



a proven innovator in interactive media

**Cellcast plc Interim accounts
for the six months ended 30 June 2013**



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

Interim Results for the six months ended 30 June 2013

The Board of Cellcast plc (AIM: CLTV) announces the Group's interims results for the six months ended 30 June 2013.

Financial results Highlights

- Revenue for the six months ended 30 June 2013 of approximately £8.3m (H1 2012: £9.8m);
- First half loss before tax of £915,000 (H1 2012: loss before tax of £119,000);
- Cost reductions implemented to date will have a positive impact on second half of current year.

Andrew Wilson, CEO of Cellcast plc, commented:

"The first half of 2013 saw a continued decline in revenue and profitability largely due to continued fall in consumer demand for our products and services in the UK. We expect the second half of 2013 to benefit from the move to Milton Keynes; reorganisation of operations and reduction in broadband commitments."

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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 2012.

Revenue for the six months ended 30 June 2013 was approximately £8.3 million, a decrease of 16% on the same period last year. Gross profit for the period was £44,000 (H1 2012: £678,000).

Operating costs in the UK, excluding TV exploration costs, for the period were £752,000, which is 4% lower than the £784,000 total for the first half of 2012.

Overall, the Group's UK operations incurred an operating loss of £912,000 for the period after depreciation and amortisation costs of £316,000. This compares unfavourably to an operating loss of £106,000 in the comparative period for 2012.

In the first quarter the Group also incurred the costs of trialling new international markets of £203,000 (H1 2012: nil).

After taking into account the interest charges, the loss for the period was £915,000 (H1 2012: £119,000 loss). This represents a loss per share of 1.2p (H1 2012: 0.2p loss).

The £239,000 investment was made predominantly in new mobile business ventures in the UK and internationally.

Funding

The cash balance at 30 June 2013 stood at £454,000 compared to a balance of £904,000 at 30 June 2012.

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

In the UK, the Group continued to see reduced demand and this has impacted on revenue in the period.

To address these, further cost cutting measures have been implemented which include moving the studio facilities out of London and reorganizing the current operational structure. The beneficial effect of this relocation and reorganisation will be recognised commencing in October of this year.

In July the Group's losses were significantly curtailed by the rationalisation of its bandwidth commitments which translated into a 32% reduction in the Group's overall broadcast cost.

As the company's traditional UK market offers limited immediate opportunity for new customer acquisition the Group has focussed on two areas of potential growth. The first of these is to increase yield from existing customers through cross-selling and upselling complementary internet and mobile internet based services. The second are new initiatives to undertake tests in various international markets with a focus on Africa and South America where mobile penetration is growing rapidly and new broadcasting opportunities are emerging.

The combination of the cost reductions and the revenue benefit being derived from new services and international markets will benefit the Group in the second half of 2013 and significantly reduce the operating losses.

Andrew Wilson

Chief Executive Officer
27 September 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 June 2013

	6 months ended 30/06/13 £	6 months ended 30/06/12 £	Audited Year ended 31/12/12 £
Revenue	8,300,774	9,834,611	19,162,938
Cost of sales	(8,257,220)	(9,156,333)	(17,766,096)
Gross profit	43,554	678,278	1,396,842
Operating costs and expenses:			
General and administrative	(436,527)	(477,514)	(1,019,808)
TV exploration in overseas countries and new ventures	(203,091)	-	(275,656)
Share option expense	-	(5,619)	(9,365)
Amortisation and depreciation	(315,707)	(301,042)	(602,995)
Total operating costs and expenses	(955,325)	(784,175)	(1,907,824)
Operating loss	(911,771)	(105,897)	(510,982)
Interest receivable & similar income	448	353	650
Interest payable & similar charges	(3,501)	(13,406)	(2,027)
Gain on sale of intellectual property	-	-	457,084
Loss before tax	(914,824)	(118,950)	(55,275)
Taxation	-	-	-
Loss for the period	(914,824)	(118,950)	(55,275)
Total comprehensive expenditure attributable to the owners of the parent	(914,824)	(118,950)	(55,275)
Loss per share			
Basic and diluted (note 3)	(1.2)p	(0.2)p	(0.1)p

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	30/06/13	30/06/12	Audited 31/12/12
	£	£	£
Assets			
Non-current assets			
Intangible assets	163,350	758,254	423,812
Property, plant and equipment	209,915	182,819	172,720
Investment	234,840	-	-
	<u>608,105</u>	<u>941,073</u>	<u>596,532</u>
Current assets			
Trade and other receivables	2,622,267	2,606,991	3,059,186
Cash and cash equivalents	454,314	904,201	798,125
	<u>3,076,581</u>	<u>3,511,192</u>	<u>3,857,311</u>
Non-current assets classified as held for sale	<u>149,380</u>	<u>-</u>	<u>220,336</u>
Total assets	<u><u>3,834,066</u></u>	<u><u>4,452,265</u></u>	<u><u>4,674,179</u></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
Warrant reserve	13,702	13,702	13,702
Retained earnings	(9,313,198)	(8,465,795)	(8,398,374)
(Deficit) / Equity attributable to owners of the parent	<u>(180,077)</u>	<u>667,326</u>	<u>734,747</u>
Liabilities			
Current liabilities			
Trade and other payables	4,014,143	3,784,939	3,881,559
Borrowings	-	-	57,873
Total liabilities	<u>4,014,143</u>	<u>3,784,939</u>	<u>3,939,432</u>
Total equity and liabilities	<u><u>3,834,066</u></u>	<u><u>4,452,265</u></u>	<u><u>4,674,179</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As at 30 June 2013	Share Capital	Share Premium	Merger Reserve	Cumulative Translation Reserve	Warrant Reserve	Retained Earnings	Shareholders Funds
	£	£	£	£	£	£	£
Balance at 1 January 2013	2,285,398	5,533,626	1,300,395	-	13,702	(8,398,374)	734,747
Loss for the period	-	-	-	-	-	(914,824)	(914,824)
Transactions with owners							
- Equity settled share-based payment charge	-	-	-	-	-	-	-
Balance at 30 June 2013	2,285,398	5,533,626	1,300,395	-	13,702	(9,313,198)	(180,077)

As at 31 December 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	-	-	-	-	-	(55,275)	(55,275)
Transactions with owners							
- Equity settled share-based payment charge	-	-	-	-	-	9,365	9,365
Balance at 31 December 2012	2,285,398	5,533,626	1,300,395	-	13,702	(8,398,374)	734,747

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

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 2013

	6 months ended 30/06/13 £	6 months ended 30/06/12 £	Audited Year ended 31/12/12 £
Net cash (outflow) / inflow from operations a	(26,561)	446,065	(8,894)
Interest received	448	353	650
Net cash (outflow) / inflow from operating activities	(26,113)	446,418	(8,244)
Net cash (outflow)/ inflow from investing activities b	(256,324)	(146,257)	133,077
Net cash used in financing activities c	(3,501)	(13,406)	(2,027)
Net (decrease) / increase in cash and cash equivalents	(285,938)	286,755	122,806
Cash and cash equivalents at beginning of period	740,252	617,446	617,446
Cash and cash equivalents at end of period	454,314	904,201	740,252

Cash and cash equivalents

	6 months ended 30/06/13	6 months ended 30/06/12	Audited Year ended 31/12/12
Cash at bank	454,314	904,201	798,125
Overdraft	-	-	(57,873)
Total	454,314	904,201	740,252

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2013

	6 months ended 30/06/13 £	6 months ended 30/06/12 £	Audited Year ended 31/12/12 £
a Reconciliation of net loss to net cash inflow / (outflow) from operating activities			
Loss before tax	(914,824)	(118,950)	(55,275)
Interest receivable & similar income	(448)	(353)	(650)
Interest payable & similar charges	3,501	13,406	2,027
Amortisation and depreciation	315,707	301,042	602,995
Gain on sale of intellectual property	-	-	(457,084)
Share option expense	-	5,619	9,365
Decrease in trade and other receivables	436,918	669,096	216,901
Increase / (decrease) in trade and other payables	132,585	(423,791)	(327,173)
Net cash (outflow) / inflow from operations	(26,561)	446,065	(8,894)
b Cash flow from investing activities			
Proceeds on sale of intellectual property	-	-	457,084
Purchase of property, plant and equipment	(73,439)	(38,257)	(54,669)
Purchase of intangible assets	(19,000)	(108,000)	-
Purchase of assets held for sale	-	-	(220,336)
Disposal of assets held for sale	70,955	-	-
Purchase of investment	(234,840)	-	(49,002)
Net cash (outflow) / inflow from investing activities	(256,324)	(146,257)	133,077
c Cash flow from financing activities			
Interest paid	(3,501)	(13,406)	(2,027)
Net cash used in financing activities	(3,501)	(13,406)	(2,027)

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 Unit 20-22 Cochran Close, Crownhill Industrial Estate, Milton Keynes, MK8 0AJ. 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 2013.

2. Basis of preparation

This unaudited condensed consolidated interim financial information is for the six months ended 30 June 2013. 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 2012 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 2012 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 2013 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 2013.

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 2012 and are also consistent with those which will be adopted in the 31 December 2013 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 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.

	6 months ended 30/06/2013 £	6 months ended 30/06/2012 £	Audited Year ended 31/12/2012 £
Reported loss for the financial period	(914,824)	(118,950)	(55,275)
	Number	Number	Number
Weighted average number of ordinary shares	76,471,557	76,471,557	76,471,557
Dilutive effect of outstanding share options and warrants	-	-	-
Weighted average number of ordinary shares for diluted earnings per share	<u>76,471,557</u>	<u>76,471,557</u>	<u>76,471,557</u>
Basic loss per share (pence)	(1.2)p	(0.2)p	(0.1)p
Diluted loss per share (pence)	<u>(1.2)p</u>	<u>(0.2)p</u>	<u>(0.1)p</u>