21 July 2006

CATALYST MEDIA GROUP PLC

("CMG" or the "Company")

PRELIMINARY RESULTS

FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2006

Catalyst Media Group plc, the media company, today announces its preliminary results for the 17 months ended 31 March 2006.

OVERVIEW

CMG is a media company that manages and distributes high quality audio-visual content using interactive digital technology. Through its associated companies, CMG provides services to support clients' online strategies and is a partner to media companies in the digitalisation and distribution of broadcast content. CMG also holds its own rights, specialising in historic entertainment and educational content, generating revenues from the licensing of content globally to third parties, from consumer subscriptions, pay-per-view fees and from advertising revenue.

CMG also owns an effective 17.7% stake in Satellite Information Services (Holdings) Limited ("SIS"), the leading producer of sports content in the UK, providing over 9,700 bookmakers with live television pictures, data display systems and other broadcast services.

OPERATIONAL HIGHLIGHTS

The 17 months to 31 March 2006 has been the most significant period of development in the history of CMG. In September 2005, we completed the acquisition of a 20% stake in SIS from United Business Media plc. Following share repurchases by SIS in November 2005 and March 2006, our stake increased to 22.2%. The SIS stake is held through our subsidiary company, Catalyst Media Holdings Ltd ("CMH"), which is owned 80% by CMG and 20% by Eureka Interactive Fund Ltd. Consequently, our current effective interest in SIS is 17.7%.

Following the SIS acquisition, we embarked on a strategy to de-risk and reduce costs in the Group so as to maximise the benefit to shareholders of our interest in SIS. As part of this process, Global Media Services ("GMS"), the New York based media services business, was sold to its management in October 2005. As consideration, CMG will receive 15 per cent. of the gross revenues of the holding company of GMS from 1 January 2006 to 31 December 2010. In addition, BPI, the wholly owned New York based television production company, entered into an agreement with PowPix Productions which assumed responsibility for running BPI's post production facility. As a result of this agreement, BPI's annual cost base has been reduced from £1.1 million to less than £50,000. CMG remains in discussions with a number of interested parties with regard to the disposal of its remaining US subsidiary, NPG Inc., which operates the world's leading stock footage portal, Footage.net. In the UK a comprehensive re-structuring was implemented, which has reduced annual overheads by a further £500,000.

In December 2005, SIS paid an interim dividend of £10 million, which yielded £2.2 million for CMH, the proceeds of which were applied to the early reduction of the debt raised to part finance the SIS acquisition. SIS continues to perform ahead of expectations and the Board expects a substantial dividend to be paid in the third quarter of 2006 which should enable us to repay the majority of the remaining debt. We are confident of the prospects for SIS and have reached an agreement in principle with Eureka Interactive Fund Ltd to purchase their 20% stake in CMH for £5.5 million in cash. This consideration will be funded from the proceeds of the anticipated dividend and if necessary through bank finance secured against the shares in SIS. This transaction will result in CMH becoming a wholly-owned subsidiary of the Group, which will then benefit from the full 22.2% shareholding in SIS.

Since the period end, we have made our first investment in building the operational side of the business to reflect our new focus on the gaming sector, whilst leveraging our core skills in on-line distribution. In June 2006, we announced the launch of an on-line gaming platform complete with a suite of fixed odds and exclusive head to head games. As part of this initiative CMG has acquired an exclusive five year licence from YooMedia plc ("YooMedia") for the head to head version of Tringo, the compelling interactive game that is a combination of Tetris and Bingo and has agreed, subject to contract, to acquire the entire issued share capital of Spoof.com Limited which has developed an on-line, head to head version of the traditional pub game, "Spoof". The offering will also include fixed odds games such as Roulette, Keno and dice games. CMG has also acquired a five year licence from YooMedia for the Engage technology platform which will enable gamers to play head to head cash or prize based games against each other across mobile phone, PC and TV platforms. Under the agreement, YooMedia will migrate the Spoof and Tringo products onto the Engage platform and provide back office, payment fulfilment, gaming licence, customer support and technology facilities. The Board believes that the head to head gaming sector is an under-exploited and potentially lucrative market with exciting growth prospects.

As a result of the widespread re-structuring and receipt of the SIS interim dividend, CMG recorded retained profit for the five month period to 31 March 2006 of £1.38 million. This reduced the retained profit for the 17 month period to £5.9 million. For the current year to 31 March 2007, the Group will reflect the full benefit of our SIS investment combined with the contribution from our operating businesses and the Board is confident of a strong financial performance with positive cash flows and earnings.

FINANCIAL RESULTS

CMG recorded a retained profit for the five month period ended 31 March 2006 of £1.38 million and retained loss for the 17 month period ended 31 March 2006 of £5.9 million. The profit for the 5 months ended 31 March 2006 was mainly attributable to the £2.2m dividend received from SIS, positive gross profit in Newsplayer International and NPG Inc, and lower operating overheads due to the Group restructuring. No dividend has been proposed or paid.

CHANGE OF YEAR END

Following completion of the SIS acquisition, the current financial year of CMG was extended to 31 March 2006. CMG will publish its audited results for the 17 month period ended 31 March 2006 by 30 September 2006.

OUTLOOK

The acquisition of a significant stake in SIS is a very positive development for the Group which combined with the subsequent extensive re-structuring, offers excellent prospects for the future. The Directors anticipate that receipt of the SIS dividend will repay the outstanding debt in respect of this investment within the next 5 months, subject only to any debt required to purchase the stake held by Eureka. CMG has now restructured and re-focused and is in a strong position. We are actively seeking accretive, synergistic investments to leverage the earnings from SIS and drive value for shareholders.

Paul Duffen

Chief Executive Officer

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Results for the period ended 31 March 2006

Consolidated profit and loss account
For the seventeen months ended 31 March 2006

	Note	5 months ended 31 Mar 2006 £ (unaudited)	12 months ended 31 Oct 2005 £ (unaudited)	**17 months ended 31 Mar 2006 £ (audited)**	**Year ended 31 Oct 2004 £ (audited)**
Turnover					
Continuing operations	1	166,217	224,786	391,003	794,623
Discontinued operations		74,583	2,414,354	2,488,937	6,249,912
		240,800	2,639,140	2,879,940	7,044,535
Cost of sales		(60,643)	(2,176,576)	(2,237,219)	(6,843,917)
Gross profit		180,157	462,564	642,721	200,618
Operating expenses:					
- goodwill impairment		-	(2,457,022)	(2,457,022)	(2,194,000)
- other		(73,353)	(4,165,246)	(4,238,599)	(3,359,608)
		(73,353)	(6,622,268)	(6,695,621)	(5,553,608)
Operating profit /(loss)	2				
Continuing operations		(1,406,367)	(3,130,077)	(4,536,444)	(1,870,208)
Discontinued operations		1,513,171	(3,029,627)	(1,516,456)	(3,482,782)
		106,804	(6,159,704)	(6,052,900)	(5,352,990)
Loss on disposal of subsidiary		(310,519)	(1,635,994)	(1,946,513)	-
Interest receivable and similar income		1,619,488	685,619	2,305,107	29,195
Interest payable		(427,827)	(282,507)	(710,334)	(80,660)
Profit/(loss) on ordinary activities before taxation		987,946	(7,392,586)	(6,404,640)	(5,404,455)
Taxation		547,250	151,999	699,249	(1,166)
Profit/(loss) on ordinary activities after taxation		1,535,196	(7,240,587)	(5,705,391)	(5,405,621)
Minority Interest		(150,957)	(68,793)	(219,750)	-
Profit/(loss) for the period		1,384,239	(7,309,380)	(5,925,141)	(5,405,621)

Note 3:		
Basic and diluted loss per ordinary share	(1.21p)	(4.02p)
Basic and diluted loss per ordinary share: continuing operations	(0.94p)	(1.39p)
Basic and diluted loss per ordinary share: discontinued operations	(0.27p)	(2.64p)

Consolidated Statement of Total Recognised Gains and Losses
For the seventeen months ended 31 March 2006

	17 months ended 31 March 2006 £	Year ended 31 October 2004 £
Loss for the period	(5,925,141)	(5,405,621)
Currency translation difference	(69,745)	3,063
Total recognised losses for the period	(5,994,886)	(5,402,558)

Consolidated Balance Sheet
As at 31 March 2006

	Note	At 31 March 2006 £	At 31 October 2004 £
Fixed assets			
Intangible assets	4	117,352	5,255,822
Tangible assets		89,367	258,216
Investments		23,115,000	-
		23,321,719	5,514,038
Current assets			
Debtors	5	472,438	1,744,291
Cash at bank		634,250	427,160
		1,106,688	2,171,451
Creditors: amounts falling due within one year	6	(4,022,475)	(6,557,561)
Net current liabilities		(2,915,787)	(4,386,110)
Total assets less current liabilities			1,127,928
Creditors: amounts falling due after more than one year	7	(9,049,491)	(1,012,122)
Net assets		11,356,441	115,806
		£	£
Capital and reserves			
Called up share capital		6,272,361	1,405,099
Shares to be issued		-	476,000
Share premium account		27,928,193	15,303,683
Merger reserve		2,402,674	2,402,674
Profit and loss account		(25,466,537)	(19,471,650)
Equity shareholders' funds	9	11,136,691	115,806
Minority interest		219,750	-
		11,356,441	115,806

Consolidated Cash Flow Statement

For the seventeen months ended 31 March 2006

	Note	17 months ended 31 March 2006 £	Year ended 31 October 2004 £
Net cash outflow from operating activities	10	(4,806,932)	(2,087,355)
Returns on investment and servicing of finance	11	1,594,773	(51,465)
Taxation		334,249	(1,166)
Capital expenditure	11	(20,482)	(133,806)
Acquisitions	11	(23,115,000)	(141,911)
Cash outflow before financing		(26,013,392)	(2,415,703)
Financing	11	26,220,482	2,255,540
Increase/(decrease) in cash	12	207,090	(160,163)

Notes to the Accounts

1. Accounting policies and additional information

The results which have been extracted from the accounts for the period ended 31 March 2006 and the year ended 31 October 2004 do not constitute the statutory accounts within the meaning of Section 240 of the Companies Act 1985. The accounts for the year ended 31st October 2004 have been delivered to the Registrar and included the auditors' report which was unqualified and did not contain a statement either under section 237(2) or 237(3) of the Companies Act 1985. The accounts for the period ended 31 March 2006 will be distributed to the shareholders and delivered to the Registrar in due course.

The accounting policies are consistent with those applied in the preparation of the statutory accounts for the year ended 31 October 2004.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of Catalyst Media Group plc and all of its subsidiaries at the period end.

Revenue recognition and turnover

Revenue is recognised under an exchange transaction with a customer, when, and to the extent that, the Group obtains the right to consideration in exchange for its performance.

Turnover represents amounts derived from the provision of services which fall within the group's ordinary activities after deduction of trade discounts and value added tax. Those services include internet web design, television programme editing and production, website administration and revenues from streamed advertising.

2. Operating loss on ordinary activities before taxation

	17 months ended 31 March 2006 £	Year ended 31 October 2004 £
Operating loss is stated after charging:		
Amortisation of goodwill	677,334	510,702
Depreciation	185,301	152,013

3. Loss per share

The calculation of basic loss per share has been based on the loss after taxation and minority interest for the period 17 months to 31 March 2006 of £5,925,141 (2004: £5,405,621) and the weighted average number of ordinary shares in issue during the period of 488,640,167 (2004: 134,349,876). The loss attributed to continuing items totals £4,594,020 (2004:£1,861,761) and discontinued items totals £1,331,121 (2004: £3,543,860).

The diluted loss per share calculation is identical to that used for basic earnings per share as the exercise of share options would have the effect of reducing the loss per ordinary share and therefore is not dilutive under the terms of the Financial Reporting Standard 22 "Earnings per Share".

4. Intangible fixed assets

	Development Expenditure	Goodwill	Intellectual Property	Total
	£	£	£	£
Cost				
At 1 November 2004	64,484	7,975,331	4,213,834	12,253,649
Additions	30,467		-	30,467
Disposals	-	(2,668,912)	-	(2,668,912)
Foreign exchange adjustments	-	11,079	-	11,079
At 31 March 2006	94,951	5,317,498	4,213,834	9,626,283
Amortisation				
At 1 November 2004	-	(2,783,993)	(4,213,834)	(6,997,827)
Charge for the period	(94,951)	(582,383)	-	(677,334)
Disposals	-	627,700	-	627,700
Impairment		(2,457,021)		(2,457,021)
Foreign exchange adjustments	-	(4,449)	-	(4,449)
At 31 March 2006	(94,951)	(5,200,146)	(4,213,834)	(9,508,931)
Net book value				
At 31 March 2006	-	117,352	-	117,352
At 31 October 2004	64,484	5,191,338	-	5,255,822

In December 2005 the Directors performed an impairment review of intangible assets held by the Group. As a result of that review, it was determined that the carrying value of Betelgeuse Productions Inc goodwill should be impaired due to insufficient expected earnings related to those assets. Consequently goodwill was impaired by £2,457,021.

5. Debtors:

	At 31 March 2006 £	At 31 October 2004 £
Trade debtors	112,547	658,335
Other debtors (including £136,157 due in greater than one year)	201,478	144,808
Called up share capital not paid	-	10,500
Prepayments and accrued income	158,413	930,648
	472,438	1,744,291

6. Creditors: amounts falling due within one year

	At 31 March 2006 £	At 31 October 2004 £
Bank loan and overdraft	121,028	759,640
Other loans (including convertible loan note)	1,640,612	387,138
Obligations under finance leases	285,134	191,012
Trade creditors	296,980	2,234,625
Other taxation and social security	61,799	238,657
Other creditors	516,390	1,314,948
Accruals and deferred income	1,100,532	1,431,541
	4,022,475	6,557,561

7. Creditors: amounts falling due after more than one year

	At 31 March 2006 £	At 31 October 2004 £
Bank loan	-	51,494
Loan notes	-	637,507
Deep Discount bonds	9,049,491	-
Obligations under finance leases	-	122,263
Convertible loan note	-	160,000
Other creditors	-	40,858
	9,049,491	1,012,122

8. Changes in share capital

In November 2004 15,000,000 new ordinary shares of 1p were placed with Gartmore Investment Management Limited at 5p per share.

In November 2004 7,000,000 new ordinary shares of 1p were placed with Williams De Broe at 5p per share.

In December 2004 14,678,968 new ordinary shares of 1p were issued to Champ Car World Series LLC, based on closing price of 7.75p.

In May 2005 7,274,286 new ordinary shares of 1p were placed with institutional and other investors at 3.5p per share.

In May 2005 5,600,000 new ordinary shares of 1p were issued to Adam Cohen (2,856,000) and Jennifer Sultan (2,744,000), in full and final settlement of all deferred consideration on the acquisition of GMS.

In July 2005, 367,404 new ordinary shares of 1p were issued to Entendre in settlement of a legal claim based on a closing price of 7.75p.

In September 2005, 3,055,556 new ordinary shares of 1p were issued to Paradine Productions, a company owned by Sir David Frost OBE at 4p per share for 2,500,000 shares and 18p for 555,556 shares.

In September 2005, 425,000,000 new ordinary shares of 1p were placed with institutional and other investors at 4p per share, in order to finance the acquisition of Alternateport Limited, whose sole asset is its 20% holding in SIS. The holding increased to 22.05% in November 2005 after the share buy back by SIS.

In September 2005, 8,750,000 new ordinary shares of 1p were issued to Strand Partners at 4p per share in part consideration of their professional fees for the acquisition of SIS.

At 31 March 2006 there were 36,630,952 (2004:9,164,000) unapproved share options outstanding under the Executive Share Option Scheme. There were 18 million warrants in issue, exercisable at any time up to and including the 27 May 2010 and further warrants in issue for 1 per cent of the issued share capital of the company at the time of exercise of the warrant which are exercisable at any time up to and including 4 August 2010.

9. Reconciliation of movement in shareholders' funds

	17 months ended 31 March 2006 £	Year ended 31 October 2004 £
Loss for the period	(5,925,141)	(5,405,621)
Issue of shares	17,015,771	3,289,324
Minority Interest	219,750	-
Currency translation difference	(69,745)	3,063
Net increase/(reduction) in shareholders' funds	11,240,635	(2,113,234)
Opening shareholders' funds	115,806	2,229,040
Closing shareholders' funds	11,356,441	115,806

10. Reconciliation of operating loss to operating cash flows

	17 months ended 31 March 2006 £	Year ended 31 October 2004 £
Operating loss	(6,052,899)	(5,352,990)
Impairment of intellectual property rights	2,457,022	2,194,000
Depreciation	185,301	152,013
Amortisation of goodwill on acquisition	677,334	510,702
Loss on disposal of fixed assets	-	803
(Decrease)/Increase in debtors	1,314,051	(478,873)
(Decrease)/increase in creditors	(3,284,927)	875,955
Exchange adjustment	(102,814)	11,035
Net cash outflow from operating activities	(4,806,932)	(2,087,355)

11. Analysis of cash flows for headings netted in the cash flow statement

	At 31 Mar 2006 £	At 31 Oct 2004 £
Returns on investments and servicing of finance		
Interest paid	(692,406)	29,195
Interest paid on finance leases	(17,928)	(66,559)
Dividend received	2,205,403	-
Interest received	99,704	(14,101)
	1,594,773	(51,465)
Capital expenditure and financial investment		
Purchase of intangible assets	(161,446)	(73,811)
Purchase of tangible assets	(30,467)	(59,995)
Proceeds on the disposal of fixed assets	171,431	-
	(20,482)	(133,806)
Financing		
Capital element of finance lease payments	(28,141)	(63,868)
Repayment of bank loan	(690,106)	(263,318)
Repayment of loan notes	(2,700,509)	(129,470)
Issue of ordinary share capital	17,068,272	2,660,702
Issue of bank loan	-	51,494
Issue of loans	12,570,966	-
	26,220,482	2,255,540
Acquisition		
Purchase of business	(23,115,000)	(141,911)
	(23,115,000)	(141,911)

12. Reconciliation of net cash flow to movement in net (debt)/funds

	At 31 Mar 2006 £	At 31 Oct 2004 £
Decrease in cash in the period	207,090	(160,163)
Loans and finance leases acquired with subsidiary	-	(2,551,366)
Repayment of loan notes	-	129,470
Repayment of bank loan	699,301	263,318
Repayment of finance leases	44,161	63,868
Decrease / (Increase) bank loan	-	(51,494)
Increase in loans	(9,444,491)	-
Translation	(86,182)	(2,850)
Movement in debt in the period	(8,580,121)	(2,309,217)
Net (debt)/funds at start of period	(1,881,894)	427,323
Net (debt) at end of period	(10,462,015)	(1,881,894)

13. Analysis of net (debt)/funds

	At 31 October 2004 £	Cash flow £	Exchange Movement £	At 31 March 2006 £
Cash at bank	427,160	207,090	-	634,250
Bank loan	(811,134)	699,301	(9,195)	(121,028)
Convertible loan note	(160,000)	-	-	(160,000)
Finance leases	(313,275)	44,161	(16,020)	(285,134)
Loan notes	(1,024,645)	-	(60,967)	(1,085,612)
Other loans		(9,444,491)	-	(9,444,491)
	(1,881,894)	(8,493,939)	(86,182)	(10,462,015)

14. Post balance sheet events

In May 2006, 3,100,264 new ordinary shares of 1 pence each were issued at 3.79 pence per share to settle the total sum of £117,500, 437,500 new ordinary shares of 1 pence each were issued at 4 pence per share to settle the total sum of £17,500 and 97,222 new ordinary shares of 1 pence each were issued at 18 pence per share to settle the total sum of £17,500 all to Paradine Productions, a company owned by Sir David Frost OBE.

In June 2006, 44,444,446 new ordinary shares of 1 pence were agreed to be issued at 4.5 pence per share to YooMedia plc for an exclusive five year licence for the head to head version of Tringo, fixed odds games such as Roulette, Keno and Dice games, and a 5 year licence for the Engage technology platform. 32.78 million shares will be issued immediately and the remaining 11.66 million shares will be issued once the integration work is completed.

In July 2006, 13,751,375 new ordinary shares of 1 pence were issued at 4 pence per share to settle the sum of £1,085,612 payable to J. Servidio and S. Domenico under the Betelgeuse Stock Purchase Agreement resulting in a cash saving of £535,557.

This Preliminary Report was approved by the Directors on 20th July 2006.

15. The report will be sent to all registered shareholders and will be available to members of the public from the Company's registered office at Portland House, 4 Great Portland Street, London W1W 8QJ and online from the Company's corporate website at www.CMG-plc.com.