

Catalyst Media Group plc (“CMG”, the “Company”, or the “Group”)

Interim Results for Six Months Ended 30 September 2009

Catalyst Media Group Plc (CMG) today announces its unaudited interim results for the six months ended 30 September 2009.

Financial Highlights for the six months ended 30 September

Profit after tax £1,176,821 (2008: £605,326)

Earnings per share 4.2p (2008: 2.2p)

Net Assets of £26,582,015 (2008: £23,544,804)

Net assets per share 94.5p (2008: 83.1p)

Net borrowings: £3.8 million (2008: £6.68 million)

Dividend of £2.92 million to be received in December 2009

Following the receipt of the dividend from SIS:

- (i) Net borrowing will decrease to £0.75 million (2008: £3.6 million)
- (ii) Net assets per share will increase to 104.9p

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Chairman's statement

I am pleased to report that for the six months ended 30th September 2009 the Group has generated a net profit after taxation of £1,176,821 (2008: £605,326). Net assets at 30 September 2009 were £26,582,015 (2008: £23,544,804). Net assets per share were 94.5 pence per share (2008: 83.1 pence per share).

During the period under review further savings were achieved in administrative costs which were reduced to approximately £140,000 for the period (2008: £241,000).

The main asset of the Group remains the 20.54% stake in Satellite Information Services (Holdings) Ltd ("SIS"). CMG equity accounts for its share in the profits of SIS.

During 2009 we were pleased to note the signing of a long term rights agreements by SIS with both Arena Leisure Plc and Northern Racing Limited. This ensures the supply of images and data from the coverage of horseracing fixtures at these racecourses until 2016 and 2017 respectively. The agreements cover a total of 17 racecourses, comprising 28% of the 60 active racecourses in the UK (source: RCA). This year SIS is scheduled to cover 377 meetings from Arena courses, which represents 25% of all UK horse racing fixtures taking place.

We also note a number of positive recent developments at SIS within its SIS LIVE division, including the contract to supply production and coverage facilities in New Delhi for the 2010 Commonwealth Games. SIS commented that this significant win confirms its position as one of the select group of companies that are able to carry out an event of this size and complexity. Under the terms of the agreement SIS LIVE will provide all the production facilities and personnel to cover 17 different sports across 12 venues in Delhi as well as the Games' opening and closing ceremonies.

Based on present information SIS continues to perform well and in line with management expectations and has now declared a £14.2 million dividend (2008: £15.0m) which will be paid to the shareholders of SIS in December 2009. The dividend accruing to CMG is £2.92 million. This will be applied to the reduction of CMG's borrowings. After this reduction and the repayment of the temporary loan from Mr Christopher Mills referred to in an announcement on 30 October 2009, the net indebtedness of CMG will be approximately £0.75 million.

The online games referred to in previous statements are nearing final development and it is anticipated that revenues from these games should commence in March 2010 before CMG's year end.

Note to Editors

The principal activities of SIS are:

- i) The provision of satellite news-gathering and associated transmission services through its market leading SIS LIVE division, which now accounts for the major contribution to its continuing profitability (Uplink Services);
- ii) The provision of outside broadcast television production units, including sound, support and communication (Outside Broadcast);
- iii) The provision of television production services for other broadcasters (Other Services); and
- iv) The long established business providing integrated TV and information services delivered via satellite to licensed betting offices in the UK, Ireland and overseas (Racing Services).

SIS provides its services to almost every betting outlet in the United Kingdom and Ireland, as well as in Europe, the Caribbean and Sri Lanka, providing and distributing live coverage of horseracing and greyhound racing. SIS also produces the "At The Races" channel on the Sky Satellite platform.

The SIS Group has continued to strengthen its position and is delivering not only its own televised services, but also those of its UK competitor, Turf TV, into more than

75% of the UK market. The SIS Group intends to stay ahead of the competition by offering visual and data services that are of the highest quality and competitively priced.

On 22 July 2009 it was announced that SIS had signed a long term agreement with Arena Leisure plc ("Arena"), the UK's leading operator of horseracing fixtures, which owns and operates seven racecourses in the UK. The rights agreement ensures that SIS will continue to provide horseracing images from Doncaster, Royal Windsor, Folkestone, Lingfield Park, Southwell, Wolverhampton and Worcester until the end of 2016 in its services to licensed betting offices. The tracks include all weather and floodlit courses that ensure racing is available to bookmakers all year round and during the increasingly important evening trading period.

Furthermore SIS has signed a long term agreement with Northern Racing Ltd an operator of ten racecourses in the UK including Chepstow and Fontwell Park. The agreement now runs to 2017.

The SIS Group acquired the BBC Outside broadcast business for £21m from the British Broadcasting Corporation ("BBC") on 1 April 2008. SIS LIVE is now one of the most experienced television, production and outside broadcast service providers in Europe. With a fleet of over 110 uplinks covering the spectrum of state-of-the-art uplink trucks, its proprietary automated Upod technology and its rapidly deployed, dismountable Drive Fly kits, it is now the largest provider of transportable satellite uplink services in the world, servicing clients including television news broadcasters and sports event organisers. It covers 100,000 hours of live events worldwide each year, including Formula One, The Wimbledon Championships, UEFA Champions League football and European Tour Golf and delivers approximately 80% of live news feeds across the UK.

In 2008 it announced an alliance in the United States with Intelstat, the leading supplier of commercial satellite services to market its Upod products in the United States market.

For the year ended 31 March 2009, SIS reported audited revenue of £192.9 million (2008: £159.0 million), earnings before interest, tax, depreciation and amortisation ("EBITDA") of £35.6 million (2008: £32.3 million) and profit after tax of £15.1 million (2008: £18.0 million).

Further information on SIS can be found on its website at www.sis.tv.

Consolidated interim statement of comprehensive income

	Notes	6 months to 30 September 2009 £ Unaudited	6 months to 30 September 2008 £ Unaudited	Year to 31 March 2009 £ Audited
Revenue		26,875	29,470	92,392
Cost of sales		-	-	(2,990)
Gross profit		<u>26,875</u>	<u>29,470</u>	<u>89,402</u>
Administrative expenses		(140,253)	(241,306)	(324,651)
Impairment of development costs		-	-	(66,447)
Total administrative expenses		<u>(140,253)</u>	<u>(241,306)</u>	<u>(391,098)</u>
Operating loss		<u>(113,378)</u>	<u>(211,836)</u>	<u>(301,696)</u>
Financial income		23	23,198	32,322
Financial costs	4	(127,627)	(624,541)	(906,563)
Net financial costs		<u>(127,604)</u>	<u>(601,343)</u>	<u>(874,241)</u>
Share of profit from equity-accounted associate	1	1,268,345	943,424	3,114,275
Profit before tax		<u>1,027,363</u>	<u>103,245</u>	<u>1,938,338</u>
Taxation		149,458	219,121	310,000
Profit for the period from continuing operations		<u>1,176,821</u>	<u>349,366</u>	<u>2,248,338</u>
Profit for the period from discontinued operations		-	255,960	217,378
Profit for the period		<u>1,176,821</u>	<u>605,326</u>	<u>2,465,716</u>
Earnings per share:	5			
Basic		4.2p	2.2p	8.8p
Diluted (as restated at 30 September 2008)		<u>4.2p</u>	<u>2.2p</u>	<u>8.8p</u>
Earnings per share from continuing operations:	5			
Basic		4.2p	1.2p	8.0p
Diluted (as restated at 30 September 2008)		<u>4.2p</u>	<u>1.2p</u>	<u>8.0p</u>

Consolidated interim statement of financial position

	30 September 2009 £ Unaudited	30 September 2008 £ Unaudited	31 March 2009 £ Audited
Assets			
Non-current assets			
Intangible assets	-	66,447	-
Property, plant and equipment	111	474	278
Investment in associate	30,211,242	29,852,576	28,942,897
	<u>30,211,353</u>	<u>29,919,497</u>	<u>28,943,175</u>
Current assets			
Trade and other receivables	156,978	330,407	232,319
Corporation tax receivable	104,377	-	118,390
Cash and cash equivalents	35,628	1,393,143	72,951
	<u>296,983</u>	<u>1,723,550</u>	<u>423,660</u>
Total assets	<u>30,508,336</u>	<u>31,643,047</u>	<u>29,366,835</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
Retained deficit	(23,968,306)	(27,005,517)	(25,145,127)
	<u>26,582,015</u>	<u>23,544,804</u>	<u>25,405,194</u>
Non-current liabilities			
Interest-bearing loans and borrowings	3,834,649	-	3,763,899
Current liabilities			
Interest-bearing loans and borrowings	-	7,807,571	-
Trade and other payables	91,672	290,672	197,742
	<u>91,672</u>	<u>8,098,243</u>	<u>197,742</u>
Total equity and liabilities	<u>30,508,336</u>	<u>31,643,047</u>	<u>29,366,835</u>

Notes to the financial statements

1 Investment in associate	Share of net assets Group £	Fair Value of Intangibles Group £	Total Group £
Cost			
At 1 April 2009	7,764,856	21,178,041	28,942,897
Additions – share of profit	1,268,345	-	1,268,345
Amortisation charged in year	-	-	-
Dividend received	-	-	-
At 30 September 2009	<u>9,033,201</u>	<u>21,178,041</u>	<u>30,211,242</u>

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

Share of profit of associate	30 September 2009 SIS Total £'000	30 September 2009 CMG share £'000	30 September 2008 CMG share £'000	31 March 2009 CMG share £'000
Revenue:				
Racing services	66,197	13,597	12,953	28,198
SIS live services	39,031	8,017	8,396	11,431
Total revenue	<u>105,228</u>	<u>21,614</u>	<u>21,349</u>	<u>39,629</u>
EBITDA	<u>16,094</u>	<u>3,306</u>	<u>2,831</u>	<u>7,321</u>
Operating profit from ongoing operations	10,264	2,108	2,116	5,206
Operating profit from acquisitions	-	-	-	(744)
Exceptional costs	(1,389)	(285)	(647)	-
				4,462
Net interest receivable	-	-	12	-
Net interest payable	(557)	(114)	-	(79)
Profit before tax	8,318	1,709	1,481	4,383
Taxation	(2,145)	(441)	(532)	(1,280)
Share of profit after taxation	6,173	1,268	949	3,103
Share of other reserve movements	2	-	(6)	11
Retained profit transferred to reserves	6,175	1,268	943	3,114
Amortisation of fair-value of intangible asset	-	-	-	-
Net income from associate	<u>1,268</u>	<u>943</u>	<u>943</u>	<u>3,114</u>
Share of gross assets and liabilities of associate				
Gross assets	100,964	20,738	22,978	20,064
Gross liabilities	(56,545)	(11,614)	(14,212)	(12,208)
Net equity	44,419	9,124	8,766	7,856
Other adjustments	-	(91)	(91)	(91)
	<u>44,419</u>	<u>9,033</u>	<u>8,675</u>	<u>7,765</u>

2 Corporate information

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

3 Basis of preparation

These interim financial statements of the Company and its subsidiaries (“the Group”) for the six months ended 30 September 2009 have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union and also in accordance with the Companies Act 2006.

The accounting policies adopted for the preparation of this interim statement are consistent with the accounting policies adopted in the financial statements for the year ended 31 March 2009.

The financial information set out above does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Statutory accounts for the twelve months to 31 March 2009, 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.

	6 months to 30 September 2009 £	6 months to 30 September 2008 £	Year to 31 March 2009 £
4 Finance expenses			
Interest payable	75,641	348,450	835,499
Amortisation of transaction costs and other loan redemption fees	51,986	276,091	71,064
	<u>127,627</u>	<u>624,541</u>	<u>906,563</u>

5 Earnings per share

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

	6 months to 30 September 2009 £	6 months to 30 September 2008 £	Year to 31 March 2009 £
Basic and Diluted			
Earnings per share – pence	<u>4.2p</u>	<u>2.2p</u>	<u>8.8p</u>
Profit attributable to equity shareholders	<u>£1,176,821</u>	<u>£605,326</u>	<u>£2,465,716</u>
Weighted average number of shares in issue	<u>28,143,197</u>	<u>28,143,197</u>	<u>28,143,197</u>

Basic and Diluted

Earnings from continuing operations per share – pence	<u>4.2p</u>	<u>1.2p</u>	<u>8.0p</u>
Profit attributable to equity shareholders	<u>£1,176,821</u>	<u>£349,366</u>	<u>£2,248,338</u>
Weighted average number of shares in issue	<u>28,143,197</u>	<u>28,143,197</u>	<u>28,143,197</u>

6 Dividend

The Directors have not declared a dividend for the interim period ended 30 September 2009.

Consolidated interim statement of cashflow

	6 months to 30 September 2009 £ Unaudited	6 months to 30 September 2008 £ Unaudited	Year to 31 March 2009 £ Audited
Cash flow from operating activities			
Profit before taxation including discontinued operations	1,027,363	386,205	2,465,716
Adjustments for:			
Depreciation, amortisation and impairment	167	284	66,927
Share of profit from associate	(1,268,345)	(943,424)	(3,114,275)
Loss from sale of subsidiary and interest in associate	-	(255,960)	(217,378)
Finance income	(23)	(23,198)	(32,322)
Finance expense	70,750	624,541	1,010,499
Corporation taxes recovered	163,471	323,644	310,000
Net cash inflow/(outflow) from operating activities before changes in working capital	(6,617)	112,092	489,167
(Increase)/decrease in trade and other receivables	75,341	195,783	(134,519)
Increase/(decrease) in trade and other payables	(106,070)	(12,314)	82,751
Net cash flow generated from/(used) in operating activities	(37,346)	295,561	437,399
Investing activities			
Dividend received from associate	-	-	3,080,530
Interest received	23	23,198	32,322
Sale of subsidiary	-	213,746	-
Net cash flow from investing activities	23	236,944	3,112,852
Financing activities			
Proceeds from long-term borrowings	-	-	3,763,899
Repayment of long-term borrowings	-	-	(7,312,689)
Interest and early redemption fees paid	-	(348,450)	(1,137,598)
Net cash outflow from financing activities	-	(348,450)	(4,686,388)
Net increase/(decrease) in cash and cash equivalents in the period	(37,323)	184,055	(1,136,137)
Cash and cash equivalents at the beginning of the period	72,951	1,209,088	1,209,088
Cash and cash equivalents at the end of the period	35,628	1,393,143	72,951

Consolidated interim statement of changes in equity

	Share capital	Share Premium	Merger reserve	Retained deficit	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 April 2008	9,243,197	38,904,450	2,402,674	(27,610,843)	22,939,478
Profit for the year				2,465,716	2,465,716
Total recognised in profit and loss for the year				2,465,716	2,465,716
Total recognised gains and losses in the year				2,465,716	2,465,716
At 31 March 2009	9,243,197	38,904,450	2,402,674	(25,145,127)	25,405,194
At 1 April 2009	9,243,197	38,904,450	2,402,674	(25,145,127)	25,405,194
Profit for the period				1,176,821	1,176,821
Total recognised in profit and loss for the period				1,176,821	1,176,821
At 30 September 2009	9,243,197	38,904,450	2,402,674	(23,968,306)	26,582,015

