



CATALYST MEDIA GROUP PLC

Report and financial statements
for the 6 months ended 30th September 2008

CATALYST MEDIA GROUP PLC
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Chairman's statement

I am pleased to report that for the six months ended 30th September 2008 the Group has generated a net profit before taxation of £386,205 (2007: a loss of £419,955). Net assets at 30 September 2008 were £23,544,804 (2007: £21,746,200). Net assets per share were 83.1 pence per share (2007: 80.3 pence per share).

During the period under review further savings were achieved with regard to recurring ongoing expenses. As previously reported the sale of Newsplayer was completed in April 2008 for £225,000 before costs. As a result the main asset of the Group remains the 20.54% stake in Satellite Information Services (Holdings) Ltd (SIS) and based on present information that company continues to perform in line with expectations.

CMG received a dividend of £3.07 million from SIS in October 2008 and following this receipt was able to reduce its overall indebtedness which now stands at £3,675,000 (30 Sept 2008: £7,807,571) The Board expects the recent reductions in the Bank of England base rate to further benefit the Group.

The online games of Tringo and Spooof are now almost fully developed and discussions continue with interested parties with regard to the marketing of these games. However, as previously mentioned, these are not considered core activities for the Group.

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Report and financial statements for the six month period ended 30 September 2008
Consolidated interim income statement

	Notes	6 months to 30 September 2008 £ Unaudited	6 months to 30 September 2007 £ Unaudited	Year to 31 March 2008 £ Audited
Revenue		29,470	92,730	130,337
Cost of sales		-	(1,936)	-
Gross profit		29,470	90,794	130,337
Administrative expenses		(241,306)	(303,089)	(642,703)
Loss on sale of subsidiary		-	-	(21,561)
Impairment of development costs		-	-	(129,254)
Total administrative expenses		(241,306)	(303,089)	(793,518)
Other income	3	255,960	1,393	-
Operating profit/(loss)		44,124	(210,902)	(663,181)
Financial income		23,198	35,309	64,646
Financial costs	4	(624,541)	(1,544,336)	(1,809,778)
Net financial costs		(601,343)	(1,509,027)	(1,745,132)
Share of profit from equity-accounted associate		943,424	1,299,974	2,814,023
Profit/(loss) before tax		386,205	(419,955)	405,710
Taxation		219,121	275,009	687,000
Profit/(loss) for the period from continuing operations		605,326	(144,946)	1,092,710
Loss for the period from discontinued operations		-	-	(132,634)
Profit/(loss) for the period		605,326	(144,946)	960,076
Earnings/(loss) per share:	5			
Basic		2.1p	(0.5p)	3.4p
Diluted		2.1p	(0.5p)	3.4p
Earnings/(loss) per share from continuing operations:	5			
Basic		2.1p	(0.5p)	3.9p
Diluted		2.1p	(0.5p)	3.9p

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Consolidated interim balance sheet

	30 September 2008 £ Unaudited	30 September 2007 £ Unaudited	31 March 2008 £ Audited
Assets			
Non-current assets			
Intangible assets	66,447	230,350	66,447
Property, plant and equipment	474	2,797	758
Investment in associate	29,852,576	27,395,137	28,909,152
	<u>29,919,497</u>	<u>27,628,284</u>	<u>28,976,357</u>
Current assets			
Trade and other receivables	330,407	575,833	526,190
Cash and cash equivalents	1,393,143	1,225,884	1,209,088
	<u>1,723,550</u>	<u>1,801,717</u>	<u>1,735,278</u>
Total assets	<u>31,643,047</u>	<u>29,430,001</u>	<u>30,711,635</u>
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	9,243,197	9,243,197	9,243,197
Share premium	38,904,450	38,904,450	38,904,450
Merger reserve	2,402,674	2,402,674	2,402,674
Translation reserve	-	30,998	-
Retained deficit	(27,005,517)	(28,835,119)	(27,610,843)
	<u>23,544,804</u>	<u>21,746,200</u>	<u>22,939,478</u>
Non-current liabilities			
Interest-bearing loans and borrowings	-	7,119,749	7,312,689
Current liabilities			
Interest-bearing loans and borrowings	7,807,571	-	-
Trade and other payables	290,672	564,052	459,468
	<u>8,098,243</u>	<u>564,052</u>	<u>459,468</u>
Total equity and liabilities	<u>31,643,047</u>	<u>29,430,001</u>	<u>30,711,635</u>

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Consolidated interim statement of changes in equity

	Share capital	Share Premium	Merger reserve	Share-option reserve	Retained deficit	Total shareholders equity
	£ Unaudited	£ Unaudited	£ Unaudited	£ Unaudited	£ Unaudited	£ Unaudited
At 1 April 2007	7,143,197	30,896,287	2,402,674	388,526	(28,959,445)	11,871,239
Profit for the year	-	-	-	-	960,076	960,076
Total recognised in profit and loss for the year	-	-	-	-	960,076	960,076
Share-based payment adjustment recognised in equity	-	-	-	(388,526)	388,526	-
Total recognised gains and losses in the year	-	-	-	(388,526)	1,348,602	960,076
Shares issued in the year	2,100,000	8,400,000	-	-	-	10,500,000
Share issue expenses	-	(391,837)	-	-	-	(391,837)
At 31 March 2008	9,243,197	38,904,450	2,402,674	-	(27,610,843)	22,939,478
At 1 April 2008	9,243,197	38,904,450	2,402,674	-	(27,610,843)	22,939,478
Profit for the period	-	-	-	-	605,326	605,326
Total recognised in profit and loss for the period	-	-	-	-	605,326	605,326
At 30 September 2008	9,243,197	38,904,450	2,402,674	-	(27,005,517)	23,554,804

CATALYST MEDIA GROUP PLC
Report and financial statements for the six month period ended 30 September 2008
Consolidated interim cash flow statement

	6 months to 30 September 2008 £ Unaudited	6 months to 30 September 2007 £ Unaudited	Year to 31 March 2008 £ Audited
Cash flow from operating activities			
Profit/(loss) before taxation including discontinued operations	386,205	(419,955)	273,076
Adjustments for:			
Depreciation, amortisation and impairment	284	394,898	168,522
Share of profit from associate	(943,424)	(1,299,974)	(2,814,023)
(Profit)/loss from sale of subsidiary and interest in associate	(255,960)	(1,393)	61,566
Loss on sale of plant and equipment	-	-	113
Finance income	(23,198)	-	(64,646)
Finance expense	624,541	1,544,336	1,809,778
Corporation taxes recovered	323,644	275,009	618,887
Net cash flow from operating activities before changes in working capital	112,092	492,921	53,273
Decrease in trade and other receivables	195,783	362,053	256,592
Increase/(decrease) in trade and other payables	(12,314)	(2,268,745)	(1,442,966)
Net cash flow generated from/(used) in operating activities	295,561	(1,413,771)	(1,133,101)
Investing activities			
Payments for property, plant and equipment	-	-	(669)
Dividend received from associate	-	2,053,685	2,053,685
Interest received	23,198	35,309	64,646
Sale of subsidiary	213,746	93,248	93,248
Net cash flow from investing activities	236,944	2,182,242	2,210,910
Financing activities			
Issue of ordinary shares	-	10,500,000	10,500,000
Cost of share issue	-	(391,837)	(391,837)
Proceeds from long-term borrowings	-	7,410,000	7,312,689
Repayment of long-term borrowings	-	(17,465,000)	(17,465,000)
Interest and early redemption fees paid	(348,450)	(1,544,336)	(1,773,159)
Net cash flow from financing activities	(348,450)	(1,491,173)	(1,817,307)
Net increase/(decrease) in cash and cash equivalents in the period	184,055	(722,702)	(739,498)
Cash and cash equivalents at the beginning of the period	1,209,088	1,948,586	1,948,586
Cash and cash equivalents at the end of the period	1,393,143	1,225,884	1,209,088

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Notes to the interim financial statements

1 Corporate information

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

2 Basis of preparation

These interim financial statements of the Company and its subsidiaries ("the Group") for the six months ended 30 September 2008 have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union and also in accordance with the Companies Act 1985.

The accounting policies adopted for the preparation of this interim statement are consistent with the accounting policies adopted in the financial statements for the year ended 31 March 2008.

The financial information set out above does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. Statutory accounts for the twelve months to 31 March 2008, on which the report of the auditors was unqualified and did not contain a statement under section 237 of the Companies Act 1985, have been filed with the Registrar of Companies.

3 Disposal of subsidiary companies

In April 2008 the Group sold Newsplayer Limited and Newsplayer International Limited. These operations were sold effectively at 1 April 2008 and did not contribute to operating activities in the period.

	6 months to 30 September 2008 £	6 months to 30 September 2007 £	Year to 31 March 2008 £
4 Finance expenses			
Interest payable	348,450	576,467	841,909
Amortisation of transaction costs and other loan redemption fees	276,091	967,869	967,869
	<u>624,541</u>	<u>1,544,336</u>	<u>1,809,778</u>

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5 Earnings per share

The calculation of the basic earnings/(loss) per share is based upon the following:

	6 months to 30 September 2008 £	6 months to 30 September 2007 £	Year to 31 March 2008 £
Basic			
Earnings/(loss) per share – pence	2.1p	(0.5p)	3.4p
Profit/(loss) attributable to equity shareholders	£605,326	(£144,946)	£960,076
Weighted average number of shares in issue	28,143,197	27,093,197	27,971,066

Diluted

Earnings/(loss) per share – pence	2.1p	(0.5p)	3.4p
Profit attributable to equity shareholders	£605,326	-	£960,076
Weighted average number of shares in issue	28,323,197	-	28,151,066

The loss per share for the six month period to 30 September 2007 is the same as the basic loss per share as the loss has an anti-dilutive effect. The disposed operations (note 3) did not contribute to operating activities during the period.

6 Dividend

The Directors have not declared a dividend for the interim period ended 30 September 2008.