

8 February 2012

Aeorema Communications plc ('Aeorema' or 'the Company')
Interim Results

Aeorema Communications plc, the AIM-traded multi-media specialist, announces its results for the six months ended 31 December 2011.

Chairman's Statement

In my first report to shareholders as Chairman I am pleased to report a significant turnaround for the first six months of 2011 compared the same period last year. We achieved a pre tax profit of £1,993 (2010: loss of £84,552) on revenues of £1,237,880 (2010: £985,640). These results were achieved in very difficult trading conditions.

Sales at our events division, Twentyfirst Events, were good, highlighting what an excellent acquisition it has been for the Company. It has introduced new blue chip clients, for which it has created a number of extremely creative and innovative events. We are now looking at ways to leverage its contact base and are in active discussions with a number of its clients regarding ways in which the creative and innovative film/video skills of our other division, Cheerful Scout Productions, can be utilised for them.

Cheerful Scout Productions also had a good six months against a difficult trading environment where new client wins are hard fought for and price conscious. Despite these pressures Cheerful Scout won three major awards for creativity and innovation at the esteemed 2011 Cannes Corporate Media and TV Awards. These were collected for "Best Use of Graphics & Special Effects" and "Best Internal Communication Film", whilst Deputy Chairman and Creative Director Peter Litten collected the award for "Best Director". Peter was also commended for his creative vision and technical expertise.

The Company has correctly kept a tight rein on costs in these difficult times. This has resulted in cash in the bank of £812,104 (2010: £681,756), which is an important buffer in uncertain markets. The Company's share price has risen from 8p in July to 18.25p at the time of this release. This is encouraging but still means the Company is only capitalised at circa £1.3 million despite having such a significant cash position.

Looking ahead, we have won important projects in both divisions in the last two months and added two new blue chip clients. However, we see the next six months as continuing to be very difficult and results will be dependant on maintaining the momentum on winning new assignments.

We continue to explore acquisitions that are compatible with our current business while expanding our areas of operation. We are particularly interested in the extremely fast growing digital video space linked to social media.

On behalf of shareholders and the board I want to thank the teams at Twentyfirst Events and Cheerful Scout Productions. They are extremely innovative, creative, energetic and committed. They work whatever hours are necessary to bring our clients great results that exceed the clients' expectations. I also want to thank the clients for continuing to work with us and encouraging the team by continually expressing their appreciation of the work we do.

M Hale

Chairman

8 February 2012

Aeorema Communications plc
Condensed Consolidated Statement of Comprehensive Income
Six months ended 31 December 2011

	Notes	Unaudited Six months to 31 December 2011 £	Unaudited Six months to 31 December 2010 £	Audited year ended 30 June 2011 £
Continuing operations				
Revenue		1,237,880	985,640	2,147,844
Cost of sales		(870,483)	(692,840)	(1,508,517)
Gross profit		367,397	292,800	639,327
Administrative expenses		(367,022)	(377,497)	(731,794)
Operating profit / (loss)		375	(84,697)	(92,467)
Finance income		118	145	271
Other income		1,500	-	1,860
Profit / (loss) before taxation		1,993	(84,552)	(90,336)
Taxation		-	-	(17,778)
Total comprehensive income / (loss) for the period attributable to owners of the parent		1,993	(84,552)	(108,114)
Earnings / (Loss) per ordinary share:				
Basic	5	0.02543p	(1.07881)p	(1.37944)p
Diluted	5	0.02453p	(1.07881)p	(1.31363)p

There are no other comprehensive income items.

Aeorema Communications plc
Condensed Consolidated Statement of Financial Position
At 31 December 2011

	Unaudited Six months to 31 December 2011 £	Unaudited Six months to 31 December 2010 £	Audited Year ended 30 June 2011 £
Non-current assets			
Intangible assets	365,154	365,154	365,154
Property, plant and equipment	77,343	111,618	107,188
Deferred taxation	22,054	39,832	22,054
	464,551	516,604	494,396
Current assets			
Inventories	2,674	2,674	2,675
Trade and other receivables	369,040	366,088	517,461
Cash and cash equivalents	812,104	681,756	528,415
	1,183,818	1,050,518	1,048,551
Total assets	1,648,369	1,567,122	1,542,947
Current liabilities			
Trade and other payables	(414,637)	(342,937)	(326,766)
	(414,637)	(342,937)	(326,766)
Net assets	1,233,732	1,224,185	1,216,181
Equity			
Share capital	979,688	979,688	979,688
Capital redemption reserve	257,812	257,812	257,812
Retained earnings	(50,442)	(28,873)	(52,435)
Share based payment reserve	46,674	15,558	31,116
Equity attributable to equity holders of the parent	1,233,732	1,224,185	1,216,181

Aeorema Communications plc
Condensed Consolidated Statement of Changes in Equity
At 31 December 2011

⌘	Share capital £	Capital redemption reserve £	Retained earnings £	Share based payment reserve £	Total equity £
At 1 July 2010	979,688	257,812	55,679	-	1,293,179
Comprehensive expense for the period	-	-	(84,552)	-	(84,552)
Share based payments	-	-	-	15,558	15,558
At 31 December 2010	979,688	257,812	(28,873)	15,558	1,224,185
At 1 July 2010	979,688	257,812	55,679	-	1,293,179
Comprehensive expense for the period	-	-	(108,114)	-	(108,114)
Share based payments	-	-	-	31,116	31,116
At 30 June 2011	979,688	257,812	(52,435)	31,116	1,216,181
At 1 July 2011	979,688	257,812	(52,435)	31,116	1,216,181
Comprehensive income for the period	-	-	1,993	-	1,993
Share based payments	-	-	-	15,558	15,558
At 31 December 2011	979,688	257,812	(50,442)	46,674	1,233,732

Aeorema Communications plc
Condensed Consolidated Statement of Cash Flows
Six months ended 31 December 2011

	Unaudited Six months to 31 December 2011 £	Unaudited Six months to 31 December 2010 £	Audited Year ended 30 June 2011 £
Cash flows from operating activities			
Profit / (loss) before taxation	1,993	(84,552)	(90,336)
Depreciation	30,636	35,607	72,193
Gain on sale of property, plant and equipment	-	(15,000)	(23,496)
Share based payment	15,558	15,558	31,116
Finance income	118	(145)	(271)
	48,305	(48,532)	(10,794)
Increase / (decrease) in trade and other payables	87,871	140,504	(59,460)
Decrease / (increase) in trade and other receivables	148,421	(43,289)	(10,869)
Increase in inventories	-	(422)	(423)
Cash generated / (used) in operating activities	284,597	48,261	(81,546)
Cash flows from investing activities			
Finance income	(118)	145	271
Purchase of property, plant and equipment	(790)	(13,850)	(47,022)
Proceeds from sale of property, plant and equipment	-	15,000	24,512
Cash (used) / generated in investing activities	(908)	1,295	(22,239)
Net increase / (decrease) in cash and cash equivalents	283,689	49,556	(103,785)
Cash and cash equivalents at beginning of period	528,415	632,200	632,200
Cash and cash equivalents at end of period	812,104	681,756	528,415

Aeorema Communications plc
Notes to the Interim Condensed Financial Statements
Six months ended 31 December 2011

1 General information

Aeorema Communications Plc, previously known as 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 2011 (including the comparatives for the periods ended 31 December 2010 and 30 June 2011) were approved by the board of directors on 7 February 2012.

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 2011, 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 2011 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.aeorema.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 2011 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 2011, which have been prepared in accordance with IFRS 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 2011, as described in those annual financial statements. There has been no impact on the Group's financial position or performance from new and amended IFRS and IFRIC interpretations mandatory as of 1 July 2011.

4 Revenue and segmental results

Revenue and segmental results have been disclosed by two operating segments of Cheerful Scout Productions and Twentyfirst Events in the manner that the information is presented to the Board of Directors, being the Chief Operating Decision Makers.

	Cheerful Scout 6 months to 31 Dec 2011 £	Cheerful Scout 6 months to 31 Dec 2010 £	Twentyfirst Events 6 months to 31 Dec 2011 £	Twentyfirst Events 6 months to 31 Dec 2010 £	Total 6 months to 31 Dec 2011 £	Total 6 months to 31 Dec 2010 £
Revenue	514,978	482,625	722,902	503,015	1,237,880	985,640
Segment results	30,873	(36,765)	47,151	31,943	78,024	(4,822)
Unallocated expenses					(77,649)	(79,875)
Operating profit / (loss)					375	(84,697)
Finance income					118	145
Other income					1,500	-
Total comprehensive income / (expense) for the period					1,993	(84,552)
Segment assets	465,934	521,759	418,976	258,482	884,910	780,241
Unallocated assets					763,459	786,881
Total assets	465,934	521,759	418,976	258,482	1,648,369	1,567,122
Segment liabilities	(175,979)	(176,722)	(214,458)	(136,394)	(390,437)	(313,116)
Unallocated liabilities					(24,200)	(29,821)
Total liabilities	(175,979)	(176,722)	(295,323)	(136,394)	(414,637)	(342,937)
Capital expenditure	790	10,868	-	2,983	790	13,850
Depreciation & amortisation	30,090	35,247	546	360	30,636	35,607

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 Six months to 31 December 2011 £	Unaudited Six months to 31 December 2010 £	Audited Year ended to 30 June 2011 £
Profit / (loss) attributable to owners of parent	1,993	(84,552)	(108,114)
	Shares	Shares	Shares
Basic weighted average number of shares	7,837,500	7,837,500	7,959,966
Dilutive potential ordinary shares:			
Employee share options	288,878	-	392,702
Dilutive weighted average number of shares	8,126,378	7,837,500	8,230,202

6 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 2011 £	Unaudited Six months to 31 December 2010 £
Subsidiaries		
Amounts owed by subsidiaries	58,058	396,423
Less provision	-	(201,308)
Amounts owed by subsidiaries	58,058	195,115

Aeorema Communications plc is a guarantor for a lease entered into by Cheerful Scout Productions Limited, its subsidiary undertaking.

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

Harris and Trotter LLP	£	£
Aeorema Communications plc	9,892	8,008
Cheerful Scout Productions Limited	3,600	4,017
nVision Technology Limited	3,600	2,800
	17,092	14,825

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

	£	£
Short-term employee benefits	53,750	60,150
Post-employee benefits	25,992	26,492
	79,742	86,642

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

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