

Catalyst Media Group plc

Report and financial statements for the year ended 30 June 2017

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Contents

| | Page: |
|--|-------|
| Directors, Secretary and Advisors | 2 |
| Chairman's statement | 3 |
| Strategic report | 7 |
| Directors' report | 9 |
| Independent auditors' report | 13 |
| Consolidated statement of comprehensive income | 16 |
| Consolidated statement of financial position | 17 |
| Consolidated statement of changes in equity | 18 |
| Consolidated statement of cash flows | 20 |
| Company statement of financial position | 21 |
| Company statement of changes in equity | 22 |
| Company statement of cash flows | 24 |
| Notes to the financial statements | 25 |
| Notice of Annual General Meeting | 44 |
| Form of Proxy | 47 |

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Directors, Secretary and Advisors

Directors

Michael Rosenberg OBE
Mark Hawtin
Melvin Lawson
Christopher Mills

Chairman
Non-executive Director
Non-executive Director
Non-executive Director

Secretary

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

Registered office and Company registration number

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

Solicitors

Bircham Dyson Bell
50 Broadway
London SW1H 0BL

Nominated Adviser & Broker

Strand Hanson Limited
26 Mount Row
London W1K 3SQ

Registrars

Neville Registrars
Neville House
18 Laurel Lane
Halesowen
West Midlands B63 3DA

Auditors

haysmacintyre
26 Red Lion Square
London
WC1R 4AG

Bankers

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

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Chairman's statement

I am pleased to present the results for Catalyst Media Group plc ("CMG" or the "Company") for the year ended 30 June 2017, which incorporates our share of profits for Sports Information Services (Holdings) Ltd (SIS) in which CMG has a 20.54% interest.

After taking account of CMG's share in the profits of SIS for its year ended 31 March 2017 of £3.5 million (2016: £3.4 million), CMG recorded a profit before taxation of £3.40 million, (2016: loss of £0.06 million). No impairment charge was made in respect of the 2017 accounts (2016: £3.0 million). Net Assets at the year end were £25.4 million (120.9p per share) (2016: £24.9 million (98.1p per share)).

The main asset of CMG continues to be the 20.54% shareholding in SIS. CMG equity accounts for its share in the profits of SIS. For the year ended 31 March 2017, SIS had revenues of £218.3 million (2016: £227.9 million) of which £202.5 million was derived from Betting Services (2016: £209.3 million) and £15.8 million from SIS LIVE Services (2016: £18.6 million). The total operating profit for SIS was £21.0 million (2016: £20.4 million). Profits after exceptional items and taxation were £17.0 million (2016: £16.6 million). The share attributable to CMG after tax was £3.5 million (2016: £3.4 million). SIS's Net Cash inflow for the period was £43.4 million (2016: £48.0 million) from operating activities. At its year end, SIS had increased its cash position to £74.3 million (2016: £62.2 million). SIS's operating profit margin⁽¹⁾ increased slightly to 9.3% compared to 8.9% for the previous year.

(1) SIS's operating profit margin is the ratio of SIS's operating profit (total operating profit before exceptional items and share of associate and joint venture) to revenues expressed as a percentage.

Review of CMG's investment in SIS

As reported in the Company's trading update announced on 21 July 2017, the profit after tax was at similar levels to prior years. This was despite a reducing Licensed Betting Office UK subscriber base during the year, the impact of which was partially offset by overseas expansion.

In light of this consistent performance, the strong cash position of SIS, the progress it has made in signing new media rights and the continued positive cash flow generation from its operations SIS approved a dividend of £15.0 million in October 2017. CMG received its share of £3.1 million on 23 October 2017 and as at 30 November 2017, CMG had a cash balance of £4.5 million.

SIS Betting – UK Retail

As previously reported various racing media rights acquired from Arena Racing and Northern Racing expire at the end of 2017.

However, SIS has secured a series of rights to ensure a full and complete service including the following:

- 5-year UK Horseracing rights from Racecourse Media Group ("RMG") (which includes Ascot, Aintree, York) – commencing April 2018
- 5-year Extension to existing Irish Horseracing rights from Horse Racing Ireland ("HRI")
- Long-term agreement with Chelmsford City racecourse ("CCR")
- Various long-term greyhound rights – direct with 8 UK tracks.
- Various overseas horseracing and greyhound rights

On the basis of the above rights and service SIS has already secured mid and long term agreements with around 95% of the UK and Irish retail market, including all the major UK bookmaking groups and a large number of the independent market to its service for independents for the next three years despite uncertainty caused by the DCMS Triennial Review. This review is now subject to a further 12 weeks of consultation which may result in legal restrictions on the side

of individual bets on fixed odds betting terminals and the possible reduction in the number of retail betting shops. The new agreements are at lower margins overall and will impact results – with operating results expected to decline by approximately 50% as previously outlined from April 2018 with some additional impact on the current financial year. In respect of the current year, SIS is experiencing increased litigation costs and although legal advice continues to indicate a successful outcome is expected for SIS. This will have an impact on budgeted profits for the year ending 31 March 2018.

SIS Betting – International & Online

SIS is already supplying several International and online operators and has been progressing a strategy to increase its distribution in these markets using proprietary streaming and production technology as well as data pricing services.

SIS plans to use its expertise, developed in the UK retail market, delivering short form betting opportunities, with associated data and services, to maximise the value for betting operators in the International and digital arena. There has been significant progress achieved in this area and new product and services are due to go live from early 2018 which will further increase access to these markets securing both customers and distribution technology.

Whilst securing media rights for UK use SIS has also acquired rights for International and online use on all the deals signed this year including Horse Racing Ireland (HRI), Chelmsford City Racecourse (CCR) and greyhounds.

SIS has recently been shortlisted for two main industry awards, firstly for its streaming product SIS STREAM which facilitates IPTV into both online and retail at low latency enabling delivery of content anywhere in the world facilitating bespoke production services by SIS. The second nomination is for SIS Trading Services which offers operators outsourced pricing and derivative products for horse and greyhound racing.

SIS LIVE

SIS LIVE continues to offer specialised broadcast solutions including HD, UHD, satellite uplinks, streaming, satellite internet and teleport together with fibre services and transmits 250 hours of live broadcasting per day and covers over 6,000 sports events per annum. SIS LIVE has transitioned into a mixed satellite and fibre business and now has 125 fibre connections across the UK and Ireland and expects this to increase to 150 by mid-2018 together with two satellite uplink teleports.

SIS LIVE has signed agreements with SKY, Tata and other service providers for a number of sports including cricket, moto GP and rugby league and continues to expand its penetration into the key sports connectivity market.

The trend of news broadcasters to move away from Satellite News Gathering ("SNG") towards using IP technology and 4G mobile technology has continued and this has seen a decrease in demand from SIS LIVE customers for SNG trucks, with the fleet size of 34 expected to reduce over the coming years. Connected with this SIS LIVE have exited its Satellite Hardware division, which has historically provided the satellite technology for the SNG trucks, with a successful sale completed in January 2017.

Another trend being seen by SIS LIVE is the demand for additional services to pure fibre connectivity and the start of a move towards remote production which offers a significant opportunity for the business. SIS LIVE is well placed with its 125 fibred venues and its connections to broadcasters to facilitate this market change and it is expected to be an area of growth in the future.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Chairman's statement

SIS's management continue to see a prosperous future for SIS LIVE within the SIS Group though also recognise there may be a strategic benefit for SIS LIVE in alternative ownership and they continue to keep this under review.

SIS Results

The results of SIS for the year ended 31 March 2017 are as follows:

| | 31 March 2017 £'000 | 31 March 2016 £'000 |
|---|------------------------|------------------------|
| Revenue | 218,337 | 227,930 |
| Operating expenses | (197,345) | (207,534) |
| Operating profit before exceptional items | 20,291 | 20,396 |
| Exceptional items | 701 | - |
| Operating profit | 20,992 | 20,396 |
| Share of operating profit/(loss) of joint venture: | | |
| - joint venture | - | (36) |
| Total operating profit | 20,992 | 20,360 |
| Profit / (Loss) on the managed wind down of business ⁺ | 923 | (490) |
| Profit on disposal of joint venture | - | 642 |
| Profit on disposal of tangible assets | 25 | 317 |
| Net interest receivable / (payable) | 534 | 458 |
| Profit on ordinary activities before tax | 22,474 | 21,287 |
| Tax on profit on ordinary activities | (5,440) | (4,686) |
| <i>Retained profit transferred to reserves</i> | <i>17,034</i> | <i>16,601</i> |
| Share of net assets and liabilities of associate | | |
| Net assets | 161,735 | 159,128 |
| Net liabilities | (71,449) | (63,858) |
| Net equity | 90,286 | 95,270 |

⁺ Profit/(Loss) on the managed wind down of business relates to the closure of SIS's Outside Broadcast Division in 2014.

India

As previously reported the claim in respect of the Indian project continues to be pursued but the outcome remains uncertain. The legal and associated costs relating to this claim have been significantly reduced but are still impacting profits. Further detail is provided in note 2 of the financial statements.

Outlook and distribution policy

SIS have considerable cash reserves and have indicated that further distributions are likely to be made to shareholders. Although CMG has recently received a dividend payment of approximately £3.1 million from SIS, the Board has resolved to defer a decision on the timing of distributions to its shareholders pending clarification of the timing and quantum of any such further distribution. As soon as we are advised of the timing, shareholders of CMG will be informed and a decision will be made on the form of distribution.

As already reported, SIS's generation of cash in the future will be at a significantly lower level than in the past few years reflecting the lower profits that are predicted following the changes in media rights ownership and contractual arrangements resulting in an expected 50% reduction in SIS's underlying operating results.

AGM

The next Annual General Meeting of the Company will be held on 12 January 2018 at 10.00 a.m. Formal Notice of the meeting is set out at the end of the report and accounts together with the form of proxy.

Michael Rosenberg OBE
Chairman

11 December 2017

The Directors present their strategic report for the year ended 30 June 2017.

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 SIS. The Group is entitled to appoint one director to the board of SIS which currently comprises eight directors, of which five are appointed by shareholders, two are independent and one is the Chairman. 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.

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 including the fact that 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 risk

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

Credit risk

The Group is not exposed to any credit risk.

Liquidity risk

There is a very low risk that the Group will encounter difficulty in meeting its financial obligations as they fall due, on the basis that the Group operates with minimal overheads and cash flow is well managed.

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 and trade and other payables. Trade and other payables are all payable within three months.

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

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:

Net asset value per share

The net asset value per share of the Group is 120.9 pence (2016: 98.1 pence). The net asset value per share has increased during the year to 30 June 2017 following the repurchase and cancellation of the Company's shares. The net asset value of the Group at 30 June 2017 and 30 June 2016 is shown in the Group's consolidated statement of financial position on page 16.

Administrative expenses

The Directors closely monitor the anticipated overheads for the Group and ensure that these are kept to a minimum.

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 ordinary 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 operations for the year and the previous year is shown in the Group consolidated statement of comprehensive income 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.

Michael Rosenberg OBE
Chairman

11 December 2017

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 30 June 2017.

Financial reporting

The financial statements for 2017 have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRS) as adopted by the European Union.

Results and dividends

The Group made a total comprehensive profit (including its share of other comprehensive income of associate) after taxation of £3.0 million (2016: Loss of £0.1 million). Further details are shown in the Group Consolidated statement of comprehensive income on page 16.

Dividends totalling £Nil (2016: £Nil) were declared during the year.

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.

Significant shareholdings

The Directors are aware of the following shareholdings of 3% or more of the issued share capital of the Company as of 30 November 2017:

| Shareholders | Number of ordinary shares | % of issued ordinary share capital |
|---|---------------------------|------------------------------------|
| Lombard Odier Investment Managers Group | 4,738,775 | 22.53% |
| Melvin Lawson | 3,615,486 | 17.19% |
| Harwood Capital LLP | 3,125,000 | 14.86% |
| C R Mishon | 2,396,992 | 11.40% |
| Mark Hawtin | 2,010,117 | 9.56% |
| Bank Julius Baer & Co Ltd | 1,146,533 | 5.45% |
| Jersey House (Development) Ltd | 1,000,000 | 4.75% |
| Edwards Securities Ltd | 728,080 | 3.46% |
| Others | 2,147,327 | 10.21% |
| Total | <u>21,032,030</u> | <u>100.00%</u> |

Employees

The Group had no other employees other than the Directors as at 30 June 2017.

The Directors' interests in the share capital of the company are included in note 23.

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, facilities and/or access to additional capital to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

Subsequent events

Following the year end, SIS declared a dividend of £15.0 million and CMG received a total of £3.1 million on 23 October 2017. Although SIS continues to be cash positive, there can be no certainty as to the timing and quantum of further dividends. Following receipt of the dividend, the Company had a cash balance of £4.5 million as at 30 November 2017.

Repurchase and cancellation of Treasury shares

The Company made the following share repurchases during the period:

| <u>Date of repurchase</u> | <u>No. of shares</u> | <u>Price per share</u> |
|---------------------------|----------------------|------------------------|
| 02 October 2016 | 400,000 | 70p |
| 17 October 2016 | 65,000 | 75p |
| 19 October 2016 | 20,000 | 75p |
| 25 October 2016 | 224,200 | 75p |
| 27 October 2016 | 1,242,362 | 75p |
| 1 November 2016 | 763,133 | 75p |
| 2 November 2016 | 25,000 | 75p |
| 4 November 2016 | 1,268 | 75p |
| 7 November 2016 | 162,737 | 75p |
| 8 November 2016 | 1,127 | 75p |
| 9 November 2016 | 474,500 | 75p |

The ordinary shares repurchased totalling 3,379,327 and those held in treasury at the beginning of the period totalling 1,000,000 with a total nominal value of £437,933 were cancelled during the period. As at 30 June 2017, there were no shares held in treasury.

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, a resolution proposing that haysmacintyre be re-approved as auditors of the company will be put at the Annual General Meeting.

Corporate governance

The Directors are responsible to shareholders for the effective direction and control of the Group and recognise the importance of good corporate governance. The Directors take account of the QCA's Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 to the extent that it is considered appropriate for the size and activities of the Group.

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 Strategic Report, 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.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Directors' Report

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 2017 is on page 41.

On behalf of the Board

Michael Rosenberg OBE
Chairman

11 December 2017

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

Opinion

We have audited the financial statements of Catalyst Media Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the 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. 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.

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 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements 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 Auditor's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- **Impairment in associate:** The Group's investment in Sports Information Services (Holdings) Limited (SIS) is accounted for as an associate, including an element of goodwill. There is significant judgement with regards to future cash flows and assumptions included by the Directors, which form the basis of the assessment of any potential impairment in value. Our response to this risk was to evaluate the Directors' impairment review for goodwill by reviewing their assumptions to externally available information and data while also considering the reasonableness of their forecasts and the associated discount rates applied. We also conducted a review to ensure that there had been no material events from the dates of the consolidated financial statements of Sports Information Services (Holdings) Limited ("SIS") for 31 March 2017 until the year end of the Group.

Our application of materiality

Materiality for the Group Financial Statements as a whole was set at £500k, determined with reference to a benchmark of the Group's gross draft gross asset position of £25.45 million. We report to the Audit Committee any corrected or uncorrected misstatements arising exceeding £25k.

An overview of the scope of our audit

Our audit scope included all subsidiary companies and was performed to component materiality. SIS was audited for the year ended 31 March 2017 by EY. Our audit work included a review of the EY audit files. Our audit work therefore covered 100% of group revenue, group profit and total group assets and liabilities. It was performed to the materiality levels set out above.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 the information and explanations we require for our audit.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Laura Mott (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

Date:

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Consolidated statement of comprehensive income

| | Note | Year ended 30 June 2017 | Year ended 30 June 2016 |
|--|------|-------------------------------|-------------------------------|
| | | £ | £ |
| Revenue | 3 | 25,000 | 25,000 |
| Cost of sales | | - | - |
| Gross profit | | 25,000 | 25,000 |
| Administrative expenses | | (128,916) | (112,036) |
| Operating loss | | (103,916) | (87,036) |
| Financial income | 9 | 3,056 | 7 |
| Financial costs | 10 | (106) | (186) |
| Net financial income / (costs) | | 2,950 | (179) |
| Share of profit of equity-accounted associate, net of tax | 2 | 3,498,784 | 3,409,845 |
| Impairment of equity-accounted associate | 2 | - | (3,014,622) |
| Transitional adjustment relating to equity-accounted associate | 2 | - | (368,521) |
| Profit / (loss) before taxation | | 3,397,818 | (60,513) |
| Taxation | 11 | 16,783 | 16,543 |
| Profit / (loss) for the year | | 3,414,601 | (43,970) |
| Share of other comprehensive loss of associate | 2 | (414,292) | (26,702) |
| Total comprehensive profit / (loss) for the year | | 3,000,309 | (70,672) |
| Attributable to equity holders of the Company | | 3,000,309 | (70,672) |
| Earnings / (loss) per share: | | | |
| Basic | 12 | 15.43p | (0.18p) |
| Diluted | 12 | 15.43p | (0.18p) |
| Before impairment | 12 | 15.43p | 12.17p |

The notes on pages 25 to 43 form part of these financial statements.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Consolidated statement of financial position

| | Note | 30 June 2017 £ | 30 June 2016 £ |
|--|------|----------------------|----------------------|
| Assets | | | |
| Non-current assets | | | |
| Investment in associate | 2 | 23,976,958 | 25,000,000 |
| | | <u>23,976,958</u> | <u>25,000,000</u> |
| Current assets | | | |
| Trade and other receivables | 14 | 15,080 | 34,173 |
| Cash and cash equivalents | 15 | 1,463,462 | 633 |
| | | <u>1,478,542</u> | <u>34,806</u> |
| Total assets | | <u>25,455,500</u> | <u>25,034,806</u> |
| Equity and liabilities | | | |
| Capital and reserves attributable to equity holders of the parent | | | |
| Share capital | 16 | 2,103,202 | 2,541,136 |
| Capital redemption reserve | | 711,117 | 273,183 |
| Merger reserve | | 2,402,674 | 2,402,674 |
| Retained profits | | 20,203,836 | 19,718,022 |
| Total equity | | <u>25,420,829</u> | <u>24,935,015</u> |
| Current liabilities | | | |
| Trade and other payables | 18 | 31,134 | 96,423 |
| Corporation tax payable | 19 | 3,537 | 3,368 |
| | | <u>34,671</u> | <u>99,791</u> |
| Total equity and liabilities | | <u>25,455,500</u> | <u>25,034,806</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 11 December 2017.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 25 to 43 form part of these financial statements.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Consolidated statement of changes in equity

| 30 June 2017 | Attributable to equity holders of the Group | | | | | |
|---|---|---------------|----------------------------|----------------|------------------|---------------------------|
| | Share Capital | Share Premium | Capital Redemption Reserve | Merger Reserve | Retained Profits | Total Shareholders Equity |
| | £ | £ | £ | £ | £ | £ |
| At 1 July 2016 | 2,541,136 | - | 273,183 | 2,402,674 | 19,718,022 | 24,935,015 |
| Profit for the year | | | | | 3,414,601 | 3,414,601 |
| Other comprehensive loss: Share of other comprehensive loss of associate | | | | | (414,292) | (414,292) |
| Shares purchased into Treasury | | | | | (2,514,495) | (2,514,495) |
| Cancellation of Treasury shares | (437,934) | | 437,934 | | - | - |
| Total comprehensive profit / (loss) for the period | (437,934) | - | 437,934 | - | 485,814 | 485,814 |
| At 30 June 2017 | 2,103,202 | - | 711,117 | 2,402,674 | 20,203,836 | 25,420,829 |

During the year, ordinary shares totalling 3,379,327 were repurchased into Treasury. These shares and those held in treasury at the beginning of the period totalling 1,000,000 with a total nominal value of £437,933 were cancelled during the period. As at 30 June 2017, there were no shares held in treasury.

The notes on pages 25 to 43 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. |
| Capital redemption reserve | Amounts arising from the purchase by the group of its own shares. |
| Merger reserve | Amounts arising from the merger of subsidiary investments. |
| Retained profits | Cumulative profit of the Group attributable to equity shareholders. |

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Consolidated statement of changes in equity

| | Attributable to equity holders of the Group | | | | | |
|--|---|------------------|----------------------------------|-------------------|---------------------|---------------------------------|
| 30 June 2016 | Share Capital | Share Premium | Capital Redemption Reserve | Merger Reserve | Retained Profits | Total Shareholders Equity |
| | £ | £ | £ | £ | £ | £ |
| At 1 July 2015 | 2,541,136 | - | 273,183 | 2,402,674 | 19,788,694 | 25,005,687 |
| Loss for the year | - | - | - | - | (43,970) | (43,970) |
| Other comprehensive loss: Share of other comprehensive loss of associate | - | - | - | - | (26,702) | (26,702) |
| Total comprehensive profit / (loss) for the period | - | - | - | - | (70,672) | (70,672) |
| At 30 June 2016 | 2,541,136 | - | 273,183 | 2,402,674 | 19,718,022 | 24,935,015 |

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2016
Consolidated statement of cash flows

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|---|------------------------------------|------------------------------------|
| Cash flow from operating activities | | |
| Profit / (loss) before taxation | 3,397,818 | (60,513) |
| Adjustments for: | | |
| Share of profit from associate | (3,498,784) | (3,409,845) |
| Impairment of associate | - | 3,014,622 |
| Transitional adjustment | - | 368,521 |
| Finance income | (3,056) | (7) |
| Finance expense | 106 | 186 |
| Corporation taxes recovered | 16,952 | 18,449 |
| Net cash flow used in operating activities before changes in working capital | (86,964) | (68,587) |
| Decrease / (increase) in trade and other receivables | 19,093 | (3,513) |
| (Decrease) / increase in trade and other payables | (65,289) | 55,943 |
| Net cash flow used in operating activities | (133,160) | (16,157) |
| Investing activities | | |
| Dividend received | 4,107,534 | - |
| Interest received | 3,056 | 7 |
| Net cash flow from investing activities | 4,110,590 | 7 |
| Financing activities | | |
| Shares purchased into Treasury | (2,514,495) | - |
| Interest paid | (106) | (186) |
| Net cash flow used in financing activities | (2,514,601) | (186) |
| Net decrease in cash and cash equivalents in the year | 1,462,829 | (16,336) |
| Cash and cash equivalents at the beginning of the year | 633 | 16,969 |
| Cash and cash equivalents at the end of the year | 1,463,462 | 633 |

15

The notes on pages 25 to 43 form part of these financial statements.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Company statement of financial position

| Assets | Note | 30 June 2017 £ | 30 June 2016 £ |
|---|-------------|-------------------------------|-------------------------------|
| Non-current assets | | | |
| Investments | 13 | 16,750,000 | 16,750,000 |
| | | <u>16,750,000</u> | <u>16,750,000</u> |
| Current assets | | | |
| Trade and other receivables | 14 | 3,043,280 | 3,062,438 |
| Cash and cash equivalents | 15 | 1,463,438 | 545 |
| | | <u>4,506,718</u> | <u>3,062,983</u> |
| Total assets | | <u>21,256,718</u> | <u>19,812,983</u> |
| Equity and liabilities | | | |
| Capital and reserves attributable to equity holders of the company | | | |
| Share capital | 16 | 2,103,202 | 2,541,136 |
| Capital redemption reserve | | 711,117 | 273,183 |
| Merger reserve | | 2,912,060 | 2,912,060 |
| Retained profit | | 15,495,121 | 13,986,264 |
| Total equity | | <u>21,221,500</u> | <u>19,712,643</u> |
| Current liabilities | | | |
| Trade and other payables | 18 | 31,681 | 96,972 |
| Corporation tax payable | 19 | 3,537 | 3,368 |
| | | <u>35,218</u> | <u>100,340</u> |
| Total equity and liabilities | | <u>21,256,718</u> | <u>19,812,983</u> |

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 loss for the year included a profit on ordinary activities after tax of £4,023,352 (2016: loss £70,672) in respect of the Company which is dealt with in the financial statements of the Parent Company.

The financial statements were approved by the Board of Directors and authorised for issue on 11 December 2017.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 25 to 43 form part of these financial statements

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Company statement of changes in equity

| 30 June 2017 | Attributable to equity holders of the Company | | | | | |
|---|---|---------------|----------------------------|----------------|------------------|---------------------------|
| | Share Capital | Share Premium | Capital Redemption Reserve | Merger Reserve | Retained Profits | Total Shareholders Equity |
| | £ | £ | £ | £ | £ | £ |
| At 1 July 2016 | 2,541,136 | - | 273,183 | 2,912,060 | 13,986,264 | 19,712,643 |
| Profit for the year | - | - | - | - | 4,023,352 | 4,023,352 |
| Shares purchased into Treasury | - | - | - | - | (2,514,495) | (2,514,495) |
| Cancellation of Treasury shares | (437,934) | - | 437,934 | - | - | - |
| Total comprehensive profit for the year | (437,934) | - | 437,934 | - | 1,508,857 | 1,508,857 |
| At 30 June 2017 | 2,103,202 | - | 711,117 | 2,912,060 | 15,495,121 | 21,221,550 |

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Company statement of changes in equity

Attributable to equity holders of the Company

30 June 2016

| | Share Capital | Share Premium | Capital Redemption Reserve | Merger Reserve | Retained Profits | Total Shareholders Equity |
|---------------------------------------|--------------------------|--------------------------|---|---------------------------|-----------------------------|--|
| | £ | £ | £ | £ | £ | £ |
| At 1 July 2015 | 2,541,136 | - | 273,183 | 2,912,060 | 14,056,935 | 19,783,314 |
| Loss for the year | - | - | - | - | (70,671) | (70,671) |
| Total comprehensive loss for the year | - | - | - | - | (70,671) | (70,671) |
| At 30 June 2016 | 2,541,136 | - | 273,183 | 2,912,060 | 13,986,264 | 19,712,643 |

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Company statement of cash flows

| | Note | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|---|-------------|--|--|
| Cash flow from operating activities | | | |
| Profit / (loss) before taxation | | 4,006,569 | (87,214) |
| Adjustments for: | | | |
| Finance expense | | 106 | - |
| Finance income | | (3,056) | (7) |
| Dividend received | | (4,107,534) | - |
| Corporation taxes recovered | | 16,952 | 18,449 |
| Net cash flow used in operating activities before changes in working capital | | (86,963) | (68,772) |
| Decrease / (increase) in trade and other receivables | | 19,158 | (3,452) |
| (Decrease) / increase in trade and other payables | | (65,291) | 55,943 |
| Net cash flow used in operating activities | | (133,096) | (16,281) |
| Investing activities | | | |
| Interest received | | 3,056 | 7 |
| Dividend received | | 4,107,534 | - |
| Net cash flow from investing activities | | 4,110,590 | 7 |
| Financing activities | | | |
| Shares purchased into Treasury | | (2,514,495) | - |
| Interest paid | | (106) | - |
| Net cash flow used in financing activities | | (2,514,601) | - |
| Net decrease in cash and cash equivalents in the year | | 1,462,893 | (16,274) |
| Cash and cash equivalents at the beginning of the year | | 545 | 16,819 |
| Cash and cash equivalents at the end of the year | 15 | 1,463,438 | 545 |

The notes on pages 25 to 43 form part of these financial statements.

1 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 SIS, 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.

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 loss for the year included a profit on ordinary activities after tax of £4,023,352 (2016: loss £70,672) 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 new financial reporting standards for the first time in preparing its financial statements for the period ended 30 June 2016. There has been no material impact on the Group's financial statements.

- IFRS 7: Financial Instruments Disclosure (Amended 2011) (Revised 2010) (effective as of 1 January 2016)
- IFRS 10, IFRS 12 & IAS 28: Investment Entities (effective as of 1 January 2016)

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:

- IFRS 9: Financial Instruments (effective as of 1 January 2018)
- IFRS 15: Revenue from Contracts with Customers (effective as of 1 January 2018)

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 Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Basis of preparation and significant accounting policies (continued)

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.

Investments in subsidiaries

Fixed asset investments in subsidiary undertakings are shown at cost less any necessary impairment. The cost of acquisition excludes directly attributable professional fees and other expenses incurred in connection with the acquisition, these costs are written of 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 consolidated statement of financial position at cost plus post-acquisition changes in the Group’s share of net assets of the associate. The consolidated statement of comprehensive income 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. Any dividend or distribution received from an associate is used to reduce its carrying value.

The financial statements of the associate are prepared to 31 March 2017, 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. This is therefore considered to reasonable time period as to give an adequate reflection of the Group’s investment.

The directors consider that the Group does not hold such influence as to exert control over its investment in SIS. The Group currently holds a 20.54% shareholding in SIS.

The Carrying value of the Group’s investment in its associate includes the excess consideration over net assets at the date of acquisition. Any excess value is analysed between separately identifiable intangible assets and goodwill. Goodwill is not amortised and is reviewed annually for impairment by way of a Directors’ assessment. Any separately identified intangible assets are amortised over their useful economic life.

1 Basis of preparation and significant accounting policies (continued)

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 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 reporting 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

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

1 Basis of preparation and significant accounting policies (continued)

Trade and other receivables: These include amounts due to the group and prepayments and accrued income.

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.

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.

Income from the equity accounted associate is recognised as outlined in note 2 to the accounts.

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 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.

1 Basis of preparation and significant accounting policies (continued)

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. 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.

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 below.

(i) Impairment of non-current assets

The value of non-current assets is considered by the Directors at the end of each reporting period. Impairments are recognised on the bases outlined in note 22 to the accounts.

The directors consider the forecast income statements, statements and financial position and cash flows of SIS for a five year period to review whether an impairment is required. This takes into consideration the forecast EBITDA, future events projected by management and the cash position of SIS.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

2 Investment in associate

Year Ended 30 June 2017

| | Group £ |
|--|--------------------|
| Cost | |
| At 1 July 2016 | 25,000,000 |
| Share of profit - 2017 | 3,498,784 |
| Share of other comprehensive loss - 2017 | (414,292) |
| Dividend received - 2017 | (4,107,534) |
| Impairment - 2017 | - |
| At 30 June 2017 – CMG share of SIS net assets | <u>23,976,958</u> |

Year Ended 30 June 2016

| | Group £ |
|--|--------------------|
| Cost | |
| At 1 July 2015 - Restated | 25,000,000 |
| Transitional adjustment | (368,521) |
| Share of profit - 2016 | 3,409,845 |
| Share of other comprehensive loss - 2016 | (26,702) |
| Dividend received - 2016 | - |
| Impairment - 2016 | (3,014,622) |
| At 30 June 2016 – CMG share of SIS net assets | <u>25,000,000</u> |

The Group's interest in the associate, SIS, a company incorporated in England and Wales, is held by Alternatport Limited. Alternatport 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. Alternatport Limited is a wholly owned subsidiary of Catalyst Media Holdings Limited a wholly owned subsidiary of Catalyst Media Group plc.

A copy of the strategic forecast prepared by SIS was made available to the Directors of CMG showing management forecasts through to 2022/2023 of the income statement, statement of financial position and statements of cash flow. The assumptions made by management were also provided.

It is expected that the net operating profits of SIS would significantly fall to a much lower level due to the change in margins arising from media rights ownership.

After reviewing the forecasts and other factors, the Directors concluded that the carrying value of the investment should continue at £24 million.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

2 Investment in associate (continued)

| Share of profit of associate | 2017 | 2017 | 2016 |
|---|----------------------------|--------------------------------|--------------------------------|
| | SIS Total £'000 | CMG share £'000 | CMG share £'000 |
| Revenue: | | | |
| SIS Betting Services | 202,524 | 41,598 | 42,987 |
| SIS LIVE Services | 15,813 | 3,248 | 3,830 |
| Total revenue | <u>218,337</u> | <u>44,846</u> | <u>46,817</u> |
| Operating profit | 20,992 | 4,312 | 4,182 |
| Net interest receivable / (payable) | 534 | 110 | 94 |
| Profits / (losses) on business wind down | 923 | 189 | (101) |
| Profit on disposal of joint venture | - | - | 132 |
| Profit on disposal of fixed asset | 25 | 5 | 65 |
| Profit before tax | <u>22,474</u> | <u>4,616</u> | <u>4,372</u> |
| Taxation | <u>(5,440)</u> | <u>(1,117)</u> | <u>(962)</u> |
| Share of profit after taxation | <u>17,034</u> | <u>3,499</u> | <u>3,410</u> |
| Net income from associate | <u>17,034</u> | <u>3,499</u> | <u>3,410</u> |
| Other comprehensive income: | | | |
| Actuarial loss | (1,500) | (308) | (308) |
| Deferred tax | 500 | 103 | 7 |
| Change in value of hedging instrument | <u>(1,017)</u> | <u>(209)</u> | <u>274</u> |
| | <u>(2,017)</u> | <u>(414)</u> | <u>(27)</u> |
| Share of net assets and liabilities of associate | | | |
| Net assets | 161,735 | 33,221 | 32,685 |
| Net liabilities | <u>(71,449)</u> | <u>(14,676)</u> | <u>(13,117)</u> |
| Net equity | <u>90,286</u> | <u>18,545</u> | <u>19,568</u> |

As at 30 June 2017, SIS was continuing to deal with tax and legal issues that arose from the 2010 Commonwealth Games (CWG) in Delhi, India. SIS, via a partnership of the name of SIS Live, delivered the host broadcast production and facilities contract for the 2010 CWG. Given continuing scrutiny of the entire CWG project immediately after the closure of the Games, approximately 40% of the contact has still not been paid. A provision of £5.9 million was made in respect of this non-payment.

SIS Live received a draft assessment in March 2014 from Indian tax authorities in relation to the year ended March 2011. SIS has strongly rejected the draft assessment, and continues to appeal it through the Indian judiciary system. As appeal proceedings continue it is not possible to quantify the potential tax liability that may arise of the subsequent recoverability of that amount through the courts and therefore no further provision has been made in the accounts of SIS.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

3 Revenue

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

| | 2017 | 2016 |
|----------------------------------|---------------|---------------|
| | £ | £ |
| Business administrative services | 25,000 | 25,000 |
| Total revenue | <u>25,000</u> | <u>25,000</u> |

4 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 one segment; business administrative services. Business administrative services focuses on managing the strategic investment in SIS, including the provision of non-executive director services to SIS and the management of overheads.

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.

Year ended 30 June 2017

| | Business administrative services (including SIS investment) | Total (per consolidated financial statements) |
|---|--|--|
| | £ | £ |
| Segment revenue | <u>25,000</u> | <u>25,000</u> |
| Operating loss | (103,916) | (103,916) |
| Financial income | 3,056 | 3,056 |
| Financial costs | (106) | (106) |
| Share of profit of associate (note 2) | 3,498,784 | 3,498,784 |
| Segment profit | <u>3,397,818</u> | <u>3,397,818</u> |
| Tax | 16,783 | 16,783 |
| Share of other comprehensive income of associate | (414,292) | (414,292) |
| Consolidated profit for the year | <u>3,000,309</u> | <u>3,000,309</u> |
| Segment assets | <u>25,455,500</u> | <u>25,455,500</u> |
| Segment liabilities | <u>(34,671)</u> | <u>(34,671)</u> |
| Net assets | <u>25,420,829</u> | <u>25,420,829</u> |

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

4 Segmental analysis (continued)

Year ended 30 June 2016

| | Business administrative services (including SIS investment) | Total (per consolidated financial statements) |
|---|--|--|
| | £ | £ |
| Segment revenue | <u>25,000</u> | <u>25,000</u> |
| Operating loss | (87,036) | (87,036) |
| Financial income | 7 | 7 |
| Financial costs | (186) | (186) |
| Share of profit of associate (note 2) | 3,409,845 | 3,409,845 |
| Impairment of associate | (3,014,622) | (3,014,622) |
| Transitional adjustment relating to equity-accounted associate | (368,521) | (368,521) |
| Segment loss | <u>(60,513)</u> | <u>(60,513)</u> |
| Tax | 16,543 | 16,543 |
| Share of other comprehensive income of associate - Restated | (26,702) | (26,702) |
| Consolidated profit for the year | <u>(70,672)</u> | <u>(70,672)</u> |
| Segment assets | <u>25,034,806</u> | <u>25,034,806</u> |
| Segment liabilities | <u>(99,791)</u> | <u>(99,791)</u> |
| Net assets | <u>24,935,015</u> | <u>24,935,015</u> |

5 Operating loss (Group)

| | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| Operating loss for the year is stated after charging: | | |
| Auditors' remuneration (note 8) | <u>10,000</u> | <u>10,300</u> |

Operating loss (Company)

| | 2017 | 2016 |
|--|--------------|--------------|
| | £ | £ |
| Operating loss for the year is stated after charging: | | |
| Auditors remuneration (note 8) | <u>2,600</u> | <u>2,600</u> |

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

6 Staff numbers and costs (Group and Company)

There were no staff other than the Non-executive Directors during the current and prior year.

7 Directors' emoluments (Group and Company)

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

| | 2017 | 2016 |
|-----------------|-------------|-------------|
| | £ | £ |
| Directors' fees | 45,255 | 45,252 |

8 Auditors' remuneration

| | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| Fees payable for the audit of the Group's financial statements | 7,400 | 7,700 |
| Fees payable for the audit of the Company's financial statements | 2,600 | 2,600 |
| | <u>10,000</u> | <u>10,300</u> |

9 Financial income

| | 2017 | 2016 | 2017 | 2016 |
|---------------------|-------------|-------------|-------------|-------------|
| | Group | Group | Company | Company |
| | £ | £ | £ | £ |
| Interest receivable | 3,056 | 7 | 3,056 | 7 |

10 Financial costs

| | 2017 | 2016 | 2017 | 2016 |
|------------------|-------------|-------------|-------------|-------------|
| | Group | Group | Company | Company |
| | £ | £ | £ | £ |
| Interest payable | 106 | 186 | 106 | 186 |

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

| 11 Taxation (Group) | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| Current tax | 17,000 | 17,198 |
| (Under) / Over provision in respect of prior periods | (217) | (655) |
| Total tax credit for the year | <u>16,783</u> | <u>16,543</u> |

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

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.75% (2016 – 20%). The standard tax rate reduced from 20% to 19% as of April 2017.

| | 2017 | 2016 |
|---|------------------|-----------------|
| | £ | £ |
| Profit / (loss) before tax | <u>3,397,818</u> | <u>(60,513)</u> |
| Tax on profit / (loss) at standard rate of 19.75% (2016 – 20.00%) | 671,069 | (12,102) |
| Expenses not deductible for tax purposes | 2,265 | 342 |
| Income not taxable | (690,253) | (5,340) |
| Under/(over) provision in respect of prior periods | 217 | 655 |
| Other items | (81) | (98) |
| Current tax credit | <u>(16,783)</u> | <u>(16,543)</u> |

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 £758,307 (2016: £847,600). The above deferred tax asset has been calculated based on a future UK tax rate of 17% (2016: 20%) as applicable from 1 April 2020.

12 Profit / earnings per share (diluted, undiluted and before impairment)

The calculation of the basic and diluted profit / earnings per share is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £3,414,601 (2016: Loss of £43,970) and a weighted average number of shares in issue for the period of 22,135,672 (2016: 24,411,357).

The calculation of the earnings per share (before impairment) is based upon the net profit after tax and attributable to ordinary shareholders of £3,414,601 (2016: Loss of £43,970), adjusted for impairment charges of £Nil (2016: £3,014,622) and a weighted average number of shares in issue for the period of 22,135,672 (2016: 24,411,357).

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

12 Profit / earnings per share (diluted, undiluted and before impairment) (continued)

Reconciliation of shares in issue:

| | Year ended 30 June 2017 | Year ended 30 June 2016 |
|--|-------------------------------|-------------------------------|
| Issued ordinary shares at 30 June 2017 | 21,032,030 | |
| Issued ordinary shares at 30 June 2016 | | 24,411,357 |
| Weighted average number of ordinary shares | 22,135,672 | 24,411,357 |

13 Investments

| Company Year Ended 30 June 2017 | Shares in subsidiaries £ |
|--|---|
| Cost At 30 June 2016 and 30 June 2017 | 16,750,000 |
| Provision for diminution in value At 30 June 2016 and 30 June 2017 | - |
| Net book value At 30 June 2016 and 30 June 2017 | 16,750,000 |

Details of the investments are as follows:

| | Activity | Percentage of ordinary shares held (%) | Registered office |
|---------------------------------|--------------------|---|--|
| Catalyst Media Holdings Limited | Investment Company | 100 | Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW |
| Alternateport Limited* | Investment Company | 100 | Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW |

* A subsidiary of Catalyst Media Holdings Limited

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

13 Investments (continued)

| Year Ended 30 June 2016 | Shares in subsidiaries |
|--|-------------------------------|
| | £ |
| Cost | |
| At 30 June 2015 and 30 June 2016 | <u>16,750,000</u> |
| Provision for diminution in value | |
| At 30 June 2015 and 30 June 2016 | <u>-</u> |
| Net book value | |
| At 30 June 2015 and 30 June 2016 | <u>16,750,000</u> |

14 Trade and other receivables

| | 2017 Group £ | 2016 Group £ | 2017 Company £ | 2016 Company £ |
|---------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Amounts owed by Group companies | - | - | 3,028,200 | 3,028,264 |
| Trade receivables | - | 15,000 | - | 15,000 |
| Prepayments | 13,768 | 16,761 | 13,768 | 16,761 |
| Other debtors | 1,312 | 2,412 | 1,312 | 2,413 |
| | <u>15,080</u> | <u>34,173</u> | <u>3,043,280</u> | <u>3,062,438</u> |

15 Cash and cash equivalents

| | 2017 Group £ | 2016 Group £ | 2017 Company £ | 2016 Company £ |
|---------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank | 1,463,462 | 633 | 1,463,438 | 545 |
| Cash and cash equivalents | <u>1,463,462</u> | <u>633</u> | <u>1,463,438</u> | <u>545</u> |

Cash and cash equivalents comprise cash only.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

16 Share capital

| | 2017 | 2016 |
|---|------------------|------------------|
| | Group | Group |
| | and | and |
| | Company | Company |
| | £ | £ |
| Authorised: | | |
| 65,711,223 ordinary shares of 10 pence each | 6,571,122 | 6,571,122 |
| | <u>6,571,122</u> | <u>6,571,122</u> |
| Allotted, issued and fully paid: | | |
| 21,032,030 ordinary shares of 10 pence each | 2,103,202 | 2,541,136 |
| | <u>2,103,202</u> | <u>2,541,136</u> |

The total number of shares held in treasury as at 30 June 2017 was nil (2016: 1,000,000).

The Company made the following share repurchases during the period:

| <u>Date of repurchase</u> | <u>No. of shares</u> | <u>Price per share</u> |
|---------------------------|----------------------|------------------------|
| 02 October 2016 | 400,000 | 70p |
| 17 October 2016 | 65,000 | 75p |
| 19 October 2016 | 20,000 | 75p |
| 25 October 2016 | 224,200 | 75p |
| 27 October 2016 | 1,242,362 | 75p |
| 1 November 2016 | 763,133 | 75p |
| 2 November 2016 | 25,000 | 75p |
| 4 November 2016 | 1,268 | 75p |
| 7 November 2016 | 162,737 | 75p |
| 8 November 2016 | 1,127 | 75p |
| 9 November 2016 | 474,500 | 75p |

The ordinary shares repurchased totalling 3,379,327 and those held in treasury at the beginning of the period totalling 1,000,000 with a total nominal value of £437,933 were cancelled during the period. As at 30 June 2017, there were no shares held in treasury.

17 Interest-bearing cash balances

Effective interest rates and repricing analysis

In respect of income-earning financial assets, the following table indicates their effective average interest rates in the year to 30 June 2017.

| | Effective interest rate | Group Total £ 2017 | Group Current £ 2017 |
|---------------------------------|------------------------------------|---------------------------------------|---|
| Cash at bank and other deposits | 0.14% | 1,463,462 | 1,463,462 |

| | Effective interest rate | Company Total £ 2017 | Company Current £ 2017 |
|---------------------------------|------------------------------------|---|---|
| Cash at bank and other deposits | 0.14% | 1,463,438 | 1,463,438 |

18 Trade and other payables

| | 2017 Group £ | 2016 Group £ | 2017 Company £ | 2016 Company £ |
|--------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade payables | 4,655 | 21,029 | 4,655 | 21,029 |
| Amounts due to Group companies | - | - | 549 | 549 |
| Other payables | - | 20,000 | - | 20,000 |
| Accruals and deferred income | 26,479 | 55,394 | 26,477 | 55,394 |
| | <u>31,134</u> | <u>96,423</u> | <u>31,681</u> | <u>96,972</u> |

Trade payables are all due within one year.

19 Corporation tax payable

| | 2017 Group £ | 2016 Group £ | 2017 Company £ | 2016 Company £ |
|---------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Consortium relief payable | 3,537 | 3,368 | 3,537 | 3,368 |

20 Financial instruments

In common with other businesses, 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 1.

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 | 2017 | 2016 |
|--|-------------|-------------|
| | £ | £ |
| Financial assets | | |
| Loans and receivables | | |
| Trade and other receivables | 15,080 | 34,173 |
| Cash and cash equivalents | 1,463,462 | 633 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | | |
| Trade and other payables | (31,134) | (96,423) |
| | <hr/> | <hr/> |
| Company | 2017 | 2016 |
| | £ | £ |
| Financial assets | | |
| Loans and receivables | | |
| Trade and other receivables | 15,080 | 34,173 |
| Cash and cash equivalents | 1,463,438 | 545 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | | |
| Trade and other payables | (31,683) | (96,972) |
| | <hr/> | <hr/> |

General objectives, policies and processes

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 flexibility. Further details regarding these policies are set out below:

Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

20 Financial instruments (continued)

| Loans and receivables | 2017 | 2016 |
|------------------------------|------------------|---------------|
| | £ | £ |
| Trade and other receivables | 1,312 | 17,412 |
| Cash and cash equivalents | 1,463,462 | 633 |
| | <u>1,464,774</u> | <u>18,045</u> |

The group policy is to make a provision against those debts that are overdue, unless there are grounds for believing that all or some of the debts will be collected. No provision was made in respect to bad and doubtful debts during the year (216: £Nil).

Liquidity risk

Liquidity risk arises from the Group's and Company's management of working capital. There is a 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 and trade and other payables. Trade and other payables are all payable within three months.

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

| Fair value of financial liabilities | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| Trade and other payables | 31,134 | 96,423 |
| | <u>31,134</u> | <u>96,423</u> |

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, capital redemption reserve, 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 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 Capital commitments

There were no capital commitments outstanding at 30 June 2017 for the Group or the Company.

22 Ultimate Controlling party

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

23 Post balance sheet events

Following the year end, SIS declared a dividend of £15.0 million and CMG received a total of £3.1 million on 23 October 2017. Although SIS continues to be cash positive, there can be no certainty as to the timing and quantum of further dividends. Following receipt of the dividend, the Company had a cash balance of £4.5 million as at 30 November 2017.

24 Related party transactions

During the year, SIS paid the Group £25,000 (2016: £25,000) in respect of fees for the services of the Directors. In addition SIS paid the Group £16,783 (2016: £18,449) in respect of consortium relief payments.

As at the balance sheet date, Melvin Lawson, and his associated companies, had an interest in 3,615,486 ordinary shares of the Company, representing 17.19% of the total issued share capital of the Company, excluding shares held in treasury.

During the year, AB Group Limited, a company of which Melvin Lawson is a director, advanced an amount of £Nil (2016: £10,000) to the Company and was repaid amounts of £10,000 (2016: £Nil). Interest at a rate of 5% per annum is charged on the loan and an amount of £53 (2016: £109) is included in these financial statements. As at the balance sheet date, the Company owed £Nil (2016: £10,109) to AB Group Limited.

As at the balance sheet date, Mark Hawtin had an interest in 2,010,117 ordinary shares of the Company, representing 9.56% of the total issued share capital of the Company, excluding shares held in treasury.

As at the balance sheet date, Michael Rosenberg had an interest in 10,520 ordinary shares of the Company, representing 0.05% of the total issued share capital of the Company, excluding shares held in treasury.

Harwood Capital LLP acts as the investment manager to Oryx International Growth Fund Limited which holds an interest of 3,125,000 Ordinary Shares representing 14.86% of the issued ordinary share capital, and accordingly Harwood Capital LLP is a substantial shareholder of the Company. Christopher Mills is the Chief Investment Officer of Harwood Capital LLP and holds 100% of the share capital of Harwood Capital Management Limited, a member of Harwood Capital LLP.

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2017
Notes to the financial statements

24 Related party transactions (continued)

During the year, Harwood Holdco Limited, a company of which Christopher Mills is a director, advanced an amount of £Nil (2016: £10,000) to the Company and was repaid amounts of £10,000 (2016: £Nil). Interest at a rate of 5% per annum is charged on the loan and an amount of £53 (2016: £77) is included in these financial statements. As at the balance sheet date, the Company owed £Nil (2016: £10,077) to Harwood Holdco Limited.

| | Salary and fees | Total | Total |
|-----------------|------------------------|---------------|---------------|
| | 2017 | 2017 | 2016 |
| | £ | £ | £ |
| M Rosenberg OBE | 15,255 | 15,255 | 15,252 |
| M Hawtin | 10,000 | 10,000 | 10,000 |
| C Mills | 10,000 | 10,000 | 10,000 |
| M Lawson | 10,000 | 10,000 | 10,000 |
| | <u>45,255</u> | <u>45,255</u> | <u>45,252</u> |

NOTICE OF ANNUAL GENERAL MEETING

CATALYST MEDIA GROUP PLC
(Registered in England and Wales with number 03955206)

Notice is hereby given that the seventeenth Annual General Meeting (the “AGM”) of Catalyst Media Group plc (the “Company”) will be held on 12 January 2018 at 6 Stratton Street, London, W1J 8LD at 10.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 5 are ordinary resolutions and resolution 6 is a special resolution:

Ordinary Resolutions

1. To receive the audited financial statements and the report of the directors and the auditors for the Company for the year ended 30 June 2017.
2. To approve the directors’ remuneration report for the Company for the year ended 30 June 2017.
3. To reappoint haysmacintyre 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 Christopher Mills as a director.

Special Resolution

6. Subject to, and in accordance with the Company’s articles of association, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of the Company provided that:
 - (a) the maximum number of ordinary shares hereby authorised to be acquired is 3,154,805 (being fifteen per cent of the issued ordinary shares of the Company at the date of this resolution);
 - (b) the minimum price which may be paid for an ordinary share is the nominal value of such share;
 - (c) the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share in the Company as derived from the AIM Appendix to The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased;
 - (d) the authority hereby conferred shall expire on the date which is 12 months from the date of the passing of this resolution;
 - (e) the Company may make any purchase of its ordinary shares pursuant to a contract concluded before the authority hereby conferred expires and which will or may be executed wholly or partly after the expiry of such authority; and

NOTICE OF AGM

- (f) all ordinary shares purchased pursuant to the authority conferred by this resolution shall be cancelled immediately on completion of the purchase or held in treasury (provided that the aggregate nominal value of shares held as treasury shares shall not at any time exceed ten per cent. of the issued ordinary share capital of the Company at any time).**

By order of the Board

**Michael Rosenberg OBE
Chairman**

**Registered Office:
Quadrant House,
4 Thomas More Square, London
E1W 1YW**

Date: 11 December 2017

NOTICE OF AGM

Notes:

1. Only the holders of ordinary shares are entitled to attend the meeting and vote, subject to note 4 below. A member entitled to attend and vote may appoint one or more proxies to attend, speak and vote on his behalf at the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. A member need not be a member of the Company but must attend the meeting to represent him.
2. A form of proxy is provided. To be effective, a form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority) must be completed, signed and lodged with the Company's registrar, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 48 hours before the time of the meeting. Depositing a completed form of proxy will not preclude a member from attending the meeting and voting in person.
3. A shareholder which is a corporation (including a company) (a "corporation") and which wishes to be represented at the meeting by a person with authority to speak, vote on a show of hands and vote on a poll (a "corporate representative") must submit a certified copy of the resolution giving the relevant authority to that corporate representative to the registered office (for the attention of the directors) by the same deadline as in note 2 above. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of the Company. Alternatively, a corporation may complete and return a form of proxy.
4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 10.00am on 12 January 2018. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy, but the vote of the senior (by order in the register of members) who tenders a vote will be accepted to the exclusion of the others.
6. Copies of the following documents will be available for inspection at the Company's registered office, during normal business hours, on any day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the day of the meeting and at the place of the meeting for 15 minutes prior to and during the meeting:
 - (a) the register of directors' interests in the share capital of the Company; and
 - (b) copies of the directors' service contracts

FORM OF PROXY

**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) orto 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 6 Stratton Street, London W1J 8LD on 12 January 2018 at 10.00 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 year ended 30 June 2017.
2. To approve the directors' remuneration report for the Company for the year ended 30 June 2017.
3. To reappoint haysmacintyre 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 Christopher Mills as a director.

| | | |
|--|--|--|
| | | |
| | | |
| | | |
| | | |
| | | |

SPECIAL RESOLUTIONS

6. To grant the Company authority to make market purchases of its own ordinary shares

| | | |
|--|--|--|
| | | |
|--|--|--|

Signature (see note 4)..... Dated

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 Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA 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 Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.