

**Catalyst Media Group Plc
(‘CMG’ or the ‘Group’)**

Interim Results for Six Months Ended 31 December 2011

CMG announces its interim results for the six months ended 31st December 2011

CMG is a 20.54% shareholder in Satellite Information Services (Holdings) Ltd (“SIS”) and the results include its share in the profits of SIS as an equity accounted associate.

Financial Highlights for the six months to 31st December 2011

- CMG profits after taxation of £1.9m (2010: £1.7m), representing an increase of 11% over prior period
- Earnings per share 6.88p (2010: 6.18p)
- Dividend of £1.4m received in December 2011
- Further Dividend of £1.03m received on 29th March 2012
- Net debt reduced to £nil (2010: £543,339)
- Net asset value per share of 122p (2010:111p) an increase of 9.9% over prior year
- SIS revenues of £116m (2010: £110m), an increase of 5.5% over prior period
- SIS EBITDA of £ 23.4m (2010: £18.9m)
- SIS profit on ordinary activities before interest and tax of £12.2m (2010: £11.3m), an increase of 8.0% over prior year.

Michael Rosenberg, Chairman of CMG commented:

“Once again we are happy to report that the profits of CMG for the six months period under review show an improvement compared with the same period last year. All CMG debt has now been repaid and with the receipt of a further interim dividend from SIS, the Group now has approximately £1,495,000 in cash. “

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Chairman’s statement

I am pleased to report that for the six months ended 31st December 2011 the Group has generated a net profit after taxation of £1,935,077 (2010 : £1,740,177). Net assets as at 31st December 2011 were £33,725,115 (2010: £31,247,757), with net assets per share of 120 pence per share (2010: 111 pence per share).

During the period under review, the Group received a dividend from SIS of £1,437,000. As a result all indebtedness to the bank was eliminated and as at 31st December 2011, the Group had a cash balance of £519,518. Since that date, SIS has approved a £5m interim dividend in respect of the year ending 31st March 2011 and accordingly, CMG has now received a further £1,027,000. It is SIS's intention to consider a final dividend of a similar scale in respect of the year ending 31st March 2011 later in 2012. Following receipt of the interim dividend, as at 30th March 2012 cash balances of CMG stand at approximately £1,495,000.

SIS

The main asset of the Group remains the 20.54% stake in SIS. CMG equity accounts for its share in the profits of SIS.

The revenues of SIS during the 6 month period to 31st December 2011 totalled £116m including £71m derived from the long established business of providing integrated television and data services to licensed betting offices in the UK, Ireland and overseas.

Revenues of £41m 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.

Profits before taxation for SIS for the period were £12.6m and after tax were £9.7m.

Services 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 has agreements in place with Arena Leisure Plc and Northern Racing Limited, combined with other UK courses and all Irish Racetracks. This ensures the supply of images and data from the coverage of horseracing fixtures until 2017. SIS also hold the media rights for all UK Greyhound races. During the period new long term contracts have been entered into by key customers and renewal and extension of the AT THE RACES contract has been secured for seven years

SIS LIVE has secured a number of contracts for 2012 including coverage of the Diamond Jubilee, The European Cup Football, The Olympics, together with the existing contracts for Wimbledon Tennis and The Open Golf Tournament.

SIS is in the process of relocating its London operation to MediaCityuk in Salford Quays, Manchester, which is due to be completed by the end of 2012.

SIS has a joint venture with Peel Media, owners of MediaCityuk, to run MediaCityuk's state of the art studio facilities including post production, content and technical services as well as managing all connectivity. A ten-year contract has been agreed with the BBC to deliver an enhanced range of production and technical services.

Conclusion

The business of CMG is now entirely based on the investment in SIS and under the existing plans of SIS it is anticipated that further dividends should flow from SIS to CMG although the level and timing of these may fluctuate depending on cash requirements from time to time. It is the intention of the board to distribute by way of dividend or share buy-back a significant proportion of the free cash flowing from these dividends to shareholders and to keep administrative overheads to a minimum level. A further announcement will be made as to the timing of any such distributions, in due course as appropriate.

Notes to Editors

SIS principal activities are

- the provision of satellite news-gathering and associated transmission services through its market-leading SISLink division (Uplink Services);
- the provision of outside broadcast television production units, including sound, support and communication (Outside Broadcast);
- its long-established business of providing integrated television and information services delivered via satellite to licensed betting offices in the United Kingdom, Ireland and overseas (Racing Services); and
- the provision of television production services for other broadcasters (Other Services)

Uplink Services and Outside Broadcast are managed under the common brand of SIS LIVE.

Consolidated interim statement of comprehensive income

	Notes	6 months to 31 December 2011	6 months to 31 December 2010	15 months to 30 June 2011
		£ Unaudited	£ Unaudited	£ Audited
Revenue		12,500	12,500	31,250
Cost of sales		-	(25,000)	(25,000)
Gross profit / (loss)		12,500	(12,500)	6,250
Administrative expenses		(60,958)	(91,596)	(228,152)
Operating loss		(48,458)	(104,096)	(221,902)
Financial income		13	32	68
Financial costs	4	(26,555)	(21,352)	(48,813)
Net financial costs		(26,542)	(21,320)	(48,745)
Share of profit of equity-accounted associate	1	1,982,521	1,835,249	2,589,272
Profit before taxation		1,907,521	1,709,833	2,318,625
Taxation		27,556	30,344	64,634
Net Profit for the period		1,935,077	1,740,177	2,383,259
Share of other comprehensive income of associate		-	-	118,105
Total comprehensive income for the period		1,935,077	1,740,177	2,501,364
Attributable to equity holders of the company		1,935,077	1,740,177	2,501,364
Earnings per share:	5			
Basic		6.88p	6.18p	8.47p
Diluted		6.88p	6.18p	8.47p

Consolidated interim statement of financial position

	31 December 2011	31 December 2010	30 June 2011
	£ Unaudited	£ Unaudited	£ Audited
Assets			
Non-current assets			
Intangible assets	-	-	-
Property, plant and equipment	-	-	-
Investment in associate	33,207,773	31,790,597	32,662,725
	<u>33,207,773</u>	<u>31,790,597</u>	<u>32,662,725</u>
Current assets			
Trade and other receivables	19,475	35,582	26,426
Corporation tax receivable	11,618	30,343	10,886
Cash and cash equivalents	519,518	80,033	27,582
	<u>550,611</u>	<u>145,958</u>	<u>64,894</u>
Total assets	<u>33,758,384</u>	<u>31,936,555</u>	<u>32,727,619</u>
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	2,814,319	2,814,319	2,814,319
Merger reserve	2,402,674	2,402,674	2,402,674
Retained surplus	28,508,122	26,030,764	26,826,782
	<u>33,725,115</u>	<u>31,247,757</u>	<u>32,043,775</u>
Non-current liabilities			
Interest-bearing loans and borrowings	-	623,372	-
Current liabilities			
Interest-bearing loans and borrowings	-	-	634,635
Trade and other payables	33,269	65,426	49,209
	<u>33,269</u>	<u>65,426</u>	<u>683,844</u>
Total equity and liabilities	<u>33,758,384</u>	<u>31,936,555</u>	<u>32,727,619</u>

Notes to the interim financial statements

1 Investment in associate	Share of net assets Group £	Fair Value of Intangibles Group £	Total Group £
Cost			
At 1 July 2011	11,484,684	21,178,041	32,662,725
Additions – share of profit	1,982,521	-	1,982,521
Dividend received	(1,437,473)	-	(1,437,473)
At 31 December 2011	<u>12,029,732</u>	<u>21,178,041</u>	<u>33,207,773</u>

The Group's interest in the associate, Satellite Information Services (Holdings) Limited, a company incorporated in Great Britain, ('SIS') 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 the Company. The intangible assets represent the value attributable to the ongoing business activities of SIS. These are subject to an annual impairment review.

Share of profit of associate*	30 September 2011 SIS Total £'000	31 December 2011 CMG share £'000	31 December 2010 CMG share £'000	30 June 2011 CMG share £'000
Revenue:				
Racing services	70,542	14,489	13,308	25,539
SIS live services	40,515	8,322	8,079	21,638
Other services	4,448	914	1,045	5,320
Total revenue	<u>115,505</u>	<u>23,725</u>	<u>22,432</u>	<u>52,497</u>
Operating profit from ongoing operations	13,752	2,825	2,628	4,010
Net interest payable	(1,100)	(226)	(257)	(531)
Profit on disposal of fixed asset	-	-	-	2
Profit before tax	12,652	2,599	2,371	3,481
Taxation	(3,000)	(616)	(536)	(892)
Share of profit after taxation	<u>9,652</u>	<u>1,983</u>	<u>1,835</u>	<u>2,589</u>
Net income from associate	9,652	1,983	1,835	2,589
Other comprehensive income				
Actuarial (loss) /gain	-	-	-	164
Deferred tax	-	-	-	(46)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>118</u>
Share of gross assets and liabilities of associate				
Gross assets	127,102	26,107	23,501	34,809
Gross liabilities	(68,535)	(14,077)	(12,889)	(23,324)
Net equity	<u>58,567</u>	<u>12,030</u>	<u>10,612</u>	<u>11,485</u>

*The period covered by the associate's accounts is 6 months to 30 September 2011.

Notes to the interim financial statements

1 Investment in associate (continued)

The financial results for SIS are taken from the management accounts to 30 September 2011, 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 effect of these adjustments is to increase the value of the investment in associate in the financial statements by £1,719k (2010: £983k).

2 Corporate information

Catalyst Media Group Plc ("the Company") is a company incorporated in England and Wales and quoted on the London Stock Exchange's Alternative Investment Market.

3 Basis of preparation

Since the publication of the last interim financial statements, the Group extended its accounting reference date to 30 June, the first relevant period being 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. Accordingly, these interim financial statements cover the six month period from 1 July 2011 to 31 December 2011 including the financial results of SIS for the 6 month period to 30 September 2011. The comparative period has been restated to cover the period from 1 July 2010 to 31 December 2010 and includes the financial results of SIS for the 6 month period to 30 September.

These interim financial statements of the Company and its subsidiaries ("the Group") for the six months ended 31 December 2011 have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union and also in accordance with the Companies Act 2006.

The accounting policies adopted for the preparation of this interim statement are consistent with the accounting policies adopted in the financial statements for the fifteen months ended 30 June 2011.

The financial information set out above does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Statutory accounts for the fifteen months to 30 June 2011, on which the report of the auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006, have been filed with the Registrar of Companies.

	6 months to 31 December 2011 £	6 months to 31 December 2010 £	15 months to 30 June 2011 £
4 Finance expenses			
Interest payable	11,217	11,733	30,593
Amortisation of transaction costs and other loan redemption fees	15,338	9,619	18,220
	<u>26,555</u>	<u>21,352</u>	<u>48,813</u>

Notes to the interim financial statements

5 Earnings per share

The calculation of the basic earnings per share is based upon the following:

	6 months to 31 December 2011 £	6 months to 31 December 2010 £	15 months to 30 June 2011 £
Basic and Diluted			
Earnings per share – pence	6.88p	6.18p	8.47p
Profit attributable to equity shareholders	<u>£1,935,077</u>	<u>£1,740,177</u>	<u>£2,383,259</u>
Weighted average number of shares in issue	<u>28,118,862</u>	<u>28,143,197</u>	<u>28,143,197</u>

6 Dividend

The Directors have not declared a dividend for the interim period ended 31 December 2011.

7 Share repurchase

On 23 December 2011, the Company 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 will be held in Treasury by the Company until further notice.

Consolidated interim cash flow statement

	6 months to 31 December 2011 £ Unaudited	6 months to 31 December 2010 £ Unaudited	15 months to 30 June 2011 £ Audited
Cash flow from operating activities			
Profit before taxation including discontinued operations	1,907,521	1,709,833	2,318,625
Adjustments for:			
Depreciation, amortisation and impairment	-	-	-
Share of profit from associate	(1,982,521)	(1,835,249)	(2,589,272)
Finance income	(13)	(32)	(68)
Finance expense	26,555	21,352	48,813
Corporation taxes recovered	26,824	207,455	380,946
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Net cash flow from operating activities before changes in working capital	(21,634)	103,359	159,044
(Increase)/decrease in trade and other receivables	(4,994)	968	44,735
Increase/(decrease) in trade and other payables	(15,940)	16,505	(13,108)
	<hr/>	<hr/>	<hr/>
Net cash flow used in operating activities	(42,568)	120,832	190,671
Investing activities			
Dividend received	1,437,473	-	-
Interest received	13	32	68
	<hr/>	<hr/>	<hr/>
Net cash flow from investing activities	1,437,486	32	68
Financing activities			
Repurchase of shares	(253,737)	-	-
Repayment of long-term borrowings	(634,635)	(88,884)	(172,219)
Interest and early redemption fees paid	(14,610)	(14,673)	(37,382)
	<hr/>	<hr/>	<hr/>
Net cash outflow from financing activities	(902,982)	(103,557)	(209,601)
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Net increase/(decrease) in cash and cash equivalents in the period	491,936	17,307	(18,862)
Cash and cash equivalents at the beginning of the period	27,582	62,726	46,444
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Cash and cash equivalents at the end of the period	519,518	80,033	27,582

Consolidated Interim Statement of Changes in Equity

	Share capital £ Unaudited	Share Premium £ Unaudited	Merger reserve £ Unaudited	Retained surplus/ (deficit) £ Unaudited	Total shareholders equity £ Unaudited
At 1 July 2010	9,243,197	38,904,450	2,402,674	(21,042,741)	29,507,580
Capital reduction – deferred shares*	(6,428,878)	-	-	6,428,878	-
Capital reduction – share premium*	-	(38,904,450)	-	38,904,450	-
Profit for the period to 31 December 2010	-	-	-	1,740,177	1,740,177
Share of other comprehensive income of associate	-	-	-	-	-
Total comprehensive income for the period	(6,428,878)	(38,904,450)	-	1,740,177	1,740,177
At 31 December 2010	2,814,319	-	2,402,674	26,030,764	31,247,757
Profit for the period	-	-	-	677,913	677,913
Share of other comprehensive income of associate	-	-	-	118,105	118,105
Total comprehensive income for the period	-	-	-	118,105	118,105
At 30 June 2011	2,814,319	-	2,402,674	26,826,782	32,043,775

*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.

Consolidated Interim Statement of Changes in Equity

	Share capital	Share Premium	Merger reserve	Retained surplus/	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2011	2,814,319	-	2,402,674	26,826,782	32,043,775
Profit for the 6 month period to 31 December 2011	-	-	-	1,935,077	1,935,077
Share of other comprehensive income of associate	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,935,077	1,935,077
Share repurchase*		-	-	(253,737)	(253,737)
At 31 December 2011	2,814,319	-	2,402,674	28,508,122	33,725,115

*On 23 December 2011, the Company 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 will be held in Treasury by the Company until further notice.