Catalyst Media Group plc

Report and financial statements for the year ended 30 June 2012

Contents

Directors

Michael Rosenberg OBE	Chairman
Mark Hawtin	Non-executive Director
Melvin Lawson	Non-executive Director
Christopher Mills	Non-executive Director

Secretary

CETC (Nominees) Limited
Quadrant House
17 Thomas More Street
Thomas More Square
London E1W 1YW

Registered office and Company registration number

Quadrant House
17 Thomas More Street
Thomas More Square
London E1W 1YW
Registration number: 03955206

Solicitors

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London EC4A 1BL

Nominated adviser & broker

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26 Mount Row
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Registrars

Capita IRG Plc
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors

H.W. Fisher & Company
Acre House
11-15 William Road
London NW1 3ER

Bankers

National Westminster Bank Plc
Hammersmith Branch
22 Kings Mall
London W6 0QD

I am pleased to report that for the 12 month period ended 30 June 2012, CMG recorded profit after taxation, including its 20.54% equity share of the profits of Satellite Information Services (Holdings) Ltd (SIS) for its year ended 31 March 2012, of £4.3 million (2011: £2.5 million) with earnings per share from continuing operations of 15.43p (2011: 8.47p). Net assets as at 30 June 2012 were £36.1 million (2011: £32.7 million) with net assets per share of 128.2p (2011: 116.3p). Net cash at 30th June 2012 was approximately £1.5 million. Following the year end a dividend of £1,027,000 was received from SIS thus further increasing the cash reserves of CMG.

For the year ended 31 March 2012, SIS generated turnover of £240 million (2011: £256 million) and a profit before taxation of £25.3 million (2011: £13.5 million).The reduction in turnover in 2012 is primarily due to the one off positive impact of the Commonwealth Games on the results for 2011. Net cash inflow from operating activities increased from £46.5 million in 2011 to £51.6 million in the year ended 31st March 2012. A provision of £5.9 million was made in the 2011 accounts to cover possible losses in respect of the previously announced dispute concerning the contract for the Commonwealth Games in 2010. Arbitration proceedings have been initiated to recover the outstanding payment from the Indian Broadcaster and hearings are expected to begin in late 2012 or early 2013.

SIS is a world leader in the television broadcasting industry. Through its SISLIVE division it operates the largest fleet of satellite uplink and outside broadcast units in Europe and is the only company to design, build, operate and support uplink and production vehicles in–house, providing a complete bespoke service. SISLIVE has a unique position in the market as it is able to offer a complete broadcasting solution, from host broadcast facilities through to global distribution, 3D outside broadcast and satellite internet service provision. SISLIVE has satellite uplink contracts with leading broadcasters, including SKY, BBC and ITN. They also operate a large ad hoc satellite uplink fleet with regional truck bases throughout the UK and Europe thus being able to reach any location fast.

There has been an increased level of activity in SIS's joint venture partnership with Peel Group which operates a studio complex containing seven television and two audio studios at Media City UK in Salford Quays, Manchester ("MediaCityUK").

The services provided by SIS to the betting industry are supported in the main by fixed term contracts both with the retail owners of betting shops and with the racecourses that enable pictures to be delivered to those shops. SIS now holds long term media rights representing in excess of 50% of all UK horse racing fixtures. This ensures the supply of images and data from the coverage of horseracing fixtures at racecourses including Royal Windsor, Lingfield Park, Chepstow and Fontwell Park until 2016 and 2017.

SIS provides more than 45,000 betting opportunities per year to its customers including exclusive racing from 26 UK and 26 Irish tracks and greyhound racing together with international racing from South Africa, France, Germany and the UAE. Services also include football and the exclusive rights to distribute official English and Scottish FA and FIFA football data. Virtual content includes numbers games, racing, football and others.

The special camera division of SIS LIVE produces high quality live action pictures from unique viewpoints, for example, the middle stump in a test match, the racing drivers' point of view, the jockey's view in the Grand National and underwater tracking shots at swimming events. In 2011 SISLIVE delivered HD agile cameras and digital RF microwave links for the 34th Americas Cup. It used 36 newly developed, agile robotic cameras and 7 control units across the 7 live and 3 backup yachts.

During the current year SISLIVE provided facilities for the Queen's Diamond Jubilee with outside broadcast facilities from 10 sites, 9 outside broadcast vehicles,19 uplink trucks and a total of 251 SISLIVE specialists in outside broadcasts and engineering. It provided sound for the service of thanksgiving at St Paul's Cathedral as well as links for the River Pageant including 30 wireless cameras. It was also deeply involved in providing facilities to the BBC for the UK Olympics and in coverage of the Euro 2012 football competition for both ITV and BBC.

After a competitive tender process SISLIVE was selected by SkyNews Arabia to supply multiple flyaway systems and on-going technical support for key parts of their contribution services across the Middle East and North Africa.

In July 2012 SISLIVE announced the launch of its brand new teleport facility at MediaCityUK. It is the largest broadcast teleport ever built in the north of the UK and confirms the company's position as the leading provider of satellite facilities in Europe. In addition it has entered into a strategic partnership with international media solutions company BT Media and Broadcast ("BT"). This is a five year agreement under which BT will provide SISLIVE with a market leading MPLS-based fibre network to support its rapid growth in broadcast solutions. SISLIVE will become a preferred reseller of the BT Broadcast Fibre and Media network and thus will be able to provide best value and a comprehensive service to its clients.

Shareholders of SIS include certain bookmaker customers, Ladbroke, William Hill, Fred Done of Betfred, the Tote as well as financial investors being CMG and Caledonia Investments Plc.

The results of SIS for the year ended 31 March 2012 are as follows:-

	Year ended 31/3/12 £'000	Year ended 31/3/11 £'000
Turnover	239,583	255,583
	---------	-----------
Subtotal	239,583	255,583
Operating expenses	211,970	238,698
Operating Profit		
Ongoing operations	30,054	16,885
Exceptional Items	(2,441)	-
Share of operating loss of joint venture	(53)	(855)
Profit on disposal of fixed asset	49	10
Net interest payable	(2,281)	(2,585)
Profit on ordinary activities before tax	25,328	13,455
Tax on profit on ordinary activities	(6,723)	(4,342)
Retained profit transferred to reserves	18,605	9,113

The revenues of SIS included £138 million derived from the long established business of providing integrated television and data services to licensed betting offices in the UK, Ireland and overseas. This division contributed approximately £16.4 million to operating profits.

Revenues of £99 million were generated from the business of SISLIVE which provides satellite news gathering and associated transmission services to its customers and also provides outside broadcast television production units including sound support and communication. This division contributed a profit of approximately £5.8 million.

A further £31 million of revenues came from other services including the production of pictures to the licensed betting offices and services offered to overseas customers. These services contributed approximately £7.9 million to operating profits.

The SIS group operating profit margin, before exceptional items or 11.5% after, increased in 2012 to 12.5% from 6.6% in the previous year primarily due to the prior year provision of £5.9 million relating to the Commonwealth Games discussed above.

In April 2011 SIS announced plans to undergo one of its biggest developments in its history with the move of its head offices to MediaCityUK. Plans are underway to move out of the Corsham Street offices and expand the Milton Keynes operation. Some redundancy and relocation costs have been incurred during the year and exceptional costs amounting to £2.4 million relating to this relocation project have been charged to the Profit and Loss account for the year ended 31st March 2012. Further costs will be incurred in the year ending 31st March 2013.

Dividends

SIS has paid dividends totalling £12 million during the year ended 31 March 2012 and since the year end a further £5 million has been paid. Further payments are anticipated subject always to cash requirements for major projects or acquisitions as and when they may occur. The board of CMG intends to distribute the major part of these receipts, being cash surplus to its needs, either through dividends to its shareholders or purchases of its shares. The first such dividend of 7 pence per share will be proposed at the Annual General Meeting of CMG to be held on 28th September 2012 and will be payable to those shareholders on the register of members as 12 September 2012.

CMG overheads

The overheads of CMG now run at an annualised rate of approximately £170,000 excluding exceptional items and are expected to stay at that level for the foreseeable future.

AGM

Notice of the Annual General Meeting is attached. This will be held at 9.30am on Friday 28th September 2012 at the office of GAM, 20 King St London SW1Y6QY. Apart from the normal ordinary resolutions there will be a Special Resolution proposed to renew the authority given last year for the company to purchase up to 15% of its share capital in the market. Under this authority, the company purchased 497,524 shares at 51p per share on 23 December 2011.

Michael Rosenberg OBE
Chairman

5 September 2012

The directors present their annual report and the audited financial statements for the year ended 30 June 2012.

Financial reporting

The financial statements for 2012 have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Results and dividends

The Group made a profit (including its share of other comprehensive income / (loss) of associate) after taxation of £4.3 million (15 months to 30 June 2011: £2.5 million). Further details are shown in the Group Consolidated statement of comprehensive income on page 14.

The directors do not recommend a dividend.

Principal activities and review of the business

The principal activities of the business are outlined and reviewed in the Chairman's Statement. A review of the business is included within the Chairman's Statement.

Principal risks and uncertainties

Investment in SIS

The principal strategic investment of the Group is its 20.54% holding in Satellite Information Services (Holdings) Limited (SIS). The Group is entitled to appoint one director to the board of SIS which currently comprises ten directors, of which six are appointed by shareholders, three are independent and one is the chief executive. Although it can influence the board on strategic decisions, the Group is not in a position to control the day-to-day business and affairs of SIS other than with the support of other directors and a majority of shareholders of SIS.

SIS has adopted a dividend policy to pay out a proportion of its distributable earnings subject to cash flow considerations. However any future dividends paid by SIS are, inter alia, dependent on the profitability of SIS and the resolutions of the Board of SIS to declare such dividends.

There are a number of risks and uncertainties associated with the business of SIS which could potentially have an adverse impact on the value of the Group's investment.

- SIS operates in competitive markets. This can result in downward pressure on prices and loss of customers. SIS aims to mitigate this risk by expanding the range of products and services it offers.

- The customers of SIS rely upon real time data and uninterrupted content delivery. Loss of content would result in reduced quality of services and potentially reduced income. Therefore SIS has adopted advanced disaster recovery solutions and has built back up facilities which are located around the country.

Financial risks

Dividend income from the Group's investment in SIS is currently a major source of funding for the Group.

The Group is subject to financial risk through its exposure to financial assets and liabilities.

Credit risk

Credit risk arises principally from the Group's and Company's trade and other receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements.

Credit risk with cash and cash equivalents is reduced by placing funds with banks with high credit ratings.

Liquidity risk

Liquidity risk arises from the Group's and Company's management of working. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group and Company arise in respect of administrative expenditure, trade and other payables and the servicing of interest-bearing debt. Trade and payables are all payable within three months.

Further information in respect of the Group and Company interest-bearing indebtedness is disclosed in note 19.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

Interest rate risk

The Group and Company are exposed to interest rate risk in respect of surplus funds held on deposit. The Board does not currently undertake hedging arrangements.

Key Performance Indicators (KPIs)

The Company's key performance indicators used by the Board in monitoring the general performance of the Group and its investments are:

Earnings per share (EPS)

EPS shows the relative performance year-on-year of the Group's profitability measured as an amount of profit or loss attributable to one equity share. The calculation of earnings per share is based on the weighted average number of issued ordinary shares in issue for the financial year and the profit/ (loss) after taxation attributable to ordinary shareholders. EPS in respect of continuing operations for the period and the previous period is shown in the Group consolidated statement of comprehensive income on page 14.

Net asset value per share

The net asset value per share of the Group is 128.2 pence (2011: 116.3 pence). The net asset value per share has improved over the year to 30 June 2012 mainly due to continued increase in the value of the Group's associate. The net asset value of the Group at 30 June 2012 and 30 June 2011 is shown on the Group consolidated statement of financial position on page 15.

Key Performance Indicators of Associate

The directors additionally monitor the performance of SIS in order to evaluate the general performance of the Group.

Directors

The Directors of the Company during the period were:

Michael Rosenberg OBE	Chairman
Mark Hawtin	Non-executive Director
Melvin Lawson	Non-executive Director
Christopher Mills	Non-executive Director

The Company has Directors' and Officers' liability insurance in place.

Employees

The Group had no other employees other than the Directors at 30 June 2012.

Share repurchase

On 23 December 2011, the Group purchased in the market 497,524 Ordinary shares of 10p each in Catalyst Media Group Plc at a price of 51p per Ordinary share. The purchase was made out of distributable reserves and the shares are currently held in Treasury by the Group and will be cancelled in due course.

Change of period end

In the previous period, the Group extended its accounting period from 31 March 2011 to 30 June 2011 in order to allow the Group access to the audited accounts of its equity accounted associate prior to commencing its own audit process. Due to the period extension, comparative amounts in the financial statements, being for a 15 month period, are not entirely comparable.

Post-balance sheet events

On 6 July 2012, the Board of SIS announced a dividend of £5,000,000 and therefore the amount receivable by the Group is £1,027,000.

Policy and practice on the payment of creditors

The policy of the Group is to settle supplier invoices within the terms and conditions of trade agreed with individual suppliers. At the year end the Group had an average of 10 days (2011 – 17 days) purchases outstanding.

Political and charitable donations

The Group made no political or charitable donations during the year (2011: £nil).

Going concern

The directors can report that based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The Board has a reasonable expectation that the Company and Group have adequate resources and facilities to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

Auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the Company's auditors were unaware: and
- that director has taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

In accordance with Section 489 of the Companies Act 2006, H.W Fisher and Company offers itself for reappointment at the Annual General Meeting as auditors of the Company. Notice of which is set out on page 44.

Corporate governance

Internal financial control

The Group operates a system of internal financial control commensurate with its current size and activities, designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts and other ad hoc reports. All transactions are subject to director approval and all payments require approval by a minimum of two directors. The Board has responsibility for the effectiveness of the internal financial control framework. Such a system can only provide reasonable and not absolute assurance against material misstatement. The Group does not currently have, nor considers there is currently a need for an internal audit function.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial period. Under that law the directors have elected to prepare the Group and the Parent Company financial statements in accordance with IFRS as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether they have been prepared in accordance with IFRS as adopted by the EU; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group or Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Annual General Meeting

Notice of the Annual General Meeting of the Company for 2012 is on page 44.

On behalf of the Board

Michael Rosenberg OBE
Chairman
5 September 2012

Independent auditors' report to the members of Catalyst Media Group plc

We have audited the Group and Parent Company financial statements (the 'financial statements') of Catalyst Media Group plc for the year ended 30 June 2012 on pages 14 to 44 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity, and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 11 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2012 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group Financial Statements, Article 4 of the IAS Regulations.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Parent Company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all of the information and explanations we require for our audit.

…………………………

Paul Beber (Senior Statutory Auditor)

For and on behalf of H.W Fisher & Company
Chartered Accountants
Registered Auditors
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

5 September 2012

Consolidated statement of comprehensive income

	Note	12 months ended 30 June 2012 £	15 months ended 30 June 2011 £
Revenue	2	25,000	31,250
Cost of sales		-	(25,000)
Gross profit		25,000	6,250
Administrative expenses		(166,682)	(228,152)
Operating loss		(141,682)	(221,902)
Financial income	8	3,069	68
Financial costs	9	(27,846)	(48,813)
Net financial costs		(24,777)	(48,745)
Share of profit of equity-accounted associate	1	4,466,218	2,589,272
Profit before taxation		4,299,759	2,318,625
Taxation	10	41,700	64,634
Profit for the year / period from continuing operations		4,341,459	2,383,259
Profit for the year / period		4,341,459	2,383,259
Share of other comprehensive income / (loss) of associate	1	(46,420)	118,105
Total comprehensive income for the year / period		4,295,039	2,501,364
Attributable to equity holders of the Company		4,295,039	2,501,364
Earnings per share:			
Basic	11	15.43p	8.47p
Diluted	11	15.43p	8.47p
Earnings per share from continuing operations:			
Basic	11	15.43p	8.47p
Diluted	11	15.43p	8.47p

The notes on pages 19 to 39 form part of these financial statements.

Consolidated statement of financial position

	Note	30 June 2012 £	30 June 2011 £
Assets			
Non-current assets			
Intangible assets	**12**	**-**	**-**
Investment in associate	**1**	34,618,166	32,662,725
		34,618,166	32,662,725
Current assets			
Trade and other receivables	**14**	14,512	26,426
Corporation tax receivable	**15**	10,927	10,886
Cash and cash equivalents	**16**	1,481,309	27,582
		1,506,748	64,894
Total assets		36,124,914	32,727,619
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	**17**	2,814,319	2,814,319
Merger reserve		2,402,674	2,402,674
Retained profits/ (deficit)		31,344,612	26,826,782
Total equity		36,085,077	32,043,775
Current liabilities			
Interest-bearing loans and borrowings	**18**	-	634,635
Trade and other payables	**19**	39,837	49,209
		39,837	683,844
Total equity and liabilities		36,124,914	32,727,619

The financial statements were approved by the Board of Directors and authorised for issue on

5 September 2012

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 19 to 39 form part of these financial statements.

Consolidated statement of cash flows

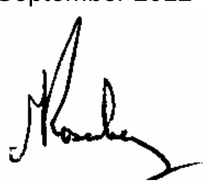
	Note	12 months ended 30 June 2012 £	15 months ended 30 June 2011 £
Cash flow from operating activities			
Profit before taxation including discontinued operations		4,299,759	2,318,625
Adjustments for:			
Depreciation, amortisation and impairment		-	-
Share of profit from associate		(4,466,218)	(2,589,272)
Finance income		(3,069)	(68)
Finance expense		27,846	48,813
Corporation taxes recovered		41,659	380,946
Net cash flow from operating activities before changes in working capital		(100,023)	159,044
Decrease in trade and other receivables		2,965	44,735
Decrease in trade and other payables		(9,373)	(13,108)
Net cash flow from operating activities		(106,431)	190,671
Investing activities			
Dividend received		2,464,357	-
Interest received		74	68
Net cash flow from investing activities		2,464,431	68
Financing activities			
Shares purchased into Treasury		(253,737)	-
Repayment of long-term borrowings		(634,635)	(172,219)
Interest paid		(15,901)	(37,382)
Net cash flow from financing activities		(904,273)	(209,601)
Net increase / (decrease) in cash and cash equivalents in the year / period		1,453,727	(18,862)
Cash and cash equivalents at the beginning of the year / period		27,582	46,444
Cash and cash equivalents at the end of the year / period	16	1,481,309	27,582

The notes on pages 19 to 39 form part of these financial statements.

Company statement of financial position

	Note	30 June 2012 £	30 June 2011 £
Assets			
Non-current assets			
Intangible assets	**12**	-	-
Investments	**13**	16,750,001	16,750,001
		16,750,001	16,750,001
Current assets			
Trade and other receivables	**14**	3,042,854	3,045,323
Corporation tax receivable	**15**	10,927	10,886
Cash and cash equivalents	**16**	1,481,284	27,552
		4,535,065	3,083,761
Total assets		21,285,066	19,833,762
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	**17**	2,814,319	2,814,319
Merger reserve		2,912,060	2,912,060
Retained profit /(deficit)		15,518,300	14,057,624
Total equity		21,244,679	19,784,003
Non-current liabilities			
Interest-bearing loans and borrowings	**18**	-	-
Current liabilities			
Trade and other payables	**19**	40,387	49,759
		40,387	49,759
Total equity and liabilities		21,285,066	19,833,762

The financial statements were approved by the Board of Directors and authorised for issue on 15 September 2012



Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 19 to 39 form part of these financial statements

Company statement of cash flows

	Note	12 months ended 30 June 2012 £	15 months ended 30 June 2011 £
Cash flow from operating activities			
Profit / (loss) before taxation		1,679,512	(222,578)
Adjustments for:			
Finance income		(3,069)	(68)
Finance expense		-	-
Corporation taxes recovered		34,859	313,546
Net cash flow from operating activities before changes in working capital		1,711,302	90,900
Increase in trade and other receivables		5,465	(97,092)
Decrease in trade and other payables		(9,372)	(12,709)
Net cash flow used in operating activities		1,707,395	(18,901)
Investing activities			
Interest received		74	68
Net cash flow from investing activities		74	68
Financing activities			
Shares purchased into Treasury		(253,737)	-
Net cash flow from financing activities		(253,737)	-
Net increase / (decrease) in cash and cash equivalents in the year / period		1,453,732	(18,833)
Cash and cash equivalents at the beginning of the year / period		27,552	46,385
Cash and cash equivalents at the end of the year / period	**16**	1,481,284	27,552

The notes on pages 19 to 39 form part of these financial statements.

1 Investment in associate **Year Ended 30 June 2012**	**Share of net assets**	**Fair Value of Intangibles**	**Total**
	Group **£**	**Group** **£**	**Group** **£**
Cost			
At 1 July 2011	11,484,684	21,178,041	32,662,725
Share of profit	4,466,218	-	4,466,218
Share of other comprehensive income / (loss)	(46,420)	-	(46,420)
Dividend received	(2,464,357)		(2,464,357)
At 30 June 2012	13,440,125	21,178,041	34,618,166

The Group's interest in the associate, Satellite Information Services (Holdings) Limited (SIS), a company incorporated in Great Britain, is held by Alternateport Limited. Alternateport Limited holds an investment of 20.54% in the equity share capital of SIS and is entitled to appoint a director and alternate director to the SIS board. This right has been exercised since acquisition. Alternateport Limited is a wholly owned subsidiary of Catalyst Media Holdings Limited a wholly owned subsidiary of Catalyst Media Group Plc. The intangible assets recognised upon acquisition of the Group's interest represent customer contracts and goodwill. These are subject to an annual impairment review.

Share of profit of associate*	**2012**	**2012**	**2011**
	SIS Total **£'000**	**CMG share** **£'000**	**CMG share** **£'000**
Revenue:			
UK racing	137,927	28,330	25,539
SIS live services	70,914	14,566	21,638
Other services	30,742	6,314	5,320
Total revenue	239,583	49,210	52,497
Operating profit from ongoing operations (i)	30,699	6,306	4,010
Net interest payable	(2,281)	(468)	(531)
Profit on disposal of fixed asset	49	10	2
Profit before tax	28,467	5,847	3,481
Taxation	(6,723)	(1,381)	(892)
Share of profit after taxation	21,744	4,466	2,589
Net income from associate	21,744	4,466	2,589
Other comprehensive income:			
Actuarial gain/(loss)	(305)	(63)	164
Deferred tax	79	16	(46)
	(226)	(47)	118
Share of net assets and liabilities of associate			
Net assets (i)	206,557	42,426	34,809
Net liabilities (i)	(140,570)	(28,986)	(23,324)
Net equity	65,987	13,440	11,485

**The period covered by the associate's accounts is 12 months.*

1 Investment in associate (continued)

(i) The financial results for SIS are taken from its latest accounts to 31 March 2012, adjusted in order to align the accounting policies of SIS (whose accounts are prepared under UK GAAP) and CMG (whose accounts are prepared under International Financial Reporting Standards). Adjustments have been made in respect of the amortisation of goodwill and the recognition of the fair value of derivatives held by SIS as at the balance sheet date. The net cumulative effect of these adjustments is to increase the value of the investment in associate in the financial statements by £2,043,000 (2011: £1,398,000).

Period Ended 30 June 2011	**Share of net assets Group £**	**Fair Value of Intangibles Group £**	**Total Group £**
Cost			
At 1 April 2010	8,777,307	21,178,041	29,955,348
Share of profit	2,589,272	-	2,589,272
Share of other comprehensive income	118,105	-	118,105
At 30 June 2011	11,484,684	21,178,041	32,662,725

2 Revenue

An analysis of the Group's revenue is as follows:

	2012 £	**2011 £**
Business administrative services	25,000	31,250
Total revenue	25,000	31,250

3 Segmental analysis

The directors have determined the Group's operating segments based on the management information that is reviewed in order to strategically operate the business.
The Group operates in two segments; business administrative services and gaming activities. Business administrative services focuses on managing the strategic investment in Satellite Information Services (Holdings) Limited (SIS), including provision of non executive director services to SIS and the management of overheads. Gaming activities focuses on the development and running of online games.
Segmental performance is assessed based on the segment result after results of equity accounted investments, impairment charges, financial income, financial costs and before taxation expense.
The Company derives more than 10% of its revenues from SIS. All segmental revenues, profits or losses, assets and liabilities are attributable to UK operations.

3 Segmental analysis (continued)

Year ended 30 June 2012	Business administrative services (including SIS investment) £	Gaming activities £	Total (per consolidated financial statements) £
Segment revenue	25,000	-	25,000
Operating loss	(141,682)	-	(141,682)
Financial income	3,069	-	3,069
Financial costs	(27,846)	-	(27,846)
Share of profit of associate (note 1)	4,466,218	-	4,466,218
Segment profit	4,299,759	-	4,299,759
Tax	41,700	-	41,700
Share of other comprehensive income / (loss) of associate	(46,420)	-	(46,420)
Consolidated profit for the year / period	4,295,039	-	4,295,039
Segment assets	36,124,914	-	36,124,914
Segment liabilities	(39,837)	-	(39,837)
Net assets	36,085,077	-	36,085,077

-

Period ended 30 June 2011	Business administrative services (including SIS investment) £	Gaming activities £	Total (per consolidated financial statements) £
Segment revenue	31,250	-	31,250
Operating loss	(196,902)	(25,000)	(221,902)
Financial income	68	-	68
Financial costs	(48,813)	-	(48,813)
Share of profit of associate (note 1)	2,589,272	-	2,589,272
Segment profit / (loss)	2,343,625	(25,000)	2,318,625
Tax	64,634	-	64,634
Share of other comprehensive income of associate	118,105	-	118,105
Consolidated profit / (loss) for the period	2,526,364	(25,000)	2,501,364
Segment assets	32,727,619	-	32,727,619
Segment liabilities	(683,844)	-	(683,844)
Net assets	32,043,775	-	32,043,775

4 Operating loss (Group)

	2012 £	2011 £
Operating loss for the period is stated after charging/(crediting):		
Auditors' remuneration (note 7)	24,981	10,627

4 Operating loss (Company)

	2012 £	2011 £
Operating loss for the period is stated after charging/(crediting):		
Auditors remuneration (note 7)	5,000	3,000

5 Staff numbers and costs (Group and Company)

There were no staff other than the non-executive directors during the current year and prior period.

Staff costs excluding non-executive directors were:

	2012 £	2011 £
Wages and salaries	-	-
	-	-

6 Directors' emoluments (Group and Company)

Directors' emoluments for the period that each individual served as a director were as follows:

	2012 £	2011 £
Salaries and fees	47,500	57,875
	47,500	57,875

7 Auditors' remuneration

	2012 £	2011 £
Fees payable for the audit of the Group's financial statements	19,981	7,627
Fees payable for the audit of the Company's financial statements	5,000	3,000
	24,981	10,627

8 Financial income	**2012 Group £**	**2011 Group £**	**2012 Company £**	**2011 Company £**
Interest receivable	3,069	68	3,069	68

9 Financial costs	**2012 Group £**	**2011 Group £**	**2012 Company £**	**2011 Company £**
Interest payable	11,647	30,593	430	745
Amortisation of borrowing costs	16,199	18,220	-	-
	27,846	48,813	430	745

10 Taxation (Group)	**2012 £**	**2011 £**
Current tax	41,550	65,217
Under /(Over) provision in respect of prior periods	150	(583)
Total tax credit for the year / period	41,700	64,634

The difference between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Factors affecting tax charge for the year / period

The tax assessed for the year / period is lower than the standard rate of corporation tax in the UK of 25.4% (2011 – 27.6%). The standard tax rate reduced from 28% to 26% as of April 2011.

	2012 £	**2011 £**
Profit before tax	4,299,759	2,318,625
Tax on loss at standard rate of 25.4% (2011 – 27.6%)	1,092,139	639,941
Expenses not deductible for tax purposes	738	9,779
Income not taxable	(1,134,419)	(714,639)
Utilised tax losses	-	-
Under / (over) provision in respect of prior periods	150	(583)
Other items	(308)	868
Current tax credit	(41,700)	(64,634)

Factors that may affect the future tax charge

Deferred tax has not been provided in respect of timing differences relating primarily to revenue losses and management expenses as there is insufficient evidence that the benefit of the losses will be recovered. The amount of the asset not recognised is £1,026,100 (2011: £1,160,300). The above deferred tax asset has been calculated based on a UK tax rate of 23% (2011: 26%) as applicable at 30 June 2012.

11 Earnings per share (diluted and undiluted)

The calculation of the basic and diluted earnings per share is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £4,341,459 (2011: £2,383,259) and a weighted average number of shares in issue for the period of 28,143,197 (2011: 28,143,197).

Reconciliation of shares in issue:

	Year ended 30 June 2012	Period ended 30 June 2011
Weighted average number of shares in issue	28,143,197	28,143,197
	28,143,197	28,143,197

12 Intangible assets

Year Ended 30 June 2012 Group	Development expenditure 2012 £	Licences 2012 £	Total 2012 £
Cost			
At 1 July 2011	152,747	950,000	1,102,747
Disposal	-	(600,000)	(600,000)
At 30 June 2012	152,747	350,000	502,747
Amortisation			
At 1 July 2011	(152,747)	(950,000)	(1,102,747)
Disposal	-	600,000	600,000
At 30 June 2012	(152,747)	(350,000)	(502,747)
Net book value			
At 30 June 2011 and 30 June 2012	-	-	-

Year Ended 30 June 2012 Company	Licences 2012 £
Cost	
At 1 July 2011	950,000
Disposal	(600,000)
At 30 June 2012	350,000
Amortisation	
At 1 July 2011	(950,000)
Disposal	600,000
At 30 June 2012	(350,000)
Net book value	
At 30 June 2011 and 30 June 2012	-

In accordance with IAS 38 and as described in note 25 to financial statements the directors assess intangible assets at each reporting date for impairment.

12 Intangible assets (continued)

Period Ended 30 June 2011

Group	**Development expenditure 2011 £**	**Licences 2011 £**	**Total 2011 £**
Cost			
At 31 March 2010 and 30 June 2011	152,747	950,000	1,102,747
Amortisation			
At 31 March 2010 and 30 June 2011	(152,747)	(950,000)	(1,102,747)
Net book value			
At 31 March 2010 and 30 June 2011	-	-	-

Period Ended 30 June 2011

Company	**Licences 2011 £**
Cost	
At 31 March 2010 and 30 June 2011	950,000
Amortisation	
At 31 March 2010 and 30 June 2011	(950,000)
Net book value	
At 31 March 2010 and 30 June 2011	-

13 Investments

	Shares in subsidiaries
Company	
Period Ended 30 June 2012	**£**
Cost	
At 30 June 2011 and 30 June 2012	17,908,626
Provision for diminution in value	
At 30 June 2011 and 30 June 2012	(1,158,625)
Net book value	
At 30 June 2011 and 30 June 2012	16,750,001

Details of the investments are as follows:

	Country of incorporation and operation	Activity	Percentage of ordinary shares held (%)
Spoof.com Limited	Great Britain	Non trading	100
Alternateport Limited*	Great Britain	Investment Company	100
Catalyst Media Holdings Limited	Great Britain	Investment Company	100

* A subsidiary of Catalyst Media Holdings Limited

Period Ended 30 June 2011	**Shares in subsidiaries Company £**
Cost	
At 31 March 2010	18,421,761
Disposals	(513,135)
At 30 June 2011	17,908,626
Provision for diminution in value	
At 31 March 2010	(1,631,619)
On disposal	513,135
Provision	(40,141)
At 30 June 2011	(1,158,625)
Net book value	
At 30 June 2011	16,750,001

14 Trade and other receivables

	2012 Group £	2011 Group £	2012 Company £	2011 Company £
Amounts owed by Group companies	-	-	3,028,341	3,030,841
Prepayments	9,245	20,482	9,245	8,538
Other debtors	5,267	5,944	5,268	5,944
	14,512	26,426	3,042,854	3,045,323

15 Corporation tax receivable

	2012 Group £	2011 Group £	2012 Company £	2011 Company £
Consortium relief receivable	10,927	10,886	10,927	10,886

16 Cash and cash equivalents

	2012 Group £	2011 Group £	2012 Company £	2011 Company £
Cash at bank	1,481,309	27,582	1,481,284	27,552

Cash and cash equivalents comprise cash only.

17 Share capital

	2012 Group and Company £	2011 Group and Company £
Authorised:		
65,711,223 ordinary shares of 10 pence each	6,571,122	6,571,122
	6,571,122	6,571,122
Called up, allotted and fully paid:		
28,143,197 ordinary shares of 10 pence each	2,814,319	2,814,319
	2,814,319	2,814,319

18 Interest-bearing loans and borrowings

	Current Group £ 2012	Current Group £ 2011	Current Company £ 2012	Current Company £ 2011
Bank loan	-	634,635	-	-
	-	634,635	-	-

The loan was repaid in full on 21 December 2011.

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective average interest rates in the year to 30 June 2012 and the year in which they mature or, if earlier, are repriced.

	Effective interest rate	Group Total £ 2012	Group Current £ 2012	Group 1 – 2 Years £ 2012	Group 2 - 5 Years £ 2012
Cash at bank and other deposits	0.60%	1,481,309	1,481,309	-	-
		1,481,309	1,481,309	-	-

	Effective interest rate	Company Total £ 2012	Company Current £ 2012	Company 1 – 2 Years £ 2012	Company 2 - 5 Years £ 2012
Cash at bank and other deposits	0.60%	1,481,284	1,481,284	-	-

19 Trade and other payables

	2012 Group £	2011 Group £	2012 Company £	2011 Company £
Trade payables	4,628	12,000	4,628	12,000
Amounts due to Group companies	-	-	550	550
Accruals and deferred income	35,209	37,209	35,209	37,209
	39,837	49,209	40,387	49,759

Trade payables are all due within one year.

20 Financial instruments

In common with other businesses, the Group and Company (the 'Group') is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 25.

Proceeds from the issue of the Company's shares in previous periods and dividend income received from SIS have been utilised to reduce interest-bearing loans and borrowings within the Group and also to reduce the Company's indebtedness to Group companies. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Group	**2012**	**2011**
	£	**£**
Financial assets		
Loans and receivables		
Trade and other receivables	14,512	26,426
Cash and cash equivalents	1,481,309	27,582
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(39,837)	(49,209)
Interest-bearing loans and borrowings	-	(634,635)

Company	**2012**	**2011**
	£	**£**
Financial assets		
Loans and receivables		
Trade and other receivables	14,512	14,482
Cash and cash equivalents	1,481,284	27,552
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(40,387)	(49,759)

20 Financial instruments (continued)

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from financial consultants through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk arises principally from the Group's and Company's trade and other receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements.

Credit risk with cash and cash equivalents is reduced by placing funds with banks with high credit ratings.

Liquidity risk

Liquidity risk arises from the Group's and Company's management of working capital and the amount of funding committed to its gaming software development programme. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group and Company arise in respect of administrative expenditure, trade and other payables and the servicing of interest-bearing debt. Trade and payables are all payable within three months.

Further information in respect of the Group and Company interest-bearing indebtedness is disclosed in note 18.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

Interest rate risk

The Group and the Company are exposed to interest rate risk in respect of its interest-bearing loans and borrowings which are variable rate instruments. The Group and Company are also exposed to interest rate risk in respect of surplus funds held on deposit. The Board does not currently undertake hedging arrangements.

20 Financial instruments (continued)

Interest rate table

The following table demonstrates the sensitivity to a reasonable and possible change in interest rates, with all other variables held constant, of the Group's profit before tax, excluding share of profit of associate (through the impact on floating rate borrowings) and cash flows.

	Change in rate	2012 £	Change in rate	2011 £
Sterling	-	-	-0.5%	3,173
	-	-	-1.0%	6,346
	-	-	-1.5%	9,520
Sterling	-	-	0.5%	(3,173)
	-	-	1.0%	(6,346)
	-	-	1.5%	(9,520)

Fair value of financial liabilities	2012 £	2011 £
Bank loans	-	634,635
Trade and other payables	39,837	49,209
	39,837	683,844

The fair value of trade and other payables is equal to the book values.

Capital

The Group considers its capital to comprise its ordinary share capital, share premium, merger reserve and the retained profit. In managing its capital, the Group's objectives are to provide a return for its equity shareholders through distributions and capital growth. Going forward the Group will seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital needs.

Details of the Group and Company capital are disclosed in the Group and Company statement of changes in equity.

There have been no other significant changes to the Group's management objectives, policies and processes in the period nor has there been any change in what the Group considers to be capital.

Currency risk

The Group and the Company are not exposed to any significant currency risk.

21 Post-balance sheet events

On 6 July 2012, the Board of SIS announced a dividend of £5,000,000 and therefore the amount receivable by the Group is £1,027,000.

22 Capital commitments

There were no capital commitments outstanding at 30 June 2012 for the Group or the Company.

23 Ultimate Controlling party

There was no ultimate controlling party in the current year or the prior period.

24 Related party transactions

During the year, Satellite Information Services (Holdings) Limited paid the Group £25,000 (2011: £31,250) in respect of fees for the services of the directors. In addition Satellite Information Services (Holdings) Limited paid the Group £41,659 (2011: £380,946) in respect of consortium relief payments.

Christopher Mills is a director of Northern Atlantic Value LLP (NAV) and Oryx International Growth Fund Limited (together known as NASCIT). NAV have an interest in 3,500,000 ordinary shares of 10p each which represented 12.44% of the total share capital of the Company.

Melvin Lawson and his associated companies has an interest in 3,615,486 ordinary shares of 10p each in Catalyst Media Group plc representing 12.85% of the total issued share capital of the Company.

Mark Hawtin has an interest in 2,010,117 ordinary shares of 10p each in Catalyst Media Group plc representing 7.14% of the total issued share capital of the Company.

Michael Rosenberg has an interest in 10,520 ordinary shares of 10p each in Catalyst Media Group plc representing 0.04% of the total issued share capital of the Company.

	Salary and fees 2012 £	Other benefits 2012 £	Compensation for loss of office 2012 £	Total 2012 £
M Rosenberg OBE	17,500	-	-	17,500
M Hawtin	10,000	-	-	10,000
C Mills	10,000	-	-	10,000
M Lawson	10,000	-	-	10,000
	47,500	-	-	47,500

24 Related party transactions (continued)

	Salary and fees 2011 £	Other benefits 2011 £	Compensation for loss of office 2011 £	Total 2011 £
M Rosenberg OBE	20,375	-	-	20,375
M Hawtin	12,500	-	-	12,500
C Mills	12,500	-	-	12,500
M Lawson	12,500	-	-	12,500
	57,875	-	-	57,875

25 Basis of preparation and significant accounting policies

These consolidated financial statements of Catalyst Media Group plc have been prepared in accordance with accepted International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively "IFRSs") as adopted for use in the European Union and as issued by the International Accounting Standards Board and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies listed below include those applicable to Satellite Information Services (Holdings) Limited, given its materiality to the Group as a whole.

Catalyst Media Group plc is a publicly limited company registered in England and Wales where it is domiciled for tax purposes.

The financial statements are prepared under the historical cost convention.

The prior year results relate to the 15 months ended 30 June 2011 compared with the current year results which relate to the 12 months ended 30 June 2012.

Companies Act s408 exemption

The Company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group profit for the year included a profit on ordinary activities after tax of £1,714,413 (2011: loss of £170,943) in respect of the Company which is dealt with in the financial statements of the parent Company.

New financial reporting requirements

The Group has applied the following financial reporting standards for the first time in preparing its financial statements for the period ended 30 June 2012. The impact on the Group financial statements is set out below:

IAS 1 (amended 2010) is applicable for financial periods beginning on or after 1 January 2011. This standard sets out the overall requirements for the presentation of Financial Statements.

IAS 24 (revised 2009) replaces IAS 24 (revised 2003) and is effective for financial periods beginning on or after 1 January 2011. This standard ensures that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

IAS 34 (amended 2010) is applicable for financial periods beginning on or after 1 January 2011. This standard sets out the minimum content of an interim financial report and prescribes the principles for recognition and measurement in financial statements presented for an interim period.

IFRS 7 (amended 2010) (Revised 2010) is applicable for financial periods beginning on or after 1 July 2011) and sets out the required disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms.

IFRIC 19 (amended 2010) is applicable for financial periods beginning on or after 1 January 2011. The Interpretation deals with extinguishing financial liabilities with equity instruments.

Standards, interpretations and amendments to published standards not yet effective
At the date of authorisation of these consolidated financial statements, the IASB and IFRIC have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations are not effective for and have not been applied in the preparation of these consolidated financial statements:

- IAS 1: Presentation of Financial Statements (Amended 2011) (effective as of 1 July 2012)
- IAS 12: Income Taxes (amended 2010) (effective as of 1 January 2012)
- IAS 28: Investments in Associates and Joint Ventures (amended 2011) (effective as of 1 January 2013)
- IAS 34: Interim Financial Reporting (Amended 2012) effective as of 1 January 2013)
- IFRS 1: First-time Adoption of International Financial Reporting Standards (Amended 2012) (Revised 2010) (effective as of 1 January 2013)
- IFRS 7: Financial Instruments Disclosures (Amended 2011) (Revised 2010) (effective as of 1 January 2013 and 1 January 2015)
- IFRS 9: Financial Instruments (Amended 2010) (effective as of 1 January 2013)
- IFRS 10: Consolidated Financial Statements (effective as of 1 January 2013)
- IFRS 11: Joint Arrangements (effective as of 1 January 2013)
- IFRS 12: Disclosure of Interests in Other Entities (effective as of 1 January 2013)
- IFRS 13: Fair Value Measurement (effective as of 1 January 2013)
- IFRIC20: Stripping Costs in the Production Phase of a Surface Mine (effective as of 1 January 2013)

The Directors anticipate that the adoption of these standards and interpretations will not have a material impact on the Group’s financial statements in the period of initial adoption.

Basis of consolidation

The consolidated financial statements include the results of the Company and all of its subsidiary undertakings. A subsidiary is an entity controlled, directly or indirectly, by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The results of subsidiaries have been included from the date of acquisition using the merger method of accounting or the acquisition method of accounting as appropriate.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Investments in subsidiaries

Fixed asset investments in subsidiary undertakings are shown at cost. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets have useful lives that are finite and are subject to an annual impairment review.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill acquired separately is measured on initial recognition at cost. Following initial recognition, goodwill is not amortised but is reviewed annually for impairment.

Development expenditure

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Licences

Licence rights acquired are amortised over the period of the licence to exploit such rights, typically five to ten years. Licences acquired during the period do not start to run until the products to which they relate to are used. Provision is made for any impairment in value, and that is reviewed on an annual basis.

Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

Plant and equipment are depreciated using the straight-line method based on estimated useful lives.

The annual rate of depreciation for each class of depreciable asset is:

- Fixtures and fittings - 25% straight line
- Office equipment - 25% straight line

The carrying value of tangible fixed assets is assessed annually and any impairment is charged to the income statement.

Investment in associate

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.
The financial statements of the associate are prepared either for the same reporting period as the parent company or a period not greater than three months different to the reporting period. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Group.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Associates

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the recoverable amount (being the higher of fair value less costs to sell and value in use) and carrying amount of the associate and recognises the amount in profit or loss.

Financial instruments

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Loans and receivables

Trade and other receivables: These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents: These include cash in hand, deposits held at call with banks and bank overdrafts.

Financial liabilities

The Group classifies its financial liabilities as:

Financial liabilities measured at amortised cost. The Group's financial liabilities at amortised cost include trade payables and other financial liabilities.

***Interest-bearing loans and borrowings*:** These are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Trade and other payables: These are initially recognised at fair-value and then carried at amortised cost. These arise from the receipt of goods and services.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. Revenue arising from the provision of services is recognised when and to the extent that the Group obtains the right to consideration in exchange for the performance of its contractual obligations.

Taxation

Tax expense or taxation recoverable represents the sum of the tax currently payable or recoverable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Tax recoverable comprises amounts receivable in respect of consortium tax relief arising from the surrender of taxable losses to the Group's associated undertaking.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable Group company or different Group entities which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Operating profit and loss

Operating profit and loss comprises revenues less cost of sales and administrative expenses, including exceptional expenditures where relevant from continuing operations. Operating profit and loss attributed to discontinued operations is included as part of the net result of these operations and is disclosed separately.

Pension scheme arrangements

The group's associate operates a defined benefit pension scheme in accordance with the following accounting policy. However the group itself does not operate a pension scheme.

For any defined benefit pension scheme in operation, the Group would require contributions to be made to separately administered funds.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested.

When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur. The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed above.

(i) Impairment of intangible assets

The value of intangible assets is considered by the directors at the end of each reporting period. Impairments are recognised on the bases outlined in note 25 to the accounts.

Attributable to equity holders of the Group

30 June 2012	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained Profits**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 July 2011	2,814,319	-	2,402,674	26,826,782	32,043,775
Shares repurchase	-	-	-	(253,737)	(253,737)
Profit for the year	-	-	-	4,341,459	4,341,459
Other comprehensive income:					
Share of other comprehensive income of associate	-	-	-	(46,420)	(46,420)
Total comprehensive income for the period	-	-	-	4,041,302	4,041,302
At 30 June 2012	2,814,319	-	2,402,674	30,868,084	36,085,077

On 23 December 2011, the Group purchased in the market 497,524 Ordinary shares of 10p each in Catalyst Media Group Plc at a price of 51p per Ordinary share. The purchase was made out of distributable reserves, the shares are currently held in Treasury by the Group and will be cancelled in due course.

The notes on pages 19 to 39 form part of these financial statements.

The following describes the nature and purpose of each reserve within owners' equity.

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained profits	Cumulative profit of the Group attributable to equity shareholders.

Attributable to equity holders of the Group

30 June 2011	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained Profits**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 April 2010	9,243,197	38,904,450	2,402,674	(21,007,910)	29,542,411
Capital reduction – deferred shares	(6,428,878)	-	-	6,428,878	-
Capital reduction – share premium	-	(38,904,450)	-	38,904,450	-
Profit for the period	-	-	-	2,383,259	2,383,259
Other comprehensive income:					
Share of other comprehensive income of associate	-	-	-	118,105	118,105
Total comprehensive income for the period	(6,428,878)	(38,904,450)	-	47,834,692	2,501,364
At 30 June 2011	2,814,319	-	2,402,674	26,826,782	32,043,775

On 20 October 2010, the Group, as a whole, reduced its capital. Both the share premium account of £38,904,450 and issued share capital of £6,428,878 were cancelled and credited to the profit and loss account reserve. The capital reduction was undertaken to allow the Group, as a whole to have distributable reserves.

The notes on pages 19 to 39 form part of these financial statements.

The following describes the nature and purpose of each reserve within owners' equity.

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained deficit	Cumulative loss of the Group attributable to equity shareholders.

Attributable to equity holders of the Company

30 June 2012	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained Profits**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 July 2011	2,814,319	-	2,912,060	14,057,624	19,784,003
Profit/(loss) for the year	-	-	-	1,714,413	1,714,413
Share repurchase	-	-	-	(253,737)	(253,737)
Total comprehensive income for the year	-	-	-	1,460,676	1,460,676
At 30 June 2012	2,814,319	-	2,912,060	15,518,300	21,244,679

On 23 December 2011 the company repurchased 497,524 of its shares at £0.51 per share and £253,737 was credited to the profit and loss account reserve.

The notes on pages 19 to 39 form part of these financial statements.

The following describes the nature and purpose of each reserve within owners' equity.

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained profits	Cumulative profit of the Company attributable to equity shareholders.

Attributable to equity holders of the Company

30 June 2011	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained Profits**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 April 2010	9,243,197	38,904,450	2,912,060	(31,104,761)	19,954,946
Loss for the period	-	-	-	(170,943)	(170,943)
Capital reduction – deferred shares	(6,428,878)	-	-	6,428,878	-
Capital reduction – share premium	-	(38,904,450)	-	38,904,450	-
Total comprehensive income for the period	(6,428,878)	(38,904,450)	-	45,162,385	(170,943)
At 30 June 2011	2,814,319	-	2,912,060	14,057,624	19,784,003

On 20 October 2010, the company reduced its capital. Both the share premium account of £38,904,450 and issued share capital of £6,428,878 were cancelled and credited to the profit and loss account reserve. The capital reduction was undertaken to allow the company to have distributable reserves.

The notes on pages 19 to 39 form part of these financial statements.

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Share capital	Amount subscribed for shares at nominal value.
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Retained deficit	Cumulative loss of the Company attributable to equity shareholders.

Catalyst Media Group PLC
(registered in England and Wales with number 03955206)

FORM OF PROXY FOR USE AT AN ANNUAL GENERAL MEETING

IN BLOCK CAPITALS PLEASE

I/We,……

being (a) holder(s) of ordinary shares of 10p each in the capital of the Company HEREBY APPOINT the Chairman of the Meeting (see Note 1) or ……………………………………………………………………………………..to be my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the offices of GAM, 20 King Street, London SW1Y 6QY, on 28th September 2012 at 9.30 a.m. or any adjournment thereof.

I/We request such proxy to vote on the following resolutions as mentioned below request such proxy to vote on the following resolutions as mentioned below as indicated by an X in the appropriate box below and otherwise as my/our proxy shall think fit (see Note 2)

	For	Against	Vote Withheld
ORDINARY RESOLUTIONS			
1. To receive the audited financial statements and the report of the directors and the auditors for the Company for the period ended 30 June 2012.			
2. To approve the directors' remuneration report for the Company for the period ended 30 June 2012.			
3. To reappoint H W Fisher & Company as auditors of the Company to hold office until the conclusion of the next annual general meeting.			
4. To authorise the directors to fix the remuneration of the auditors.			
5. To re-elect Mark Hawtin as a director.			
6. To declare a dividend of seven pence per ordinary share in respect of the year ended 30th June 2013. This dividend will be paid by 5th October 2012 to the holders of ordinary shares.			
SPECIAL RESOLUTIONS			
6. To grant the Company authority to make market purchases of its own ordinary shares			

Signature (see note4)…………………………………………   Dated this ……………...day of………………2012

Notes

1. To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. A proxy need not be a member of the Company. You can also appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. The following options are available:
   - (a) To appoint the **Chairman** as your **sole proxy** in respect of all your shares, simply fill in any voting instructions in the appropriate box and sign and date the Form of Proxy
   - (b) To appoint a **person other than the Chairman as your sole proxy** in respect of all your shares, delete the words 'the Chairman of the meeting (or)' and insert the name of your proxy in the spaces provided. Then fill in any voting instructions in the appropriate box and sign and date the Form of Proxy
   - (c) To appoint **more than one proxy**, you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the Meeting'. All forms must be signed and should be returned together in the same envelope.
2. Unless otherwise indicated the proxy will vote as he thinks fit or, at his discretion, abstain from voting.
3. The Form of Proxy below must arrive not later than 48 hours before the time set for the meeting at Capita Registrars, The Registry PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU during usual business hours accompanied by any Power of attorney under which it is executed (if applicable).
4. A corporation must execute the Form of Proxy under either its common seal or the hand of a duly authorised officer or attorney.
5. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you subsequently decide to do so
6. If you prefer, you may return the proxy form to the Registrar in an envelope addressed to Capita Registrars, The Registry PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.