

23 January 2009

Cheerful Scout Plc ('Cheerful' or 'the Company')
Update

Cheerful Scout Plc, the AIM-traded multi-media specialist, is pleased to provide an update on its activities.

As reported in the AGM statement, the Company is committed to building its position as a niche non-broadcast based multi-media specialist services company, with a primary focus on delivering corporate communications solutions and DVD oriented design and technical services. With the unfavourable economic climate both in the UK and the rest of the world, the Company took the prudent decision to initiate a streamlining strategy in order for it to minimise risk and develop the areas of the business which traditionally generated profit. Although preliminary like for like sales are slightly improved for the six months to December 2008 compared to 2007, the Company expects business levels and margins to be affected during the next six months as clients and corporates reduce their spending in the sector.

The Company will continue to focus the business on its On Screen Communication division and complementary event work, as well as its DVD division. Unfortunately, the Company's contract with The Contender Entertainment Group ('Contender') has ended, which may affect year-end sales numbers, although it has prompted the Company to focus on higher end products where its margins are stronger. The Company is also taking action to control costs, including reducing wage costs and utilising its resources in a more cost effective manner.

Importantly the Company continues to retain its strong cash reserves and all debtors are fully paid to December close.

The Company expects to release its Interim Results at the end of March 2009.

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

Gary Fitzpatrick	Cheerful Scout Plc	Tel: 020 7291 0444
Hugo de Salis / Susie Callear	St Brides Media & Finance Ltd	Tel: 020 7236 1177
Mark Percy	Seymour Pierce	Tel: 020 7107 8030