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Chairman's Statement

OVERVIEW

At 30 September 2007, CMG continued to own a 20.54% stake in Satellite Information Services (Holdings) Limited ("SIS"), the leading producer of video, audio and data to over 9,700 licensed betting offices in the UK and Ireland. SIS is also the leading satellite uplink contractor in Europe, providing link units to a variety of clients including television news companies and sports event organisers. In addition CMG is developing a suite of on-line games which it intends to bring to market in the near future. During the six month period under review it has reduced levels of borrowings and successfully refinanced the balance. Central costs have continued to be reduced.

OPERATIONAL HIGHLIGHTS

BORROWINGS

On 10 April 2007, CMG raised £10 million (after expenses) via a Placing and Open Offer at 0.5p per share and borrowed £3.5 million from North Atlantic Smaller Companies Investment Trust ("NASCIT"). On 24 August 2007 CMG borrowed a further £3.91million from National Westminster Bank plc to repay in full the debt that the Company had in place with Investec Bank (UK) Limited. As at 30 September 2007, the Company's borrowings were approximately £7.5 million.

DISPOSALS

On 27 April 2007, CMG completed the sale of NPG Inc, the Company's US-based on-line portal for sourcing stock footage from multiple libraries. The one remaining asset held by the Company in the USA is the entitlement to royalties on income from Global Media Services Inc until 31 December 2009 which has continued to perform ahead of management expectation.

SETTLEMENT

On 7th August 2007, the Company settled a claim by Champ Car World Series LLP ("Champ Car") against the Company for US$400,000 which was provided for in the financial year ended 31 March 2007.

GAMES

CMG continues the development of the on-line gaming platform together with a suite of fixed odds and head to head games. In the Annual Report to 31 March 2007, the Company announced that these games were entering their testing and pre-marketing phase. Good progress in this phase has now been made and the Company expects to launch in early 2008.

SIS

SIS continues to perform ahead of CMG's expectations.

On 20 August 2007 SIS paid a £10 million dividend in respect of the retained earnings brought forward balance as at 31 March 2007 and resulted in a £2.05 million contribution to CMG. These monies were used to reduce a proportion of the then outstanding debt with Investec.

There has been significant publicity in relation to the new competition faced by SIS arising from a joint venture between Alphameric plc and 31 of the 59 British racecourses (known as Amalgamated Racing Limited, or Amrac) who have formed a new television service known as Turf TV to supply pictures to betting shops. Turf TV has been established to challenge SIS's pre-eminent position as the supplier of racing content to bookmakers. There has also been significant publicity about a High Court action that has been brought by a bookmakers' organisation and a number of individual bookmakers against Amrac. Along with its defence, Amrac issued a counterclaim against the bookmakers, including SIS. SIS has in turn issued a defence, and its own counterclaim against Amrac.

SIS's other main business division known as SISLink is not affected by Amrac and accounts for over 30% of the profitability of the SIS Group. The SISLink business is Europe's largest independent satellite uplink provider. Among its more recently reported successes was the award of a contract in April 2007 to supply Sky News and Five News with satellite services, which involve delivering Sky News a fleet of highly specified uplink vehicles and providing satellite services until 2012.

As reported in Catalyst's Annual Report to 31 March 2007, SIS has significant long term contracts in place with its customers and suppliers which underpin its revenues and CMG believes that there is no reason to revise its expectations for the SIS results to 31 March 2008 at this time.

FINANCIAL RESULTS

As an AIM-listed company, the Group is required to adopt International Financial Reporting Standards (IFRS) with effect for periods beginning on or after 1 January 2007.

The first financial information to be reported by the Group in accordance with IFRS will be for the six months to 30 September 2007, but the requirement to present comparative information means that a balance sheet prepared in accordance with IFRS at 30 September 2006 is required.

This announcement includes the consolidated results of the Group converted from a UK Generally Accepted Accounting Practices (UK GAAP) basis to an IFRS basis for the period to 30 September 2007, the year to 31 March 2007, and balance sheets as at 30 September 2006, as at 31 March 2007 and as at 30 September 2007.

This document explains the significant accounting policy changes from the accounting policies adopted under UK GAAP for the year ended 31 December 2006.

The Company recorded a loss for the six month period ended 30 September 2007 of £0.1 million (compared to a loss of £0.5 million for the six month to 30 September 2006). This reflects the Board's on-going commitment to de-risk the business and reduce costs. As a result of CMG accounting for SIS as an associate it is reporting a 20.54% share of SIS retained profit for the period representing income of £1.3 million in the Company's income statement which is net of the IFRS adjustment for amortisation of £0.4 million.

At the Company's AGM held on 25 October 2007 a special resolution was passed to consolidate the Company's ordinary shares on a 100 for 1 basis to create ordinary shares of 10p each thus reducing the number of ordinary shares in issue from 2.81 billion to a more manageable 28.1 million.

The name of the Company will no longer be changed from Catalyst Media Group plc to CMG plc due to there being an existing trading company with a name which is considered too similar to this name. The Company will however continue to trade as CMG.

No dividend has been paid or is proposed by the Company.

OUTLOOK

The board is focused on reducing central costs to the minimum practicable and in the light of the declared dividend policy of SIS it hopes to further reduce debt over the next 12 months. The debt is now significantly lower following the corporate structuring that has taken place during the year. At 30 September 2007, the Company's borrowings are now approximately £7.5 million compared to £17.3 million at 30 September 2006, net debt is £6.3 million and normalised operational overhead costs on an annualised basis are now running at less than £0.6 million per annum compared to more than £1 million per annum for the prior year to 31 March 2007.

Michael Rosenberg O.B.E.

CHAIRMAN

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Consolidated interim income statement

	Note	6 months to 30 September 2007 £ (unaudited)	6 months to 30 September 2006 £ (unaudited)	Year to 31 March 2007 £ (Audited and restated)
Revenue		**92,730**	138,949	283,818
Cost of sales		**(1,936)**	(11,695)	(16,674)
Gross profit		**90,794**	127,254	267,144
Other income		**1,393**	-	151,705
Administrative costs		**(303,089)**	(651,775)	(3,886,203)
Operating loss		**(210,902)**	(524,521)	(3,467,354)
Finance income		**35,309**	3,112	7,666
Finance costs		**(1,544,336)**	(493,771)	(2,129,972)
Net finance cost		**(1,509,027)**	(490,659)	(2,122,306)
Share of profit from associates		**1,299,974**	-	1,307,692
Loss before tax		**(419,955)**	(1,015,180)	(4,281,968)
Income tax credit		**275,009**	329,500	1,010,757
Loss for the period		**(144,946)**	(685,680)	(3,271,211)
Attributable to:				
Equity holders of the parent		**(144,946)**	(685,680)	(3,271,211)
Minority interest		**-**	198,371	198,371
		(144,946)	(487,309)	(3,072,840)
Earnings per share:				
Basic and diluted	3	**(0.53p)**	(7.1p)	(45p)

Consolidated interim balance sheet

	30 September 2007 £ (unaudited)	30 September 2006 £ (unaudited)	31 March 2007 £ (Audited and restated)
ASSETS			
Non-current assets			
Property, plant and equipment	**2,797**	68,636	54,893
Goodwill	**-**	1,077,561	104,710
Other intangible assets	**230,350**	2,162,845	230,350
Investments in associates	**27,395,137**	29,082,137	28,148,848
	27,628,284	32,391,179	28,538,801
Current assets			
Trade and other receivables	**575,833**	414,908	1,401,669
Cash and cash equivalents	**1,225,884**	773,636	1,948,586
	1,801,717	1,188,544	3,350,255
Total assets	**29,430,001**	33,579,723	31,889,056
LIABILITIES			
Current liabilities			
Trade and other payables	**564,052**	1,732,185	1,848,429
Current portion of long-term borrowings	**-**	-	160,000
	564,052	1,732,185	2,008,429
Non-current liabilities			
Long-term borrowings	**7,119,749**	17,305,000	17,305,000
Other non-current liabilities	**-**	-	704,390
Total non-current liabilities	**7,119,749**	17,305,000	18,009,390
Total liabilities	**7,683,801**	19,037,185	20,017,819
Net assets	**21,746,200**	14,542,538	11,871,237
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	**9,243,196**	7,143,197	7,143,197
Share options reserve	**380,609**	472,446	388,526
Share premium account	**38,904,457**	30,896,287	30,896,287
Merger reserve	**2,402,674**	2,402,674	2,402,674
Profit and loss account	**(29,215,734)**	(26,404,914)	(28,990,445)
Translation reserve	**30,998**	32,848	30,998
Total equity	**21,746,200**	14,542,538	11,871,237

Consolidated interim statement of recognised income and expense

	6 months to 30 September 2007 £ (unaudited)	6 months to 30 September 2006 £ (unaudited)	Year to 31 March 2007 £ (Audited and restated)
Exchange differences on translation of foreign operations	-	32,848	30,998
Net income/(expense) recognised directly in equity	-	32,848	30,998
Loss for the period	**(144,946)**	(487,309)	(3,072,840)
Total recognised income and expense for the period	**(144,946)**	(454,461)	(3,041,842)
Attributable to:			
Equity holders of the parent	**(144,946)**	(652,832)	(3,240,213)
Minority interest	**-**	198,371	198,371
	(144,946)	(454,461)	(3,041,842)

Consolidated interim cash flow statement

	6 months to 30 September 2007 £ (unaudited)	6 months to 30 September 2006 £ (unaudited)	Year to 31 March 2007 £ (Audited and restated)
Cash flows from operating activities			
Loss after taxation	**(144,946)**	(685,680)	(3,271,211)
Adjustments for:			
Depreciation, amortisation and impairment	**394,898**	12,939	1,863,581
Taxation credit recognised in the income statement	**(275,009)**	(329,500)	(1,010,757)
Share of profits in associates	**(1,299,974)**	-	(1,307,692)
Profit on sale of subsidiary and interest in associate	**(1,393)**	-	(151,705)
Interest expense	**1,544,336**	493,771	2,129,972
Increase/(decrease) in trade receivables	**362,053**	72,289	(919,025)
(Decrease)/increase in trade payables	**(2,249,617)**	626,421	1,307,398
Cash generated from operations	**(1,669,652)**	190,240	(1,359,439)
Interest received	**35,309**	3,112	7,666
Interest paid	**(1,544,336)**	(493,771)	(2,129,972)
Corporation taxes recovered	**275,009**	329,500	1,010,758
Net cash from (used in) operating activities	**(2,903,670)**	29,081	(2,470,987)
Cash flows from investing activities			
Disposal of subsidiary	**82,029**	-	-
Investment in associates	**-**	(5,979,695)	(3,742,926)
Dividends received from associates	**2,053,685**	-	-
Purchase of property, plant and equipment	**-**	(616)	(951,982)
Net cash from (used in) investing activities	**2,135,714**	(5,980,311)	(4,694,908)
Cash flows from financing activities			
Proceeds from issue of share capital	**10,100,254**	-	2,618,634
Proceeds from long-term borrowings	**7,410,000**	17,305,000	17,305,000
Payment of long-term borrowings	**(17,465,000)**	(11,214,384)	(11,443,403)
Net cash from financing activities	**42,254**	6,090,616	8,480,231
Net increase/(decrease) in cash and cash equivalents	**(772,702)**	139,386	1,314,336
Cash and cash equivalents at beginning of period	**1,948,586**	634,250	634,250
Cash and cash equivalents at end of period	**1,225,884**	773,636	1,948,586

Notes to the consolidated interim financial statements

1 General information

Catalyst Media Group plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The registered address of Catalyst Media Group plc is Portland House, 4 Great Portland Street, London W1W 8QJ. Its shares are listed on the AIM market of the London Stock Exchange.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 10 December 2007.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 March 2007, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain any statements under Section 237(2) of the Companies Act 1985.

2 Basis of preparation

These consolidated interim financial statements are for the six months ended 30 September 2007. They have been prepared in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 31 March 2008. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2007.

These financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments.

These consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

These consolidated interim financial statements have been prepared in accordance with the accounting policies which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 December 2007 or are expected to be adopted and effective at 31 December 2007, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

Catalyst Media Group plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 31 March 2007. The date of transition to IFRS was 1 April 2006. The comparative figures in respect of 2006 have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 5.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated interim financial statements. The Group's revised accounting polices under IFRS will be published in full in the financial statements for the year ending 31 March 2008.

3 Earnings per share

Basic and diluted earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the average number of shares in issue during the year.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	6 months to 30 September 2007 £ (unaudited)	6 months to 30 September 2006 £ (unaudited)	Year to 31 March 2007 £ (Audited and restated)
Loss after tax	**(144,946)**	(487,309)	(3,072,840)
Weighted average number of shares	**27,093,197**	6,862,178	6,862,178
Basic and diluted earnings per share (pence)	**(0.53p)**	(7.1p)	(45p)

On 25 October 2007 a special resolution was passed at the AGM to consolidate ordinary shares on a 100 for 1 basis reducing the number of ordinary shares in issue from 2.81 billion to a 28.1 million. The above calculation of earnings per share reflects the consolidation and all reported periods have been adjusted as if this consolidation had occurred at the beginning of the earliest reported period.

4 Dividends

The directors do not propose the payment of a dividend for the period.

5 Explanation of transition to IFRS

As stated in the Basis of Preparation, these are the Group's first consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements which will be prepared in accordance with IFRS.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out below.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These interim financial statements have been prepared on the basis of taking the following exemptions:

- business combinations prior to 1 April 2006, the Group's date of transition to IFRS, have not been restated to comply with IFRS 3 "Business Combinations". Goodwill arising from these business combinations of £117,352 has not been restated; and
- cumulative translation differences on foreign operations are deemed to be nil at 1 April 2006. Any gains and losses recognised in the consolidated income statement on subsequent disposal of foreign operations will exclude translation differences arising prior to the transition date.

Reconciliation of equity at 1 April 2006

	UK GAAP	Adjustment a	IFRS
	£	£	£
Non-current assets			
Property, plant and equipment	89,367	-	89,367
Goodwill	3,067,352	(2,950,000)	117,352
Other financial assets	22,193,670	2,950,000	25,143,670
Current assets			
Trade and other receivables	472,438	-	472,438
Cash and cash equivalents	634,250	-	634,250
Current liabilities			
Trade and other payables	(4,022,475)	-	(4,022,475)
Non-current liabilities			
Long-term borrowings	(9,049,491)	-	(9,049,491)
Net assets	13,385,111	-	13,385,111
Equity			
Share capital	6,272,361	-	6,272,361
Share premium account	27,928,193	-	27,928,193
Merger reserve	2,402,674	-	2,402,674
Profit and loss account	(25,938,983)	-	(25,938,983)
Shares to be issued	472,446		472,446
Total equity	11,136,691	-	11,136,691
Minority interest	2,248,420		2,248,420
	13,385,111		13,385,111

Reconciliation of equity at 30 September 2006

	UK GAAP	Adjustments a	Adjustments b	IFRS
	£	£	£	£
Non-current assets				
Property, plant and equipment	68,636	-	-	68,636
Goodwill	7,909,915	(6,842,137)	9,783	1,077,561
Other intangible assets	2,162,845	-	-	2,162,845
Investments in associates	22,240,000	6,842,137	-	29,082,137
Current assets				
Trade and other receivables	414,908	-	-	414,908
Cash and cash equivalents	773,636	-	-	773,636
Current liabilities				
Trade and other payables	1,732,185	-	-	1,732,185
Non-current liabilities				
Long-term borrowings	17,305,000	-	-	17,305,000
Net assets	14,532,755	-	9,783	14,542,538
Equity				
Share capital	7,143,196	-	-	7,143,196
Share premium account	30,896,287	-	-	30,896,287
Profit and loss account	(26,381,848)	-	9,783	(26,372,065)
Merger Reserve	2,402,674	-	-	2,402,674
Shares options reserve	472,446	-	-	472,446
Total equity	14,532,755	-	-	14,542,538

Reconciliation of equity at 31 March 2007

		Adjustments			
	UK GAAP	a	b	c	IFRS
	£	£	£	£	£
Non-current assets					
Property, plant and equipment	54,893	-	-	-	54,893
Goodwill	6,928,068	(6,842,137)	18,779	-	104,710
Other intangible assets	230,350	-	-	-	230,350
Investments in associates	21,730,019	6,842,137	-	(423,308)	28,148,848
Current assets					
Trade and other receivables	1,401,669	-	-	-	1,401,669
Cash and cash equivalents	1,948,586	-	-	-	1,948,586
Current liabilities					
Trade and other payables	1,848,429	-	-	-	1,848,429
Current portion of long-term borrowings	160,000	-	-	-	160,000
Non-current liabilities					
Long-term borrowings	17,305,000	-	-	-	17,305,000
Other non-current liabilities	704,390	-	-	-	704,390
Net assets	12,275,766	-	18,779	(423,308)	11,871,237
Equity					
Share capital	7,143,197	-	-	-	7,143,197
Share premium account	30,896,287	-	-	-	30,896,287
Merger reserve	2,402,674	-	-	-	2,402,674
Profit and loss account	(28,554,918)	-	18,779	(423,308)	(28,959,447)
Shares options reserve	388,526	-	-	-	388,526
Total equity	12,275,766	-	18,779	(423,308)	11,871,237

Reconciliation of profit for the 6 months ended 30 September 2006

	UK GAAP	Adjustments a	b	IFRS
	£	£	£	£
Revenue	138,949	-	-	138,949
Cost of sales	(11,695)	-	-	(11,695)
Gross profit	127,254	-	-	127,254
Other Income	-	-	-	-
Administrative costs	(661,558)	-	9,783	(651,775)
Operating profit	(534,304)	-	9,783	(524,521)
Finance income	3,112	-	-	3,112
Finance costs	(493,771)	-	-	(493,771)
Net finance income / (cost)	(490,659)	-	-	(490,659)
Share of profit of associates	-	-	-	-
Profit before tax	(1,024,963)	-	9,783	(1,015,180)
Income tax expense	329,500	-	-	329,500
Profit for the period	(695,463)	-	-	(685,680)
Attributable to:				
Equity holders of the parent	(695,463)	-	-	(685,680)
Minority interest	198,371	-	-	198,371
	(497,092)	-	-	(487,309)

Reconciliation of profit for the year to 31 March 2007

		Adjustments					
	UK GAAP	**a**	**b**	**c**	**d**	**e**	**IFRS**
	£	**£**	**£**	**£**	**£**	**£**	**£**
Revenue	283,818	-	-	-	-	-	283,818
Cost of sales	16,674	-	-	-	-	-	16,674
Gross profit	267,144	-	-	-	-	-	267,144
Other income	151,705	-	-	-	-	-	151,705
Administrative costs	(4,807,826)		18,779			902,844	(3,886,203)
Operating profit	(4,388,977)	-	18,779	-	-	902,844	(3,467,354)
Finance income	102,666	-	-	-	(95,000)	-	7,666
Finance costs	(1,227,128)	-	-	-	-	(902,844)	(2,129,972)
Net finance income / (cost)	(1,124,462)	-	-	-	(95,000)	(902,844)	(2,122,306)
Share of profit of associates	2,394,000	-	-	(423,308)	(663,000)	-	1,307,692
Profit before tax	(3,119,439)	-	18,779	(423,308)	(758,000)	-	(4,281,968)
Income tax expense	252,757	-	-	-	758,000	-	1,010,757
Profit for the period	(2,866,682)	-	18,779	(423,308)	-	-	(3,271,211)
Attributable to:							
Equity holders of the parent	(2,668,311)	-	-	-	-	-	(3,469,582)
Minority interest	198,371	-	-	-	-	-	198,371
	(2,866,682)	-	-	-	-	-	(3,271,211)

Notes to the reconciliations

a) The group previously recognised certain items as being in relation to the acquisition of a subsidiary and giving rise to goodwill in that respect. On the adoption of IFRS and the application of IAS 39 (Financial instruments: Recognition and measurement) and IAS 28 (Investments in associates) these items have been reclassified as appropriate.

b) In accordance with IFRS 3, goodwill arising on the acquisition of a subsidiary is no longer amortised and therefore any adjustment to amortise goodwill under UK GAAP during the period since transition to IFRS has been reversed.

c) In accordance with IAS 28 (Investments in associates) a fair value exercise has been carried out in accordance with the principles of IFRS 3 *(Business combinations). As a consequence, certain intangible assets (customer contracts and relationships) with a finite life have been recognised with related deferred tax liabilities and are carried within the group's share of net assets in its associate within the 'Investment in associate' caption in the financial statements in accordance with IAS 28. These intangible assets are amortised over their useful economic life (which the Board consider to be 20 years) with the related deferred tax liability released over the same period.

d) In accordance with IAS 28 only the profit after tax is disclosed in respect of the share of the profit from associates which has led to a reclassification from the UK GAAP presentation.

e) In accordance with IAS 32 'Financial instruments: Presentation' certain costs have been reclassified within the income statement.