

10 March 2010

Cheerful Scout Plc ('Cheerful' or 'the Company')
Interim Results

Cheerful Scout Plc, the AIM-traded multi media specialist, announces its results for the six months ended 31 December 2009.

Chairman's Statement

Cheerful has enjoyed a number of operational developments over the past six months, having broadened its offering through the creation of a new corporate events division, strengthened its team and focussed on its key value-drivers. Although challenges still remain, the Board remains confident that these actions will place us in a good position for growth.

Operations

Cheerful is dedicated to providing an array of innovative corporate communication solutions through its On Screen, DVD and Events divisions.

Our On Screen division, which focuses on providing corporations with a compelling and comprehensive medium through which to portray their corporate message or strategy to their chosen audience, is performing well. Our team continues to gain recognition for its innovative use of film, graphics and interactive events and on the back of this, we have strengthened relationships with existing clients and attracted some new clients as well. Work completed during the period included a series of projects with FTSE listed companies operating in the financial and oil and gas sectors. We also have a strong pipeline of exciting projects, which we hope to complete during the remainder of the year.

The DVD business has completed several Blu-ray projects and, although the revenue has decreased, we remain committed to this part of the business as it continues to add value to our overall offering.

During the period we formed a new events division, which complements and broadens our offering to current and prospective clients to such an extent that we are confident that there will be opportunities for cross selling as we deliver solutions to corporations looking to maximise their message. We acquired certain assets on 17 December 2009 from Twentyfirst Century Communications Limited ('Twentyfirst'), an events management company, from its administrator for a nominal amount, including software, hardware, domain names and the registered trademark of 'Brand Theatre'. We also recruited five key members of staff on who were formerly employed by Twentyfirst and whose expertise and experience in the corporate events arena are very welcome as we

build this division. Operating through the Company's wholly owned subsidiary, nVision Technology Limited, the team has already attracted new business and will also be working on our newly won position on the Central Office of Information's four year events roster.

Financial Results

The Group is reporting a loss before tax of £21,789 (2009: profit before tax £18,109) on a turnover of £736,664 (2009: £894,889). The operating loss for the Group is £23,499. The Group's cash balance continues to be healthy at £901,587 (2009: £943,624). These losses include the payment of salaries to those working in our events division and are partly attributable to a reduction in bank interest over the period.

Outlook

Looking forward, we are confident that the rest of the year will provide us with lots of opportunities, which will see your Company grow and its profile increased.

I would like to thank the team for their hard work and shareholders for their continued support.

S Appleton
Chairman
10 March 2010

**** ENDS ****

For further information visit www.cheerfulscout.com or contact:

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Condensed Consolidated Statement of Comprehensive Income Six months ended 31 December 2009

	Notes	Unaudited Six months to 31 December 2009 £	Unaudited Six months to 31 December 2008 £	Audited Year ended 30 June 2009 £
Continuing operations				
Revenue		736,664	894,889	1,269,788
Cost of sales		<u>(461,400)</u>	<u>(507,241)</u>	

				(820,026)
Gross profit		275,264	387,648	449,762
Administrative expenses		(298,763)	(384,616)	(718,648)
Operating (loss) / profit		(23,499)	3,032	(268,886)
Finance income		1,710	15,077	23,408
(Loss) / profit before taxation		(21,789)	18,109	(245,478)
Taxation		9,250	-	(475)
Total comprehensive income for the period		(12,539)	18,109	(245,953)
Attributable to:				
Non-controlling interest		-	-	-
Owners of the parent		(12,539)	18,109	(245,953)
Total comprehensive income for the period		(12,539)	18,109	(245,953)
(Loss) / earnings per ordinary share:				
Basic	5	(0.15695)p	0.1848p	(2.51451)p
Diluted	5	(0.15695)p	0.1848p	(2.51451)p

There are no recognised gains or losses other than those passing through the Statement of Comprehensive Income.

Condensed Consolidated Statement of Financial Position At 31 December 2009

	Unaudited Six months to 31 December 2009 £	Unaudited Six months to 31 December 2008 £	Audited Year ended 30 June 2009 £
Non-current assets			
Intangible assets	365,154	388,413	365,154
Property, plant and equipment	155,847	200,072	165,484
	521,001	588,485	530,638
Current assets			
Inventories	2,167	3,057	2,033
Trade and other receivables	167,516	368,809	209,894

Current tax receivable	9,250	34,761	-
Cash and cash equivalents	901,587	943,624	831,491
	1,080,520	1,350,251	1,043,418
Total assets	1,601,521	1,938,736	1,574,056
Current liabilities			
Trade and other payables	(353,007)	(273,474)	(300,378)
	(353,007)	(273,474)	(300,378)
Net assets	1,248,514	1,666,262	1,273,678
Equity			
Share capital	1,004,688	1,225,000	1,054,688
Special reserves	-	-	-
Capital redemption reserve	232,812	-	170,312
Retained earnings	11,014	440,262	48,678
Equity attributable to owners of the parent	1,248,514	1,665,262	1,273,678
Non-controlling interest	-	-	-
Total equity	1,248,514	1,665,262	1,273,678

**Condensed Consolidated Statement of Changes in Equity
At 31 December 2009**

	Share capital £	Special reserves £	Capital redemption reserve £	Retained earnings £	Attributable to owners of the parent £	Non- controlling interest £	Total equity £
At 1 July 2008	1,225,000	1,747,416	-	(1,325,263)	1,647,153	-	1,647,153
Comprehensive income for the period	-	-	-	18,109	18,109	-	18,109
Transfer of special reserves to retained earnings	-	(1,747,416)	-	1,747,416	-	-	-
At 31 December 2008	1,225,000	-	-	440,262	1,665,262	-	1,665,262
At 1 July 2008	1,225,000	1,747,416	-	(1,325,263)	1,647,153	-	1,647,153
Comprehensive income for the period	-	-	-	(245,953)	(245,953)	-	(245,953)
Transfer of special reserves to retained earnings	-	(1,747,416)	-	1,747,416	-	-	-
Purchase of own shares	(170,312)	-	170,312	(127,522)	(127,522)	-	(127,522)
At 30 June 2009	1,054,688	-	170,312	48,678	1,273,678	-	1,273,678

At 1 July 2009	1,054,688	-	170,312	48,678	1,273,678	-	1,273,678
Comprehensive income for the period	-	-	-	(12,539)	(12,539)	-	(12,539)
Purchase of own shares	(62,500)	-	62,500	(25,125)	(25,125)	-	(25,125)
Issue of shares	12,500	-	-	-	12,500	-	12,500
At 31 December 2009	1,004,688	-	232,812	11,014	1,248,514	-	1,248,514

Condensed Consolidated Statement of Cash Flows
Six months ended 31 December 2009

	Unaudited Six months to 31 December 2009 £	Unaudited Six months to 31 December 2008 £	Audited Year ended 30 June 2009 £
Cash flows from operating activities			
(Loss) / profit before taxation	(21,789)	18,109	(245,478)
Depreciation	32,821	26,180	71,259
Amortisation of intangibles	-	23,259	46,518
Gain on sale of property, plant and equipment	-	(20,000)	(20,242)
Finance income	(1,710)	(15,077)	(23,408)
	9,322	32,471	(171,351)
Increase / (decrease) in trade and other payables	52,629	(99,647)	(72,743)
Decrease in trade and other receivables	42,378	63,945	222,860
(Increase) / decrease in inventories	(134)	(828)	196
Taxation	-	-	34,286
	104,195	(4,059)	13,248
Cash generated / (used) in operating activities			
Cash flows from investing activities			
Finance income	1,710	15,077	23,408
Purchase of property, plant and equipment	(23,184)	(72,341)	(82,832)
Proceeds from sale of property, plant and equipment	-	20,000	20,242
	(21,474)	(37,264)	(39,182)
Cash used in investing activities			
Cash flows from financing activities			
Purchase of own shares	(25,125)	-	(127,522)
Issue of new shares	12,500	-	-

Cash used in financing activities	(12,625)	-	(127,522)
Net increase / (decrease) in cash and cash equivalents	70,096	(41,323)	(153,456)
Cash and cash equivalents at beginning of period	831,491	984,947	984,947
Cash and cash equivalents at end of period	901,587	943,624	831,491

Notes to the Interim Condensed Financial Statements
Six months ended 31 December 2009

1. General information

Cheerful Scout Plc is a public limited company incorporated in the United Kingdom under the Companies Act 1985. The Company is domiciled in the United Kingdom and its principal place of business in 25-27 Riding House Street, London, W1P 7PB. The Company's Ordinary Shares are traded on the AIM market of the London Stock Exchange.

These condensed consolidated interim financial statements for the period ended 31 December 2009 (including the comparatives for the periods ended 31 December 2008 and 30 June 2009) were approved by the board of directors on 10 March 2010.

The financial information set out in this interim report does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 30 June 2009, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006.

The interim financial statements have been prepared using the accounting policies set out in the Group's 2009 statutory accounts and have not been audited.

Copies of the annual statutory accounts and the interim report can be found on our website at www.cheerfulscout.com or can be requested from the Company Secretary at the Company's Registered Office: 65 New Cavendish Street, London, W1G 7LS.

2. Basis of preparation

These condensed consolidated interim financial statements for the period ended 31 December 2009 have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements

for the year ended 30 June 2009, which have been prepared in accordance with IFRS's as adopted by the European union.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2009, as described in those annual financial statements.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 July 2009 and have been applied by the Group:

- IAS 1 'Presentation of Financial Statements (Revised 2007)'
- IFRS 2 'Share based payments (Revised 2009)'
- IFRS 3 'Business Combinations (Revised 2008)'
- IFRS 8 'Operating Segments'

The adoption of the above standards do not affect the financial position or results of the group.

4. Revenue and segment information

Segment information is presented in respect of the Group's primary format, business segments. This is based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	On Screen 6 months to 31 Dec 2009 £	On Screen 6 months to 31 Dec 2008 £	DVD & Interactive 6 months to 31 Dec 2009 £	DVD & Interactive 6 months to 31 Dec 2008 £	Events 6 months to 31 Dec 2009 £	Events 6 months to 31 Dec 2008 £	Total 6 months to 31 Dec 2009 £	Total 6 months to 31 Dec 2008 £
Revenue	622,726	636,972	113,938	257,917	-	-	736,664	894,889
Segment results	109,243	73,227	(67,363)	(24,750)	(16,586)	-	25,294	48,477
Unallocated expenses							(48,793)	(45,445)
Operating (loss) / profit							(23,499)	3,032
Finance income							1,710	15,077
Taxation							9,250	-
Total comprehensive income for the period							(12,539)	18,109

Segment assets	363,084	616,995	314,802	489,411	-	-	677,886	1,106,406
Unallocated assets							923,635	832,330
Total assets	363,084	616,995	314,802	489,411	-	-	1,601,521	1,938,736
Segment liabilities	(174,233)	(142,168)	(93,986)	(62,447)	(16,584)	-	(284,803)	(204,615)
Unallocated liabilities							(68,204)	(68,859)
Total liabilities	(174,233)	(142,168)	(93,986)	(62,447)	(16,584)	-	(353,007)	(273,474)
Capital expenditure	11,592	36,171	11,592	36,170	-	-	23,184	72,341
Depreciation & amortisation	16,410	24,720	16,411	24,719	-	-	32,821	49,439

5. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary owners of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit or loss attributable to ordinary owners of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares in ordinary shares.

The following reflects the income and share data used and dilutive earnings per share computations:

	Unaudited	Unaudited	Audited
	Six months to	Six months to	Year ended
	31	31 December	to
	December	2008	30 June
	2009	2008	2009
	£	£	£
Comprehensive income for the period	(12,539)	18,109	(245,953)
Adjusted for non-controlling interests	-	-	-
(Loss) / profit attributable to owners of parent	(12,539)	18,109	(245,953)
	Shares	Shares	Shares
Basic weighted average number of shares	7,989,130	9,800,000	9,781,336
Dilutive potential ordinary shares:			
Employee share options	-	-	-
Diluted weighted average number of shares	7,989,130	9,800,000	9,781,336

6. Capital expenditure

During the period, the Group acquired property, plant and equipment with a cost of £23,184 (2008: £72,341). During the period, the Group disposed of property, plant and equipment for proceeds of £Nil (2008: £20,000).

7. Related party transactions

The Group has a related party relationship with its subsidiaries and its directors.

Transactions between Group companies, which are related parties, have been eliminated on consolidation and are therefore not included in these consolidated interim financial statements.

	Unaudited Six months to 31 December 2009 £	Unaudited Six months to 31 December 2008 £
Subsidiaries		
Amounts owed by subsidiaries	226,272	231,837
Less provision	(200,000)	(200,000)
Amounts owed by subsidiaries	26,272	31,837
Amounts owed to subsidiaries	1	1

Included in the amounts owed by subsidiaries of £226,272 is £200,000 due from its subsidiary, Business Data Interactive Limited. During the period ended 31 December 2008, Cheerful Scout plc made a provision of £200,000 against this loan as it is not considered to be recoverable.

Cheerful Scout Plc is a guarantor for a lease entered into by Centralfix Limited, its subsidiary undertaking.

Harris and Trotter LLP is a firm in which N J Newman is a member. The following was charged to the Group in respect of professional services.

	£	£
Harris and Trotter LLP		
Cheerful Scout plc	6,225	10,800
Centralfix Limited	4,880	7,265
	11,105	18,065

The compensation of key management (including directors) of the Group is as follows:

	£	£
Short-term employee benefits	75,000	75,000

