

30 March 2009

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 2008.

Chairman's Statement

Cheerful Scout has made progress during the period under review, delivering creative corporate communication solutions to our list of blue-chip clients and DVD orientated design and technical services. As discussed in my statement at the end of the last financial year, we remain committed to streamlining the business, reducing overheads and using our resources in a cost effective manner to deal more efficiently in the competitive sector in which we operate. This process will continue throughout this financial year.

Revenue for the six months to 31 December 2008 increased to £894,889 (2007: £695,839) and an operating profit of £3,032 (2007: loss of £238,948). Our cash balance remains healthy with cash balances at 31 December 2008 of £943,624 (2007: £1,023,634).

Operations

As previously announced, the loss of the Company's contract with the Contender Group has led us to review and restructure the DVD division to focus on Blu ray DVD. The drive for new business in this division continues and importantly other client relationships remain stable and there is potential, even in these difficult markets, for increased activity from them.

The On Screen division has performed well in the first half year with major projects for BAA and HMRC. However, the pipeline of work for the second half of the year has been adversely affected by the general economic climate which will impact on our second half performance.

Business Data Interactive (BDI)

Our business intelligence software joint venture has not performed well and we believe that it will be difficult to exploit its high – end products in the current economic climate. As a result we have taken a decision to write-off our investment and loans which to date total £200,600. There is no cash outflow connected with the write-off and the loss is eliminated on consolidation.

Related party transactions

Related party transactions are detailed in note 8 of these interim financial statements.

Principal risk and uncertainties

The principal risks and uncertainties which could impact on the Group for the remainder of the financial year are those detailed in the Group's 2008 Annual Report. These remain the principal risks and uncertainties for the second half of this financial year and beyond, and they are regularly considered by the board, particularly in light of the current financial crisis and market conditions.

Outlook

Although the Company has seen a reasonable performance in its core divisions we remain mindful of the comments made in our trading update of 23 January 2009 regarding the Company's financial performance during the remainder of 2009. The Board expects business levels and margins to be adversely affected during the second half of the year as clients reduce spending in-line with the economic environment and business sentiment.

Our team are committed to delivering innovative design solutions, combining creativity with a passion for understanding business challenges and communication objectives. I would like to take this opportunity to thank both our team and our shareholders for their loyalty and determination during this period.

S Appleton
Chairman
30 March 2009

Responsibility Statement

Six months ended 31 December 2008

The directors confirm that to the best of their knowledge:

- a) The condensed set of financial statements has been prepared in accordance with IAS 34;
- b) The interim management report includes a fair review of the information required by the Financial Statements Disclosure and Transparency Rules (DTR) 4.2.7R – “indication of important events during the first six months and their impact on the financial statements and description of principal risks and uncertainties for the remaining six months of the year”;

- c) The interim management report includes a fair review of the information required by DTR 4.2.8R – “disclosure of related party transactions and changes therein”.

On behalf of the Board

S Appleton
Chairman

P Litten
Chief Executive

30 March 2009

**** ENDS ****

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

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Susie Callear	St Brides Media & Finance Ltd	Tel: 020 7236 1177

Condensed Consolidated Income Statement
For the six months ended 31 December 2008

Notes	Unaudited Six months to 31 December 2008 £	Unaudited Six months to 31 December 2007 £	Audited Year ended 30 June 2008 £
Continuing operations			
Revenue	894,889	695,839	1,566,329
Cost of sales	(507,241)	(523,099)	(1,029,463)
Gross profit	387,648	172,740	536,866
Administrative expenses	(384,616)	(411,688)	(802,358)
Development costs written off	-	-	(346,076)
Operating profit / (loss)	3,032	(238,948)	(611,568)
Finance income	15,077	24,959	45,870
Profit / (loss) before taxation	18,109	(213,989)	(565,698)
Taxation	-	3,036	34,959

Profit / (loss) for the period	18,109	(210,953)	(530,739)
Attributable to:			
Minority interests	-	(400)	(400)
Equity holders of parent	18,109	(210,553)	(530,339)
Profit / (loss) for the financial period	18,109	(210,953)	(530,739)

Earnings / (loss) per ordinary share:

Basic	5	0.1848p	(2.1485)p	(5.41162)p
Diluted	5	0.1848p	(2.1485)p	(5.41162)p

There are no recognised gains or losses other than those passing through the income statement.

**Condensed Consolidated Balance Sheet
As at 31 December 2008**

	Notes	Unaudited Six months to 31 December 2008 £	Unaudited Six months to 31 December 2007 £	Audited Year ended 30 June 2008 £
Non-current assets				
Intangible assets		388,413	781,005	411,672
Property, plant and equipment		200,072	102,062	153,911
		588,485	883,067	565,583
Current assets				
Inventories		3,057	2,632	2,229
Trade and other receivables		368,809	265,576	432,754
Current tax receivable		34,761	-	34,761
Cash and cash equivalents		943,624	1,023,634	984,947
		1,350,251	1,291,842	1,454,691
Total assets		1,938,736	2,174,909	2,020,274
Current liabilities				
Trade and other payables		(273,474)	(207,970)	(373,121)
		(273,474)	(207,970)	(373,121)
Net assets		1,665,262	1,966,939	1,647,153
Equity				
Share capital	7	1,225,000	1,225,000	1,225,000
Special reserves	7	-	1,747,416	1,747,416
Retained earnings	7	440,262	(1,005,477)	(1,325,263)

Equity attributable to equity holders of the parent		1,665,262	1,966,939	1,647,153
Minority interest	7	-	-	-
Total equity	7	1,665,262	1,966,939	1,647,153

Condensed Consolidated Cash Flow Statement

Six months ended 31 December 2008

	Unaudited Six months to 31 December 2008 £	Unaudited Six months to 31 December 2007 £	Audited Year ended 30 June 2008 £
Cash flows from operating activities			
Profit / (loss) before taxation	18,109	(213,989)	(565,698)
Depreciation	26,180	37,360	63,203
Amortisation of intangibles	23,259	23,259	46,517
Impairment losses	-	12,738	12,738
Gain on sale of property, plant and equipment	(20,000)	(22,538)	(23,834)
Development costs written off	-	-	346,076
Finance income	(15,077)	(24,959)	(45,870)
	32,471	(188,129)	(166,868)
(Decrease) / increase in trade and other payables	(99,647)	(26,163)	138,988
Decrease in trade and other receivables	63,945	199,763	32,585
(Increase) / decrease in inventories	(828)	(347)	56
Taxation	-	-	(2,838)
Cash (used) / generated in operating activities	(4,059)	(14,876)	1,923
Cash flows from investing activities			
Finance income	15,077	24,959	45,870
Purchase of property, plant and equipment	(72,341)	(48,262)	(125,955)
Proceeds from sale of property, plant and equipment	20,000	22,538	23,834
Cash used in investing activities	(37,264)	(765)	(56,251)
Net decrease in cash and cash equivalents	(41,323)	(15,641)	(54,328)
Cash and cash equivalents at beginning of period	984,947	1,039,275	1,039,275

Cash and cash equivalents at end of period	943,624	1,023,634	984,947
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Notes to the Interim Condensed Financial Statements
Six months ended 31 December 2008

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 2008 (including the comparatives for the periods ended 31 December 2007 and 30 June 2008) were approved by the board of directors on 30 March 2009.

The financial information set out in this interim report does not constitute statutory accounts for the purposes of section 435 of the Companies Act 2006. The Group's statutory financial statements for the year ended 30 June 2008, 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 237 (2) or Section 237 (3) of the Companies Act 1985.

The interim financial statements have been prepared using the accounting policies set out in the Group's 2008 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 2008 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and 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 2008, 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 2008, as described in those annual financial statements.

4. Revenue and segment information

	On Screen 6 months to 31 Dec 2008 £	On Screen 6 months to 31 Dec 2007 £	DVD & Interactive 6 months to 31 Dec 2008 £	DVD & Interactive 6 months to 31 Dec 2007 £	Events 6 months to 31 Dec 2008 £	Events 6 months to 31 Dec 2007 £	Total 6 months to 31 Dec 2008 £	2007 6 months to 31 Dec 2007 £
Revenue	636,972	390,039	257,917	269,626	-	36,174	894,889	695,839
Segment results	73,227	(29,200)	(24,750)	75,553	-	(148,598)	48,477	(102,245)
Unallocated expenses							(45,445)	(136,703)
Operating profit / (loss)							3,032	(238,948)
Finance income							15,077	24,959
Taxation							-	3,036
Profit / (loss) for the period							18,109	(210,953)
Segment assets	616,995	552,128	489,411	593,086	-	147,482	1,106,406	1,292,696
Unallocated assets							832,330	882,213
Total assets	616,995	552,128	489,411	593,086	-	147,482	1,938,736	2,174,909
Segment liabilities	(142,168)	(26,951)	(62,447)	(34,539)	-	(29,361)	(204,615)	(90,851)
Unallocated liabilities							(68,859)	(117,119)
Total liabilities	(142,168)	(26,951)	(62,447)	(34,539)	-	(29,361)	(273,474)	(207,970)
Capital expenditure	36,171	16,088	36,170	16,087	-	16,087	72,341	48,262
Depreciation & amortisation	24,720	24,083	24,719	24,083	-	12,453	49,439	60,619
Impairment losses	-	6,369	-	6,369	-	-	-	12,738

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.

5. Earnings per share

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

Diluted earnings per share are calculated by dividing the loss attributable to ordinary equity shareholders 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 2008 £	Unaudited Six months to 31 December 2007 £	Audited Year ended to 30 June 2008 £
Profit / (loss) for the period	18,109	(210,953)	(530,739)
Adjusted for minority interests	-	400	400
Profit / (loss) attributable to equity holders of parent	18,109	(210,553)	(530,339)
	Shares	Shares	Shares
Basic weighted average number of shares	9,800,000	9,800,000	9,800,000
Dilutive potential ordinary shares: Employee share options	-	-	-
Diluted weighted average number of shares	9,800,000	9,800,000	9,800,000

6. Capital Expenditure

During the period, the Group acquired property, plant and equipment with a cost of £72,341 (2007: £48,262). During the period, the Group disposed of property, plant and equipment for proceeds of £20,000 (2007: £22,538).

7. Statement of change in equity

	Share capital £	Special reserves £	Retained earnings £	Total £	Minority interest £	Total equity £
At 1 July 2007	1,225,000	1,747,416	(794,924)	2,177,492	-	2,177,492
Retained loss for the period	-	-	(210,553)	(210,553)	(400)	(210,953)
Group contribution to minority	-	-	-	-	400	400
At 31 December 2007	1,225,000	1,747,416	(1,005,477)	1,966,939	-	1,966,939
Retained (loss) / profit for the period	-	-	(319,786)	(319,786)	-	(319,786)
At 30 June 2008	1,225,000	1,747,416	(1,325,263)	1,647,153	-	1,647,153

Retained profit 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

On 3 November 2008, following a board resolution, the Company has transferred its special reserves of £1,747,416 to retained earnings following the expiry of the undertaking given to the High Court of Justice in 2006.

8. 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 2008 £	Unaudited Six months to 31 December 2007 £
Subsidiaries		
Amounts owed by subsidiaries	231,837	238,553
Amounts owed to subsidiaries	1	1

Included in the amounts owed by subsidiaries of £231,837 is £200,000 due from its subsidiary, Business Data Interactive Limited. During the period, Cheerful Scout plc has 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 charges to the Group in respect of professional services.

Harris and Trotter LLP	£	£
Cheerful Scout plc	10,800	10,475
Centralfix Limited	7,265	6,700
	18,065	17,175

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

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