For Immediate Release **16 September 2015**

Cello Group plc

A solid first half

Cello Group plc ("Cello" AIM: CLL, "The Group"), the healthcare focused strategic marketing group, today announces its interim results for the six month period to 30 June 2015.

Group Financial Highlights

- Revenue £77.0m (2014: £78.3m)
- Gross profit £41.9m (2014: £39.5m)
- Like-for-like[1] gross profit growth of 1.8%
- Headline profit before tax[2] £4.2m (2014: £4.4m)
- Statutory operating profit £1.9m (2014: £3.6m) after additional provision for VAT of £1.1m (2014: £nil)
- Headline operating margin[3] 10.5% (2014: 12.0%)
- Headline basic earnings per share 3.61p (2014: 3.87p)
- Statutory basic earnings per share 1.18p (2014: 2.81p)
- Net debt of £9.8m (June 2014: £10.2m)
- Interim dividend up 5% to 0.84p (2014: 0.80p)

Divisional Financial Highlights

H1	Cello Health			Cello Signal		
£'000	2015	2014	% Growth	2015	2014	% Growth
Segmental gross profit	21,683	19,667	10.3%	19,993	19,410	3.0%
Headline operating profit	4,310	4,168	3.4%	950	1,469	(35.3)%
Headline operating margin[3]	19.9%	21.2%		4.8%	7.6%	

Operating Highlights

- Successful establishment of national US healthcare office network: New York, Philadelphia, Boston, San Francisco, Chicago
- Strong overall growth from the US health business, allowing ongoing addition of senior professionals
- Increased penetration of US biotech client community on East and West Coasts
- Alignment of Cello Signal to support the digital health communications proposition underway
- Continued strong growth of core social media software product Pulsar

[1] Like-for-like comparisons remove the impact of acquisitions and results from start-ups in 2014
[2] Headline measures are stated before non-headline charges (see note 2)
[3] Headline operating margin is defined as headline operating profit as a percentage of segmental gross profit

Mark Scott, Chief Executive, commented: "Cello's emergence as a global provider of advisory services to the pharmaceutical and biotech industry is progressing at a rapid pace, with continuing strong growth from our core healthcare business, most notably in the US where our primary investments are being made. Cello Signal's strong digital and social media expertise will prove an invaluable addition to the Group's capabilities in the healthcare space and represents a key source of future organic growth."

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Notes to Editors (www.cellogroup.com)

Cello is a healthcare focussed strategic marketing group.

The Group's strategy is to create value for shareholders by building an international marketing advisory business able to advise blue chip clients globally, with a primary focus on the pharmaceutical and biotech sectors.

Cello has annualised revenues in excess of £170m, annualised gross profit in excess of £80m and employs over 900 professional staff.

Chairman's Statement

Overview

For the first six months the Group has delivered in line with expectations, with a particularly strong performance from the core healthcare business in the US.

The Group has now successfully established the US office footprint necessary to service US domestic and international pharmaceutical and biotech clients, in New York, Philadelphia, San Francisco, Chicago and Boston. This has been achieved with the recruitment of senior professionals to further the ongoing expansion of the business.

The first half of this year has seen the successful bedding in of acquisitions made in 2014, both in the UK and USA.

Good headway is being made in the application of the digital and social media capabilities of Cello Signal to the growth agenda of Cello Health, as well as building on the existing communications capabilities of Cello Signal in the healthcare space.

Following detailed analysis of the recent HMRC industry guidance that relates to the Charity activities of Cello Signal, it is prudent to make a further provision for VAT liabilities. This provision largely reflects the same activities captured in the contingent liability recognised in the 2014 accounts. More recently, other industry wide issues have been informally raised by HMRC that contradict their recent policy guidance. If these issues are eventually upheld by HMRC Policy, then the Group and its advisors will vigorously contest them.

Ongoing solid cash flow together with confidence in the operational momentum of the Group has allowed a further increase in the Interim Dividend of 5% to 0.84p (2014: 0.80p). This represents a continuation of a nine year record of increasing dividends.

Financial Review

Gross profit for the six months to 30 June 2015 was up 6.1% to £41.9m (2014: £39.5m) on revenue of £77.0m (2014: £78.3m). Like-for-like gross profit growth was 1.8%. Headline operating profit was £4.4m (2014: £4.7m). Headline operating margins were 10.5% (2014: 12.0%). Headline pre-tax profit was £4.2m (2014: £4.4m). Further detail on these numbers is provided in the operating review.

The reported tax charge is £0.7m (2014: £1.0m). This represents a headline tax rate of 26.4% (2014: 27.0%) which has fallen slightly due to reduced UK tax corporation tax rates.

Headline basic earnings per share were 3.61p (2014: 3.87p). Statutory earnings per share were 1.18p (2014: 2.81p).

The Group's net debt at 30 June 2015 was £9.8m (31 December 2014: £7.2m; 30 June 2014: £10.2m). The operating cash outflow reflects normal seasonal working capital outflows and is in line with management expectations. Total debt facilities are £24.0m.

The interim dividend has been increased 5% to 0.84p (2014: 0.80p). The interim dividend is payable on 27 November 2015 to all shareholders on the register on 22 October 2015. The Group continues an unbroken nine year record of annual dividend growth.

The Group has incurred operating losses of £0.1m in the first half in relation to the development of the Pulsar suite of products. As these losses do not fit the Group's tight definitions of 'start-up' activity, these losses have been absorbed within headline operating profit.

On 17 July 2015, the Group announced that HMRC had published further guidance (Revenue and Customs Brief 10 (2015)) regarding the industry-wide VAT issues affecting the charities sector that emerged in late 2014. Following detailed analysis of the application of the guidance it is prudent to make a further provision of £1.1m, taking the total provision made to date to £3.2m. This additional provision includes some items which were previously disclosed in the 2014 accounts as contingent liabilities. This provision includes a prudent assessment of penalties and interest, as well as professional costs incurred in dealing with the matter, but it excludes any assumption of client recovery. Preliminary conversations have taken place with clients regarding recovery of these costs.Any recovery from clients will be recognised in future periods as balances are settled.

Even more recently, further industry wide VAT issues have been informally raised by HMRC. If confirmed by HMRC's policy unit, the approach and treatment now being informally suggested will be vigorously contested by the Group with its advisors.

Costs of £0.2m were incurred from continued investment in start-up activity. This is disclosed below headline operating profit. The vast majority of previous start-up activities are now profitable, albeit currently operating at lower margins than the core business.

Restructuring costs of £0.3m were incurred as part of the ongoing efficiency drive with Cello Signal, necessary both to raise profitability and also to support its migration towards the healthcare space.

The following table details the other adjustments made to calculate headline operating profit. The acquisition related costs of £0.5m (2014: £0.5m) relate to necessary accounting charges arising from the acquisition of iS Healthcare Dynamics Limited.

£m	**2015**	**2014**
Headline operating profit	4.4	4.7
VAT provision	(1.1)	-
Restructuring costs	(0.3)	-
Start-up losses	(0.2)	(0.1)
Share option charges	(0.1)	(0.1)
Acquisition related costs	(0.5)	(0.5)
Amortisation	(0.3)	(0.4)
Statutory operating profit	1.9	3.6
Net finance costs	(0.2)	(0.2)
Statutory profit before tax	1.7	3.4

Operating Review

Cello Health

	H1 2015 **£'000**	**H1 2014** **£'000**	**Full year 2014** **£'000**
Segmental gross profit	21,683	19,667	39,966
Headline operating profit	4,310	4,168	8,464
Headline operating margin	19.9%	21.2%	21.2%

Cello Health had a good six months, with overall client spending patterns continuing to be robust.

Segmental gross profit increased by 10.3% to £21.7m (2014: £19.7m), including a full period contribution from iS Health, which was acquired by the Group in May 2014. Like-for-like gross profit growth in the first half of 2015 was 2.1%. Margins remained healthy and competitive at 19.9% (H1 2014: 21.2%, FY 2014: 21.2%). Operating profits therefore rose to £4.3m (2014: £4.2m).

Cello Health continues to work with a wide range of healthcare enterprises. The client base includes 22 of the top 25 Global pharmaceutical businesses; a growing portfolio of biotech clients; and a number of significant consumer health organisations.

The four underlying capabilities of Cello Health are Cello Health Insight, Cello Health Consulting, Cello Health Communications and Cello Health Consumer. While Cello Health Consumer has had a slower six months than in the prior period, all other capabilities have performed well, with particular gross profit strength from Cello Health Communications and good performance from Cello Health Insight and Cello Health Consulting against tough prior period comparators. The like-for-like gross profit growth from these three core clinically-led capabilities, where the client base is predominantly large pharmaceutical organisations, was 7.0%.

The fastest growing geographical area in Cello Health has been the US. All capabilities in the US have had a strong period, especially Cello Health Insight and Cello Health Consulting. Following further investment in headcount, Cello Health now has offices in all the major Pharmaceutical centres in the US namely, New York, Philadelphia, San Francisco, Boston and Chicago. To further capitalise on the biotech and biopharma opportunity in the US, Cello Health has launched a new business based in Boston, Cello Health BioConsulting Inc, with the recruitment of four experienced consultants in this area. This business is accounted for as a start-up, and headcount of ten is expected by the end of the year.

The major new business wins achieved in the first six months of 2015 included: AbbVie, Boehringer Ingelheim, Boston Scientific, Cooper Vision Craft, Fiona McAndrew Research, Gilead, Janssen Cilag, Janssen Pharmaceuticals, Lundbeck, Market Metrics, Merz, Reckitt Benckiser, Sanofi, and Vertex Pharma.

Cello Signal

	H1 2015 £'000	**H1 2014 £'000**	**Full year 2014 £'000**
Segmental gross profit	19,993	19,410	39,469
Headline operating profit	950	1,469	3,433
Headline operating margin	4.8%	7.6%	8.7%

Segmental gross profit increased by 3.0% to £20.0m (2014: £19.4m). On a like-for-like basis gross profit growth was 1.0%. Operating profit was £1.0m (2014: £1.5m), and operating margins were 4.8% (2014: 7.6%).

Overall, and although operating profits are lower than last year, Cello Signal has performed as expected. The US Consumer research business into which senior staff were hired in 2014 is not yet reaping the benefit and this reduced operating margins in the first half. Additionally, as previously announced, the first half of 2014 was unusually profitable, as a high margin project came to an end in April 2014. Both these factors are key to understanding Cello Signal's relative profit performance in the first half of 2015.

Pulsar, Cello Signal's advanced social intelligence platform, has continued to grow strongly in the period and now has over 150 clients. The recent update to the product means that Facebook data is now incorporated into the analysis available to clients. This is a new enhancement, and provides clear competitive advantage. Annualised licence revenue is now over £2.0m and, while the product remains loss making, such losses are dropping and Cello Signal expects Pulsar to be making monthly operating profit by the end of the year.

As the strategy for Cello Health has developed, it has become clear that the cutting-edge digital and social media capabilities of Cello Signal are in rapidly growing demand by the healthcare industry and Cello Signal's capabilities will be harnessed quickly by Cello Health to capitalise on this large revenue opportunity. Additionally, over the next twelve months, the Group is committed to develop the health agenda and client base within Cello Signal itself. There are already considerable health-orientated activities within Cello Signal which contribute approximately 10% of current gross profits, including working for health charities and providing communications advice to social health organisations. This existing experience will be important in expanding the overall Group offer.

Major new business wins achieved in the first six months of 2015 include: City of Glasgow College, Courtyard Hotels, EC English, Famous Grouse Global BTL, Genesis Housing Association, Hershey's China, Holiday Inn Express, Home Retail Group (Financial Services, Habitat & Argos), Jim Beam, Leprino, Mixxit, Musgrave Group (SuperValu & Wholesale), Nairn's, Police Scotland, RBS, Renaissance Hotels, Thames Water, UK2 and Unilever.

Full year Trading Outlook

Cello's goal of becoming a leading global supplier of services to the pharmaceutical and biotech sector is being progressively met, on the back of a very focused growth strategy. The utilisation of the digital skills of Signal against this agenda opens up a whole new area of growth for the Group and offers the Group a real competitive advantage in the global healthcare space. The organic investment in additional healthcare resource in the US is an essential element of this overall growth strategy and is beginning to bear fruit. Our management team is successfully balancing the need for organic investment in resource to fulfil the Group's corporate goals with the short term delivery of profit despite the inevitable short term impact of the investment programme. The Board is optimistic that this will not materially affect the full year outcome for the Group and that expectations will be met.

Allan Rich,
Chairman
16 September 2015

Condensed Consolidated Income Statement
For the six months ended 30 June 2015

	Notes	Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Continuing operations				
Revenue	5	77,030	78,301	169,866
Cost of sales		(35,150)	(38,836)	(88,882)
Gross profit	5	41,880	39,465	80,984
Administration expenses		(40,007)	(35,827)	(76,769)
Operating profit	5	1,873	3,638	4,215
Finance income	6	1	3	5
Finance costs	6	(184)	(229)	(430)
Profit before taxation	5	1,690	3,412	3,790
Taxation	7	(675)	(1,054)	(1,508)
Profit for the period		1,015	2,358	2,282
Attributable to:				
Owners of the parent		1,010	2,356	2,283
Non-controlling interests		5	2	(1)
		1,015	2,358	2,282

		Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Earnings per share				
Basic earnings per share	10	1.18p	2.81p	2.70p
Diluted earnings per share	10	1.15p	2.74p	2.63p

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2015

	Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Profit for the period	1,015	2,358	2,282
Other comprehensive income:			
Exchange differences on translation of foreign operations	18	(27)	75
Total comprehensive income for the period	1,033	2,331	2,357
Total comprehensive income attributable to:			
Owners of the parent	1,028	2,329	2,358
Non-controlling interests	5	2	(1)
Total comprehensive income for the period	1,033	2,331	2,357

Condensed Consolidated Balance Sheet
As at 30 June 2015

	Notes	Unaudited At 30 June 2015 £'000	Unaudited At 30 June 2014 £'000	Audited At 31 December 2014 £'000
Goodwill	11	73,364	72,522	73,396
Intangible assets		1,140	1,878	1,492
Property, plant and equipment		2,089	2,506	2,321
Deferred tax assets		992	910	898
Non-current assets		77,585	77,816	78,107
Trade and other receivables		37,824	40,789	40,044
Cash and cash equivalents		1,176	2,452	5,566
Current assets		39,000	43,241	45,610
Trade and other payables		(29,794)	(34,781)	(37,181)
Current tax liabilities		(1,858)	(2,174)	(1,241)
Borrowings		(692)	(829)	(300)
Provisions	12	(3,209)	-	(2,109)
Obligations under finance leases		(24)	(26)	(34)
Current liabilities		(35,577)	(37,810)	(40,865)
Net current assets		3,423	5,431	4,745
Total assets less current liabilities		81,008	83,247	82,852
Trade and other payables		(1,225)	-	(700)
Borrowings		(10,216)	(11,754)	(12,359)
Obligations under finance leases		(61)	(74)	(65)
Deferred tax liabilities		(155)	(361)	(249)
Non-current liabilities		(11,657)	(12,189)	(13,373)
Net assets		69,351	71,058	69,479
Equity				
Share capital	13	8,558	8,462	8,530
Share premium		18,796	18,530	18,663
Merger reserve		28,807	28,807	28,807
Capital redemption reserve		50	50	50
Retained earnings		12,587	14,825	12,923
Share-based payment reserve		568	521	544
Foreign currency reserve		(65)	(185)	(83)
Equity attributable to equity holders of parent		69,301	71,010	69,434
Non-controlling interests		50	48	45
Total equity		69,351	71,058	69,479

Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2015

	Notes	Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Net cash (used in) / from operating activities before taxation	14	(428)	(4,668)	4,763
Tax paid		(156)	(884)	(2,372)
Net cash (used in) / from operating activities after taxation		(584)	(5,552)	2,391
Investing activities				
Interest received		1	3	5
Purchase of property, plant and equipment		(391)	(731)	(1,103)
Sale of property, plant and equipment		9	29	29
Expenditure on intangible assets		(124)	(167)	(374)
Purchase of subsidiary undertakings		25	302	(1,549)
Net cash used in investing activities		(480)	(564)	(2,992)
Financing activities				
Proceeds from issuance of shares		61	129	330
Dividends paid to equity holders		(1,529)	(531)	(2,559)
Repayment of borrowings		(8,209)	(2,000)	(4,000)
Repayment of loan notes		(68)	(73)	(73)
Drawdown of borrowings		6,165	4,800	6,800
Increase in overdrafts		460	529	-
Capital element of finance lease payments		(14)	(26)	(36)
Interest paid		(148)	(171)	(449)
Net cash (used in) / from financing activities		(3,282)	2,657	13
Movements in cash and cash equivalents				
Net decrease in cash and cash equivalents		(4,346)	(3,459)	(588)
Exchange (losses)/gains on cash and bank overdrafts		(44)	(73)	170
Cash and cash equivalents at the beginning of the period		5,566	5,984	5,984
Cash and cash equivalents at end of the period		1,176	2,452	5,566

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2015

Statement of changes in equity for the six months ended 30 June 2015:

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Share-based Payment Reserve £'000	Foreign Currency Exchange Reserve £'000	**Total Attributable to Equity Shareholders £'000**	Non-Controlling Interest £'000	**Total Equity £'000**
At 1 January 2015	8,530	18,663	28,807	50	12,923	544	(83)	**69,434**	45	**69,479**
Profit for the period	-	-	-	-	1,010	-	-	**1,010**	5	**1,015**
Other comprehensive income:										
Currency translation	-	-	-	-	-	-	18	**18**	-	**18**
Total comprehensive income in the period	-	-	-	-	1,010	-	18	**1,028**	5	**1,033**
Transactions with owners:										
Shares issued	28	133	-	-	-	-	-	**161**	-	**161**
Credit for share-based incentives	-	-	-	-	-	111	-	**111**	-	**111**
Deferred tax on share-based payments recognised directly in equity	-	-	-	-	96	-	-	**96**	-	**96**
Transfer between reserves in respect of share options	-	-	-	-	87	(87)	-	**-**	-	**-**
Dividends paid (note 8)	-	-	-	-	(1,529)	-	-	**(1,529)**	-	**(1,529)**
Total transactions with owners	28	133	-	-	(1,346)	24	-	**(1,161)**	-	**(1,161)**
As at 30 June 2015	**8,558**	**18,796**	**28,807**	**50**	**12,587**	**568**	**(65)**	**69,301**	**50**	**69,351**

Statement of changes in equity for the six months ended 30 June 2014:

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Share-based Payment Reserve £'000	Foreign Currency Exchange Reserve £'000	**Total Attributable to Equity Shareholders £'000**	Non-Controlling Interest £'000	**Total Equity £'000**
At 1 January 2014	8,348	18,368	28,345	50	12,810	455	(158)	**68,218**	46	**68,264**
Profit for the period	-	-	-	-	2,356	-	-	**2,356**	2	**2,358**
Other comprehensive income:										
Currency translation	-	-	-	-	-	-	(27)	**(27)**	-	**(27)**
Total comprehensive income in the period	-	-	-	-	2,356	-	(27)	**2,329**	2	**2,331**
Transactions with owners:										
Shares issued	114	162	462	-	-	-	-	**738**	-	**738**
Credit for share-based incentives	-	-	-	-	-	102	-	**102**	-	**102**
Deferred tax on share-based payments recognised directly in equity	-	-	-	-	154	-	-	**154**	-	**154**
Transfer between reserves in respect of share options	-	-	-	-	36	(36)	-	**-**	-	**-**
Dividends paid (note 8)	-	-	-	-	(531)	-	-	**(531)**	-	**(531)**
Total transactions with owners	114	162	462	-	(341)	66	-	**463**	-	**463**
As at 30 June 2014	**8,462**	**18,530**	**28,807**	**50**	**14,825**	**521**	**(185)**	**71,010**	**48**	**71,058**

Statement of changes in equity for the year ended 31 December 2014:

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Share-based Payment Reserve £'000	Foreign Currency Exchange Reserve £'000	**Total Attributable to Equity Shareholders £'000**	Non-Controlling Interest £'000	**Total Equity £'000**
At 1 January 2014	8,348	18,368	28,345	50	12,810	455	(158)	**68,218**	46	**68,264**
Profit for the year	-	-	-	-	2,283	-	-	**2,283**	(1)	**2,282**
Other comprehensive income:										
Currency translation	-	-	-	-	-	-	75	**75**	-	**75**
Total comprehensive income for the period	-	-	-	-	2,283	-	75	**2,358**	(1)	**2,357**
Transactions with owners:										
Shares issued	182	295	462	-	-	-	-	**939**	-	**939**
Credit for share-based incentives	-	-	-	-	-	212	-	**212**	-	**212**
Tax on share-based payments recognised directly in equity	-	-	-	-	266	-	-	**266**	-	**266**
Transfer between reserves in respect of share options	-	-	-	-	123	(123)	-	**-**	-	**-**
Dividends paid (note 8)	-	-	-	-	(2,559)	-	-	**(2,559)**	-	**(2,559)**
Total transactions with owners	182	295	462	-	(2,170)	89	-	**(1,142)**	-	**(1,142)**
As at 31 December 2014	**8,530**	**18,663**	**28,807**	**50**	**12,923**	**544**	**(83)**	**69,434**	**45**	**69,479**

Notes to the Financial Information
For the six months ended 30 June 2015

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed consolidated financial information for the six months ended 30 June 2015 has been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs as adopted by the European Union.

The condensed consolidated financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2014 were approved by the Board of directors on 18 March 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated financial information was approved for issue on 16 September 2015 and has not been audited.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

There are no new IFRSs or IFRICs that are effective for the first time for the interim period that would be expected to have a material impact on the Group.

2. HEADLINE MEASURES

The Group believes that reporting non-GAAP or headline measures provides a useful comparison of business performance and reflects the way the business is controlled. Accordingly headline measures of operating profit, finance income, finance costs, profit before taxation and earnings per share exclude, where applicable, restructuring costs, start-up losses, amortisation of intangible assets, impairment charges, acquisition accounting adjustments, share option charges, fair value gains and losses on derivative financial instruments and other exceptional costs. Non-headline gains and losses are items that, in the opinion of the directors, are required to be disclosed separately, by virtue of their size or incidence, to enable a full understanding of the Group's financial performance.

A reconciliation between statutory and headline profit before taxation is presented in note 4. In addition to this a reconciliation between statutory and headline earnings per share is presented in note 10. Headline measures in this report are not defined terms under IFRS, and may not be comparable with similarly titled measures reported by other companies.

3. SEASONALITY OF OPERATIONS

The Cello Health division is not materially influenced by seasonal factors. However, there are a number of clients in the Cello Signal division who traditionally commission activity in the second half of the year leading to increased revenues for that period with respect to those clients.

4. RECONCILIATION OF PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION TO HEADLINE PROFIT BEFORE TAX

	Unaudited Six Months ended 30 June 2015 £'000	**Unaudited Six Months ended 30 June 2014 £'000**	**Audited Year ended 31 December 2014 £'000**
Profit from continuing operations before taxation	**1,690**	**3,412**	**3,790**
Restructuring costs	318	-	534
Provision for VAT payable	1,100	-	2,109
Start-up losses	157	99	446
Acquisition costs	-	152	106
Amortisation of intangible assets	301	383	965
Acquisition related employee remuneration expense	525	300	1,200
Share option charges	111	102	212
Headline profit before taxation	**4,202**	**4,448**	**9,362**
Headline profit before tax is made up as follows:			
Headline operating profit	4,385	4,674	9,787
Headline finance income	1	3	5
Headline finance costs	(184)	(229)	(430)
	4,202	4,448	9,362

5. SEGMENTAL INFORMATION

For management purposes, the Group is organised into two operating groups; Cello Health and Cello Signal. These groups are the basis on which the Group reports internally to the plc's board of directors, who have been identified as the chief operating decision makers.

Six months ended 30 June 2015

	Cello Health £'000	Cello Signal £'000	Consolidated and Unallocated £'000	Group £'000
Revenue				
External sales	30,453	46,290	287	77,030
Intersegment revenue	24	27	(51)	-
Total revenue	30,477	46,317	236	77,030
Gross profit	21,683	19,993	204	41,880
Operating profit				
Headline operating profit (segment result)	4,310	950	(875)	4,385
Restructuring costs				(318)
Provision for VAT				(1,100)
Start-up losses				(157)
Amortisation of intangible assets				(301)
Acquisition related employee remuneration expense				(525)
Share option charges				(111)
Operating profit				1,873
Financing income				1
Finance costs				(184)
Profit from continuing operations before taxation				1,690
Other information				
Capital expenditure	220	171	-	391
Capitalisation of intangible assets	4	120	-	124
Depreciation of property plant and equipment	214	400	3	617

Six months ended 30 June 2014

	Cello Health £'000	Cello Signal £'000	Consolidated and Unallocated £'000	Group £'000
Revenue				
External sales	28,149	49,604	548	78,301
Intersegment revenue	-	14	(14)	-
Total revenue	28,149	49,618	534	78,301
Gross profit	19,667	19,410	388	39,465
Operating profit				
Headline operating profit (segment result)	4,168	1,469	(963)	4,674
Start-up losses				(99)
Acquisition costs				(152)
Amortisation of intangible assets				(383)
Acquisition related employee remuneration expense				(300)
Share option charges				(102)
Operating profit				3,638
Financing income				3
Finance costs				(229)
Profit from continuing operations before taxation				3,412
Other information				
Capital expenditure	237	490	4	731
Capitalisation of intangible assets	30	137	-	167
Depreciation of property plant and equipment	210	384	1	595

Year ended 31 December 2014

	Cello Health £'000	Cello Signal £'000	Consolidated and Unallocated £'000	Group £'000
Revenue				
External sales	57,948	108,985	2,933	169,866
Intersegment revenue	56	42	(98)	-
Total revenue	58,004	109,027	2,835	169,866
Gross profit	39,966	39,469	1,549	80,984
Operating profit				
Headline operating profit (segment result)	8,464	3,433	(2,110)	9,787
Restructuring costs				(534)
Provision of VAT payable				(2,109)
Start-up losses				(446)
Acquisition costs				(106)
Amortisation of intangible assets				(965)
Acquisition related employee remuneration expense				(1,200)
Share option charges				(212)
Operating profit				4,215
Financing income				5
Finance costs				(430)
Profit before tax on continuing operations				3,790

Other information

	Cello Health £'000	Cello Signal £'000	Consolidated and Unallocated £'000	Group £'000
Capital expenditure	422	776	14	1,212
Capitalisation of intangible assets	49	325	-	374
Depreciation of property plant and equipment	423	764	3	1,190

6. FINANCE INCOME AND COSTS

	Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Finance income:			
Interest receivable on bank deposits	1	3	5
Finance costs:			
Interest payable on bank loans and overdrafts	182	227	425
Interest payable in respect of finance leases	2	2	5
Total finance costs	184	229	430

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge for the period ended 30 June 2015 is based on management's estimate of weighted average annual tax rate expected for the full financial year. The estimated average annual tax rate used is 26.4% (2014: 27.0%).

8. DIVIDEND

	Date Paid	Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Interim dividend 2013 – 0.64p per share	6 January 2014	-	531	531
Final dividend 2013 – 1.61p per share	4 July 2014	-	-	1,351
Interim dividend 2014 – 0.80p per share	7 November 2014	-	-	677
Final dividend 2014 – 1.80p per share	29 May 2015	1,529	-	-
		1,529	531	2,559

An interim dividend of 0.84p (2014: 0.80p) per ordinary share is declared and will be paid on 27 November 2015 to all shareholders on the register on 22 October 2015. In accordance with IAS 10 *Events after the Balance Sheet Date*, this dividend has not been recognised in the accounts at 30 June 2015, but will be recognised in the accounting period ending 31 December 2015.

9. RESTRUCTURING COSTS, START-UP LOSSES AND ACQUISITION COSTS

Restructuring costs, start-up losses and acquisition costs have been separately disclosed in order to assist in understanding the financial performance of the Group.

Restructuring costs principally relate to redundancy costs.

Start-up losses are defined as the net operating result in the period of the trading activities that relate to new offices, new products, or new organically started businesses. Activities so defined will cease being separately identified where, in the opinion of the directors, the activities show evidence of becoming sustainably profitable or are closed, whichever is earlier. In any event start-up losses will cease being separately identified after two years from the commencement of the activity.

Acquisition costs relate to professional costs incurred in relation to acquisitions.

10. EARNINGS PER SHARE

	Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Earnings attributable to owners of the parent	1,010	2,356	2,283
Non-controlling interests	-	2	-
Earnings from continuing operations	1,010	2,358	2,283
Adjustments to earnings:			
Restructuring costs	318	-	534
Provision for VAT	1,100	-	2,109
Start-up losses	157	99	446
Acquisition costs	-	152	106
Amortisation of intangible assets	301	383	965
Acquisition related employee remuneration expenses	525	300	1,200
Share-based payments charge	111	102	212
Tax thereon	(434)	(149)	(976)
Headline earnings attributable to ordinary shareholders	3,088	3,245	6,879

	30 June 2015 number of shares	30 June 2014 number of shares	30 December 2014 number of shares
Weighted average number of ordinary shares used in basic earnings per share	85,497,199	83,785,620	84,548,170
Dilutive effect of securities:			
Share options	1,926,031	2,284,866	2,094,597
Deferred consideration shares	241,379	19,223	69,387
Weighted average number of ordinary shares used in diluted earnings per share	87,664,609	86,089,709	86,712,154
Earnings per share			
Basic earnings per share	1.18p	2.81p	2.70p
Diluted earnings per share	1.15p	2.74p	2.63p

In addition to basic and diluted earnings per share, headline earnings per share, which is a non-GAAP measure, has also been presented.

Headline earnings per share			
Headline basic earnings per share	3.61p	3.87p	8.14p
Headline diluted earnings per share	3.52p	3.77p	7.93p

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding treasury shares and shares in employee benefit trusts, determined in accordance with the provisions of IAS 33 *Earnings per Share*.

Diluted earnings per share is calculated by dividing earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year adjusted for the potentially dilutive ordinary shares for which the conditions of issue have substantially been met but not issued at the end of the year.

The Group's potentially dilutive shares are shares expected to be issued as deferred consideration on acquisitions and share options issued.

Headline earnings per share is calculated using headline earnings for the year, which excludes the effect of restructuring costs, start-up losses, amortisation of intangibles, impairments charges, acquisition accounting adjustments, share option charges, fair value gains and losses on derivative financial instruments and the provision for VAT. The calculation also excludes non-controlling interests over which the Group has exclusive options to acquire in the future.

11. GOODWILL

	Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Cost			
At the beginning of period	85,775	83,571	83,571
Additions	-	1,463	1,911
Exchange differences	(32)	(133)	293
At the end of the period	85,743	84,901	85,775
Amortisation			
At the beginning and the end of the period	12,379	12,379	12,379
Net book value			
At the end of the period	73,364	72,522	73,396
At the beginning of the period	73,396	71,192	71,192

12. PROVISIONS

	Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
At the beginning of period	2,109	-	-
Additions	1,100	-	2,109
At the end of the period	3,209	-	2,109

The provisions for VAT payable is in relation to amounts payable, including an estimate for interest and penalties, to HMRC in respect of certain supplies to charity clients. In accordance with IAS 37 Provisions, contingent liabilities and contingent assets potential recovery from clients has not been recognised.

13. SHARE CAPITAL

	Unaudited At 30 June 2015 £'000	Unaudited At 30 June 2014 £'000	Audited At 31 December 2014 £'000
Allotted, issued and fully paid			
85,579,670 ordinary shares of 10p each	8,558	8,462	8,530

Between 1 January 2014 and 30 June 2015 the following shares were issued:

On 7 May 2014, 123,588 new ordinary shares of 10.0p each were issued at 88.5p to vendors of Mash Health Limited and certain employees of the Group, pursuant to the terms of the share purchase agreement of Mash Health Limited.

On 13 May 2014, 567,376 new ordinary shares of 10.0p each were issued at 88.5p to vendors iS Health Dynamics Limited pursuant to the terms of the share purchase agreement of that company.

On 14 May 2015, 109,529 new ordinary shares of 10.0p each were issued at 109.5p to certain employees of the Group pursuant to the terms of the share purchase agreement of iS Healthcare Dynamics Limited.

During the six months ended 30 June 2015 166,449 (year ended 31 December 2014: 1,129,676) were issued to certain employees of the Group in relation to the share option schemes at exercise prices between of between 31.5p and 42.0p per share.

The Group owned 453,000 of its own shares over the whole period and these shares are held as treasury shares. The company has a right to re-issue these shares at a later date.

14. CASH GENERATED FROM OPERATIONS

	Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Profit on continuing operations before taxation	1,690	3,412	3,790
Financing income	(1)	(3)	(5)
Finance costs	184	229	430
Depreciation	617	595	1,190
Amortisation of intangible assets	479	519	1,274
Share-based payment expense	111	102	212
Profit on disposal of property, plant and equipment	(5)	(9)	(8)
Increase in acquisition related employee remuneration payable	125	38	820
Increase in provisions	1,100	-	2,109
Operating cash flow before movements in working capital	4,300	4,883	9,812
Decrease/(increase) in receivables	2,193	(2,925)	(2,102)
Increase in payables	(6,921)	(6,626)	(2,947)
Net cash (used in) / from operating activities before taxation	(428)	(4,668)	4,763

15. NET DEBT

Net debt comprises of:	Unaudited Six months ended 30 June 2015 £'000	Unaudited Six months ended 30 June 2014 £'000	Audited Year ended 31 December 2014 £'000
Bank overdraft	460	529	-
Bank loans	10,216	11,754	12,359
Loan notes	232	300	300
Finance leases	85	100	99
Cash and cash equivalents	(1,176)	(2,452)	(5,566)
Net debt	9,817	10,231	7,192

Movements in net debt can be analysed as follows:

Net decrease in cash and cash equivalents	4,346	3,459	588
Repayment bank loans	(8,209)	(2,000)	(4,000)
Repayment loan notes	(68)	(73)	(73)
Drawdown of bank loans	6,165	4,800	6,800
Increase in overdrafts	460	529	-
Capital element of finance lease payments	(14)	(26)	(36)
Movements in net debt from cash flows	2,680	6,689	3,279
Other movements:			
New finance leases	-	100	109
Foreign exchange	(55)	(119)	243
Total movement in net debt in the period	2,625	6,670	3,631
Net debt at the beginning of the period	7,192	3,561	3,561
Net debt at the end of the period	9,817	10,231	7,192