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

**Interim results for the six months ended 30 June 2017**

The Board of Cellcast plc (AIM: CLTV) announces the group's interims results for the six months ended 30 June 2017.

## Highlights

- UK interactive broadcast revenues of £5.5 million (H1 2016: £5.3 million)
- Revenues from newly launched overseas gaming services of £300,000 (H1 2016: £320,000)
- Loss before tax of £145,000 for the period (H1 2016: profit of £78,000)
- Loss per share of 0.2p (H1 2016: earnings per share of 0.1p)
- Board changes- Samuel Malin appointed as a Non-Executive Director and Craig Gardiner appointed as Chief Executive officer, strengthening the composition of the board.

**Craig Gardiner, CEO of Cellcast plc, commented:**

"Revenues in our core broadcast sector have continued to decline. Nevertheless, this decline has been offset by growth in online revenues, albeit these have come at an increased cost. Steady income derived from consultancy agreements has also helped fill the gap left by the decline of the broadcast derived revenues."

"The commencement of the renegotiated supplier agreement at the beginning of August has led to a substantial and material reduction in costs, giving us increased flexibility to deal with the challenging marketplace."

**For further information:**


| | |
|---|---|
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| | |
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## CHIEF EXECUTIVE OFFICER'S STATEMENT

### Half year results

UK interactive broadcast revenues for the six months ended 30 June 2017 were £5.5 million, an increase of 2% on the same period last year. Revenue from the overseas gaming consultancy services represented £300,000. Gross profit for the period amounted to £89,000 (H1 2016: £378,000).

Operating costs for the period were £256,000 (H1 2016: £343,000).

Overall, the group's operations generated a loss before tax of £145,000. This compares to a profit before tax of £78,000 for the period ending 30 June 2016.

The cost of sales has risen by 7% from £5,285,847 to £5,680,171. This increase comes from the growth in online revenues that carry more direct costs.

The post-tax loss for the period amounted to £145,000. This represents negative earnings per share of 0.2p. By comparison, during the period to 30 June 2016 the group achieved a net profit of £78,000 and earnings per share of 0.1p.

The group's cash and cash equivalents at 30 June 2017 stood at £862,000 compared to a balance of £1,189,000 at 30 June 2016.

The Company's treasury management scheme and investment strategy (the Lexinta Fund, based in Zurich) as reported in the last annual accounts amounted to £510,920. In the period, the decision was taken to redeem the investments and bring the cash back into the business, as the Fund Manager had decided it was time to liquidate the entire portfolio. The funds due back to the group are included in debtors as at 30 June 2017. The company expects to receive the remitted funds before the year-end. This will further strengthen the balance sheet of the company.

### Outlook

The first six months of 2017 continued to be challenging. Revenues from Cellcast's core Voice and SMS business have continued to decline as viewing habits continue to change. However, the group has had some growing success in driving TV viewers onto the web where the service offering can be broadened. Revenues derived from the web now amount to 70% of those derived from the core broadcast business with the caveat that such revenues come with lower margins.

Consultancy and management services to companies in the lottery, gaming and entertainment sector in East Africa have provided a continuing source of revenue and both service and geographic diversification.

Costs have been significantly reduced with the new supplier agreement which was announced on 27 July 2017 and which came into effect on 1 August 2017. The new DMOL (Digital Television Multiplex Operators Ltd) EPG (Electronic Program Guide) which came into effect on 3 August saw the group's TV channels move to different viewing locations. The group will continue to monitor any impacts on the revenues that this may have in the second half of the year.

*Craig Gardiner*

Chief Executive Officer

25 September 2017

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**For the 6 months ended 30 June 2017**

| | 6 months ended 30/06/17 £ | 6 months ended 30/06/16 £ | Audited Year ended 31/12/16 £ |
|---|---|---|---|
| Revenue | 5,769,311 | 5,663,962 | 12,072,101 |
| Cost of sales | (5,680,171) | (5,285,847) | (10,949,499) |
| Gross profit | 89,140 | 378,115 | 1,122,602 |
| Operating costs and expenses: | | | |
| Administrative expenses (see note 6) | (206,961) | (264,472) | (452,847) |
| Amortisation and depreciation | (49,368) | (78,694) | (123,470) |
| Total operating costs and expenses | (256,329) | (343,166) | (576,317) |
| Operating (loss)/profit | (167,189) | 34,949 | 546,285 |
| Fair value gains and losses | 12,719 | 14,352 | 58,196 |
| Finance costs | (2,250) | (4,514) | (8,388) |
| Share of results of associate | 11,913 | 33,202 | 55,906 |
| (Loss)/profit before tax | (144,807) | 77,989 | 651,999 |
| Taxation | - | - | (7,195) |
| (Loss)/profit for the period | (144,807) | 77,989 | 644,804 |
| Total comprehensive income attributable to owners of the parent | (144,807) | 77,989 | 644,804 |
| (Loss)/ profit per share | | | |
| Basic and diluted | (0.2p) | 0.1p | 0.8p |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**As at 30 June 2017**

| | 30/06/17 | 30/06/16 | Audited 31/12/16 |
|---|---|---|---|
| | £ | £ | £ |
| **Assets** | | | |
| Non-current assets | | | |
| Intangible assets | 104,573 | 129,856 | 119,221 |
| Property, plant and equipment | 123,584 | 165,752 | 140,603 |
| Investments | 88,813 | 88,813 | 88,813 |
| Interest in associate | 74,958 | 40,341 | 63,045 |
| | 391,928 | 424,762 | 411,682 |
| **Current assets** | | | |
| Investments – financial assets | - | 242,350 | 510,920 |
| Trade and other receivables | 2,825,531 | 1,785,150 | 2,343,977 |
| Cash and cash equivalents | 862,446 | 1,188,962 | 1,101,235 |
| | 3,687,977 | 3,216,462 | 3,956,132 |
| Total assets | 4,079,905 | 3,641,224 | 4,367,814 |
| **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 | (6,921,658) | (7,343,666) | (6,776,851) |
| Total equity | 2,211,463 | 1,789,455 | 2,356,270 |
| **Liabilities** | | | |
| Non-current liabilities | 335,000 | 435,000 | 385,000 |
| Current liabilities | | | |
| Trade and other payables | 1,533,442 | 1,416,769 | 1,626,544 |
| Total liabilities | 1,868,442 | 1,851,769 | 2,011,544 |
| Total equity and liabilities | 4,079,905 | 3,641,224 | 4,367,814 |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| **As at 30 June 2017** | Called Up Share Capital | Share Premium Account | Merger Reserve | Warrant Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2017 | 2,285,398 | 5,533,626 | 1,300,395 | 13,702 | (6,776,851) | 2,356,270 |
| Loss for the period | - | - | - | - | (144,807) | (144,807) |
| Balance at 30 June 2017 | 2,285,398 | 5,533,626 | 1,300,395 | 13,702 | (6,921,658) | 2,211,463 |

| **As at 31 December 2016** | Called Up Share Capital | Share Premium Account | Merger Reserve | Warrant Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2016 | 2,285,398 | 5,533,626 | 1,300,395 | 13,702 | (7,421,655) | 1,711,466 |
| Profit for the period | - | - | - | - | 644,804 | 644,804 |
| Balance at 31 December 2016 | 2,285,398 | 5,533,626 | 1,300,395 | 13,702 | (6,776,851) | 2,356,270 |

| **As at 30 June 2016** | Called Up Share Capital | Share Premium Account | Merger Reserve | Warrant Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2016 | 2,285,398 | 5,533,626 | 1,300,395 | 13,702 | (7,421,655) | 1,711,466 |
| Profit for the period | - | - | - | - | 77,989 | 77,989 |
| Balance at 30 June 2016 | 2,285,398 | 5,533,626 | 1,300,395 | 13,702 | (7,343,666) | 1,789,455 |

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 2017**

| | | 6 months ended 30/06/17 £ | 6 months ended 30/06/16 £ | Audited Year ended 31/12/16 £ |
|---|---|---|---|---|
| Net cash (outflow)/inflow from operations | a | (415,943) | 364,216 | 457,707 |
| Net cash inflow/(outflow) from investing activities | b | 179,404 | (10,016) | (187,360) |
| Net cash used in financing activities | c | (2,250) | (4,514) | (8,388) |
| Net (decrease)/increase in cash and cash equivalents | | (238,789) | 349,686 | 261,959 |
| Cash and cash equivalents at beginning of period | | 1,101,235 | 839,276 | 839,276 |
| Cash and cash equivalents at end of period | | 862,446 | 1,188,962 | 1,101,235 |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

**For the 6 months ended 30 June 2017**

| | | 6 months ended 30/06/17 £ | 6 months ended 30/06/16 £ | Audited Year ended 31/12/16 £ |
|---|---|---|---|---|
| **a** | **Reconciliation of net loss to net cash (outflow) / inflow from operating activities** | | | |
| | (Loss)/profit before tax | (144,807) | 77,989 | 651,999 |
| | Fair value gains and losses | (12,719) | (14,352) | (58,196) |
| | Finance costs | 2,250 | 4,514 | 8,388 |
| | Amortisation and depreciation | 49,368 | 78,694 | 123,470 |
| | Gain on sale of intellectual property | - | - | - |
| | Share of associates profit | (11,913) | (33,202) | (55,906) |
| | FX gain on current asset investment | 16,560 | (22,664) | (79,038) |
| | Impairment of non-current asset investments | - | - | - |
| | R&D tax credit | - | - | - |
| | (Increase)/decrease in trade and other receivables | (171,581) | 516,028 | (126,959) |
| | Decrease in trade and other payables | (143,101) | (242,791) | (83,017) |
| | Income tax received | - | - | 76,966 |
| | Net cash (outflow) / inflow from operations | (415,943) | 364,216 | 457,707 |
| **b** | **Cash flow from investing activities** | | | |
| | Proceeds on sale of channels | - | - | - |
| | Proceeds on sale of intellectual property | - | - | - |
| | Purchase of property, plant and equipment | (17,700) | (10,016) | (19,010) |
| | Refund of JV | - | - | - |
| | Investment in current asset investments | - | - | (168,350) |
| | Proceeds from disposal of current asset investments | 197,104 | - | - |
| | Purchase of investment in associate | - | - | - |
| | Net cash inflow / (outflow) from investing activities | 179,404 | (10,016) | (187,360) |
| **c** | **Cash flow from financing activities** | | | |
| | Interest paid | (2,250) | (4,514) | (8,388) |
| | Net cash used in financing activities | (2,250) | (4,514) | (8,388) |
| **d** | **Cash and cash equivalents** | | | |
| | Cash at bank | 862,446 | 1,188,962 | 1,101,235 |
| | Cash and cash equivalents at the end of the period | 862,446 | 1,188,962 | 1,101,235 |

# 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 35 Soho Square, London, W1D 3QX. 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 AIM, a Market operated by the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 25 September 2017.

## 2. Basis of preparation

This unaudited condensed consolidated interim financial information is for the six months ended 30 June 2017. 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 is unaudited and 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 2016 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 2016 have been reported on by the Company's auditor and have been delivered to the Registrar of Companies. The auditor's report on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement made under Section 498 of the Companies Act 2006.

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 2016 and are also consistent with those which will be adopted in the 31 December 2017 financial statements.

The directors have considered Standards and Interpretations which were in issue but not effective at the date of authorisation of this condensed interim financial information. The directors have particularly considered the impact of IFRS 15 to the group's revenue recognition policies. The accounting policy for recognising broadcast revenue is not expected to change when the rules under IFRS 15 are applied. A further, detailed review of the policy for recognising revenue generated from the provision of management and consultancy services will be required when IFRS 15 is adopted but given the relative amount of this revenue as a proportion of total revenue the directors do not expect a material impact on the group financial statements in the period of initial application.

There are 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.

The directors have carefully considered whether or not it is appropriate to adopt the going concern basis in preparing the interim financial report. The directors have reviewed the group's detailed cash forecast to ensure that the group's current working capital and credit facilities in place are sufficient for the foreseeable future. This assessment is based upon forecasts following the reduction in the revenue of the UK television business together with the continued reduction in operational costs implemented over the year; it also assumes the maintenance of existing relationships with key suppliers.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3. Basis of preparation (continued)

After making enquiries, the directors have concluded that the group has adequate resources to continue trading for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the interim financial report.

### 4. Revenue

| | 6 months ended 30/06/17 £ | 6 months ended 30/06/16 £ | Audited Year ended 31/12/16 £ |
|---|---|---|---|
| Revenue | | | |
| Interactive broadcast | 5,469,311 | 5,343,767 | 11,452,101 |
| Overseas gaming consultancy services | 300,000 | 320,195 | 620,000 |
| Total revenue | 5,769,311 | 5,663,962 | 12,072,101 |

### 5. Earnings per share

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

| | 6 months ended 30/06/17 £ | 6 months ended 30/06/16 £ | Audited Year ended 31/12/16 £ |
|---|---|---|---|
| Reported (loss)/profit for the financial period | (144,807) | 77,989 | 644,804 |
| | Number | Number | Number |
| Weighted average number of ordinary shares | 77,513,224 | 77,513,224 | 77,513,224 |
| Dilutive effect of outstanding share options and warrants | - | - | - |
| Weighted average number of ordinary shares for diluted earnings per share | 77,513,224 | 77,513,224 | 77,513,224 |
| Basic earnings per share (pence) | (0.2p) | 0.1p | 0.8p |
| Diluted earnings per share (pence) | (0.2p) | 0.1p | 0.8p |

### 6. Foreign exchange gains and losses

Included in administrative expenses for the 6 months ended 30/06/17 are foreign currency gains of £85,433 (Audited year ended 31/12/16: gains of £140,043).