income	-	-	-	(92,083)	-	292,344	200,261
Transactions with owners							
- Recycling of translation reserve on disposal of interest in Associate	-	-	-	3,579	-	-	3,579
- Equity settled share-based payment charge	-	-	-	-	-	27,350	27,350
Total transactions with owners	-	-	-	3,579	-	27,350	30,929
Balance at 31 Dec 2011	2,285,398	5,533,626	1,300,395	-	13,702	(8,352,464)	780,657

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

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 2012

		6 months ended 30/06/12	6 months ended 30/06/11	Audited Year ended 31/12/11
		£	£	£
Net increase / (decrease) in cash and cash equivalents				
Net cash inflow / (outflow) from operations	a	446,065	207,990	(323,027)
Income taxes		-		(72,801)
Interest received		353	1	151
Net cash inflow / (outflow) from operating activities		446,418	207,991	(395,677)
Net cash (outflow) / inflow from investing activities	b	(146,257)	(61,945)	1,021,529
Net cash used in financing activities	c	(13,406)	(128,731)	(118,739)
Net increase in cash and cash equivalents		286,755	17,315	507,113
Cash and cash equivalents at beginning of period		617,446	110,333	110,333
Cash and cash equivalents at end of period		904,201	127,648	617,446

Cash and cash equivalents

	6 months ended 30/06/12	6 months ended 30/06/11	Audited Year ended 31/12/11
Cash at bank	904,201	127,648	662,885
Overdraft	-	-	(45,439)
	904,201	127,648	617,446

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2012

	6 months ended 30/06/12 £	6 months ended 30/06/11 £	Audited Year ended 31/12/11 £
Reconciliation of net loss to net cash			
a inflow / (outflow) from operating activities			
(Loss) / profit before tax	(118,950)	609,213	365,145
Interest receivable & similar income	(353)	(1)	(151)
Interest payable & similar charges	13,406	28,731	18,739
Share of operating losses in associates	-	93,608	93,608
Amortisation and depreciation	301,042	314,317	612,275
Profit on part-disposal of Indian associate	-	-	(91,603)
Gain on sale of intellectual property	-	-	(364,005)
Share option expense	5,619	14,044	27,350
Decrease / (increase) in trade and other receivables	669,096	(796,323)	(491,659)
Decrease in trade and other payables	(423,791)	(55,599)	(492,726)
Net cash inflow / (outflow) from operations	446,065	207,990	(323,027)
b Cash flow from investing activities			
Proceeds on part-disposal of Indian associate	-	-	949,493
Proceeds on sale of intellectual property	-	-	191,418
Purchase of property, plant and equipment	(38,257)	(51,945)	(105,077)
Purchase of intangible assets	(108,000)	(10,000)	(14,305)
Net cash (outflow) / inflow from investing activities	(146,257)	(61,945)	1,021,529
c Cash flow from financing activities			
Interest paid	(13,406)	(28,731)	(103,201)
Repayment of loan	-	(100,000)	(200,000)
Proceeds from the issue of share capital	-	-	55,000
Proceeds from directors loan	-	-	100,000
Net cash used in financing activities	(13,406)	(128,731)	(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 28 September 2012.

2. Basis of preparation

This unaudited condensed consolidated interim financial information is for the six months ended 30 June 2012. 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 2011 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 2011 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 2012 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 2012.

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 2011 and are also consistent with those which will be adopted in the 31 December 2012 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. (Loss) / earnings 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.

	30/06/2012	30/06/2011	Audited 31/12/2011
	£	£	£
Reported profit / (loss) for the financial period	(118,950)	609,213	292,344
	Number	Number	Number
Weighted average number of ordinary shares	76,471,557	77,513,224	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	76,471,557	78,805,850	76,471,557
Basic (loss) / earnings per share (pence)	(0.2)p	0.8p	0.4p
Diluted (loss) / earnings per share (pence)	(0.2)p	0.8p	0.4p