Catalyst Media Group plc

Report and financial statements for the year ended 30 June 2015

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2015
Contents

Directors, Secretary and Advisors

Directors

Michael Rosenberg OBE	Chairman
Mark Hawtin	Non-executive Director
Melvin Lawson	Non-executive Director
Christopher Mills	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

UHY Hacker Young
Quadrant House
4 Thomas More Square
London E1W 1YW

Bankers

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

I am pleased to present the results for Catalyst Media Group Plc (CMG) for the year ended 30 June 2015, which incorporates our share of profits for Satellite 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 2015 of £4.4 million (2014: £1.3 million), CMG recorded a profit before taxation of £1.4 million, following an impairment charge of £2.8 million (2014: loss of £3.0 million following a £4.2 million impairment charge). Net Assets at the year end were £25.0 million (98.4p per share) (2014: £25.5 million (92.3p per share)).

The main asset of CMG continues to be the 20.54% share in SIS. CMG equity accounts for its share in the profits of SIS. For the year ended 31 March 2015, SIS had revenues of £229.0 million (2014: £253.8 million) of which £207.3 million were derived from Betting Services (2014: £198.2 million) and £21.7 million from SIS LIVE Services (2014: £55.6 million). The total operating profit for SIS was £25.9 million (2014: £24.2 million). Profits after exceptionals and taxation were £21.4 million (2014: £6.9 million). The share attributable to CMG after tax was £4.4 million (2014: £1.3 million). SIS's Net Cash inflow for the period was £37.8 million (2014: £50.2 million) from operating activities. SIS's operating profit margin[(1)] increased slightly to 11.1% compared to 10.3% (restated) 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

SIS's management expects revenues for its financial year to 31 March 2016 to be of a similar magnitude to 2015 but with operating profit being lower due to three main factors; costs associated with the restructure of the betting business to a more efficient model, the diversification into the digital sector which is a drain on profits at this stage of the development cycle and a reduced contribution from joint ventures following the sale of SIS's interest in Dock 10 in August 2015. The current media rights deals have largely included a partial advance payment element resulting in a robust cash generative business through to March 2018 and the commencement of the new rights contract announced in September 2015 between SIS and Racecourse Media Group (RMG).

The board of CMG ('Board') has reviewed the value of its interest in SIS in the light of the comments from SIS and has also discussed the various scenarios that may impact the business of SIS over the next few years, including in particular the new arrangements with RMG. With the positive cash flow predicted over the next three years from existing activities and taking account, *inter alia*, of the present net asset value of SIS, the Board has concluded to maintain the value of its investment at £25m. Accordingly, as detailed in note 1 to the financial statements, following CMG's share of SIS's profits in 2015, this has resulted in an impairment of its investment in SIS of £2.8 million.

SIS Betting

The services to the betting industry are supported in the main by fixed term media contracts which include horse racing and dog track racing. A large proportion of the media portfolio expires between 2017 and 2020. In September 2015 SIS and RMG announced a new five year deal for the provision of pictures and data from all of RMG's fixtures, which accounts for a significant proportion of all racing in the UK, to bookmakers to commence in April 2018 and run till 2023.

This agreement will ensure that SIS will continue to be an important provider of UK horseracing media and data to the retail betting industry well beyond 2018, when the majority of the present rights are due to expire. Under the agreement, RMG will maintain responsibility for collecting pictures and data from RMG's production facility in Ealing, West London and will make it available to major bookmakers for inclusion in their in house channels, the majority of which are produced by SIS. In addition the pictures and data will be included in an SIS produced channel for bookmakers who currently rely on the SIS FACTS channel.

While this arrangement ensures continuity for the business for the foreseeable future it will significantly change the financial model for this division of the business. The board of SIS expects the business to continue to generate significant profits and cash up to 2018 but this is dependent, inter alia, on renewal of existing customer contracts in a time of significant uncertainty in the retail betting market. After 2018, the contribution from racing revenues can be expected to fall substantially from current levels. Other sources of revenues may arise but are not capable of being predicted at this stage.

SIS Management is pleased that it has reached a media rights agreement with RMG and confirms that all conditions necessary to make the contract binding on all parties have now been satisfied. UK horseracing is a very important part of SIS's product offering and this agreement clearly signals to both customers and other rights holders, that SIS will maintain its position in the supply chain of media and data from sporting events for use by bookmakers for the foreseeable future. SIS management remain focussed on developing more efficient commercial models, such as those implemented with RMG, that will be attractive to both rights holders and customers. While such arrangements are likely to generate less profit, they expect the low risk, open and collaborative nature of the arrangements to be very effective in aiding SIS to renew existing arrangements, sustaining its position in retail and also assisting SIS to succeed in the growing digital market.

The retail betting market in SIS's core market of UK and Ireland remains under commercial, regulatory and social pressure with the prospect of market consolidation and shop closures remaining likely. This represents a significant risk to future financial performance because SIS's cost base is largely fixed and the income stream variable according to the number of shops buying SIS's products. Although new commercial arrangements will gradually address this as current rights expire, SIS's management is also undertaking ambitious internal changes to drive cost out of the business and to increase efficiency. These measures include the outsourcing of non-core activities, such as field engineering work, and the automation of business processes across the business. The complete programme of business improvements is scheduled to take approximately two years to complete.

Greyhound Racing

SIS's management has recently renewed its rights agreement for two of the premier greyhound tracks (Hove and Romford), which is a significant step towards retaining a strong greyhound product for SIS customers for the foreseeable future.

SIS LIVE

SIS's management has recently achieved the internal separation of its subsidiary SIS LIVE, which focusses on critical connectivity solutions for the broadcasting industry. SIS LIVE provided connectivity for all matches in the 2015 Rugby World Cup, using a combination of fibre and satellite connectivity solutions. The successful completion of this contract for ITV clearly demonstrates SIS LIVE's capabilities and is expected to lead to further successes in this market. SIS LIVE is also undergoing a programme of efficiency improvements cost reductions while continuing to pursue commercial success in new areas of business such as the development and sale of satellite communications hardware.

SIS LIVE's revenues for the year ended 31 March 2015 decreased following the closure of SIS's Outside Broadcast Division, which accounted for a significant proportion of SIS LIVE's revenues, in 2014.

India

As has been previously reported, significant payments due to SIS LIVE arising from a contract for television production at the 2010 Commonwealth Games (CWG) in India are in dispute. Arbitration proceedings have started to recover the outstanding payment.

SIS LIVE received a draft assessment in March 2014 from the Indian tax authorities in relation to financial year ended 31 March 2011. On the advice of its lawyers and tax advisors it has commenced appeal proceedings through the Dispute Resolution Panel (DRP) of the Indian Tax Authority.

The net effect of claims and counterclaims, including the tax claim, is not expected to be material.

SIS Results

The results of SIS for the year ended 31 March 2015 are as follows:

	31 March 2015	31 March 2014 Restated*
	£'000	£'000
Revenue	229,035	253,446
	---------	---------
Operating expenses	(203,612)	(229,959)
Operating profit before exceptional items	25,493	26,193
Exceptional items	(70)	(2,706)
Operating profit	25,423	23,487
Share of operating profit/(loss) of joint venture:		
- joint venture	442	475
- associate	-	(40)
Total operating profit	25,865	23,922
Profit / (Loss) on the managed wind down of business	1,064	(10,495)
Profit on disposal of associate	40	-
Profit on disposal of tangible assets	5	796
Net interest payable	(590)	(2,192)
Profit on ordinary activities before tax	26,384	12,031
Tax on profit on ordinary activities	(4,984)	(5,404)
Retained profit transferred to reserves	*21,400*	*6,627*

**The prior year figures within the financial statements of SIS have been restated following a management review of their revenue recognition methods in relation to customer contracts.*

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

Dividends

No dividends have been declared in the period under review, however, in the light of the present high levels of cash and the prediction of further additions from future cash flow it is expected that SIS may declare dividends in the near future, though the timing and quantum of these remains uncertain.

Outlook

SIS remains profitable and cash generative in the immediate term and is planning the necessary steps, albeit in a challenging environment, to ensure the future profitability of the business. Current trading is in line with SIS's management expectations.

CMG continues to operate at a low overhead cost. Pending the receipt of any dividends from SIS, the Board has made arrangements to ensure sufficient funds are available to meet those costs.

AGM

The Annual General Meeting of the Company will be held on 14 January 2016 at 3.00 p.m. Formal Notice of the meeting is set out at the end of the report and accounts together with proxy forms.

Michael Rosenberg OBE
Chairman

27 November 2015

The Directors present their strategic report for the year ended 30 June 2015.

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 nine directors, of which six 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.

- 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 98.4 pence (2014: 92.3 pence). The net asset value per share has improved over the year to 30 June 2015 mainly due to the increased profit of the Group's associate, SIS. The net asset value of the Group at 30 June 2015 and 30 June 2014 is shown in the Group's consolidated statement of financial position on page 15.

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 14.

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

27 November 2015

The Directors present their annual report and the audited financial statements for the year ended 30 June 2015.

Financial reporting

The financial statements for 2015 have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Results and dividends

The Group made a profit (including its share of other comprehensive income of associate) after taxation of £1.0 million (2014: Loss of £3.1 million). Further details are shown in the Group Consolidated statement of comprehensive income on page 14.

Dividends totalling £Nil (2014: £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.

Employees

The Group had no other employees other than the Directors as at 30 June 2015.

The Directors' interests in the share capital of the company are included in note 22.

Repurchase and cancellation of Treasury shares

On 15 July 2014, the Company purchased, in the market, 502,272 ordinary shares of 10p each in Catalyst Media Group plc at a price of 50p per ordinary share.

On 17 December 2014, the Company purchased, in the market, 2,707,044 ordinary shares of 10p each in Catalyst Media Group plc at a price of 45p per ordinary share.

On 14 May 2015, the Company purchased, in the market, 25,000 ordinary shares of 10p each in Catalyst Media Group plc at a price of 38.75p per ordinary share. These purchases were made out of distributable reserves.

On 3 June 2015, the Group cancelled, from Treasury, 2,234,316 ordinary shares. There are currently 1,000,000 ordinary shares held in Treasury by the Company.

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.

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 UHY Hacker Young 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.

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 2015 is on page 41.

On behalf of the Board

Michael Rosenberg OBE
Chairman
27 November 2015

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

Independent auditors' report to the members of Catalyst Media Group plc for the year ended 30 June 2015

We have audited the Group and Parent Company financial statements (the 'financial statements') of Catalyst Media Group plc for the year ended 30 June 2015 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 and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditors' 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

Independent auditors' report to the members of Catalyst Media Group plc for the year ended 30 June 2015

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 of the information and explanations we require for our audit.

Colin Jones (Senior Statutory Auditor)

For and on behalf of UHY Hacker Young
Chartered Accountants
Registered Auditors

27 November 2015

Consolidated statement of comprehensive income

	Note	Year ended 30 June 2015 £	Restated Year ended 30 June 2014 £
Revenue	**2**	25,000	25,000
Cost of sales		-	-
Gross profit		25,000	25,000
Administrative expenses		(119,991)	(111,259)
Other operating income		-	3,172
Operating loss		(94,991)	(83,087)
Financial income	**8**	1,012	2,898
Financial costs	**9**	160	-
Net financial income		1,172	2,898
Share of profit of equity-accounted associate, net of tax	**1**	4,352,427	1,302,031
Impairment of equity-accounted associate	**1**	(2,836,073)	(4,233,017)
Profit / (loss) before taxation		1,422,535	(3,011,175)
Taxation	**10**	22,866	17,888
Profit / (loss) for the year		1,445,401	(2,993,287)
Share of other comprehensive loss of associate	**1**	(489,469)	(69,014)
Total comprehensive profit / (loss) for the year		955,932	(3,062,301)
Attributable to equity holders of the Company		955,932	(3,062,301)
Earnings/(loss) per share:			
Basic	**11**	5.62p	(10.83p)
Diluted	**11**	5.62p	(10.83p)
Before impairment	**11**	16.66p	4.48p

The notes on pages 19 to 40 form part of these financial statements.

Consolidated statement of financial position

	Note	30 June 2015 £	Restated 30 June 2014 £
Assets			
Non-current assets			
Investment in associate	**1**	25,000,000	25,000,000
		25,000,000	25,000,000
Current assets			
Trade and other receivables	**13**	30,660	31,097
Cash and cash equivalents	**14**	16,969	538,416
		47,629	569,513
Total assets		25,047,629	25,569,513
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	**15**	2,541,136	2,764,567
Capital redemption reserve		273,183	49,752
Merger reserve		2,402,674	2,402,674
Retained profits		19,788,694	20,311,755
Total equity		25,005,687	25,528,748
Current liabilities			
Trade and other payables	**17**	40,480	31,399
Corporation tax payable	**18**	1,462	9,366
		41,942	40,765
Total equity and liabilities		25,047,629	25,569,513

The financial statements were approved by the Board of Directors and authorised for issue on 27 November 2015.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 19 to 40 form part of these financial statements.

	Note	Year ended 30 June 2015 £	Restated Year ended 30 June 2014 £
Cash flow from operating activities			
Profit / (loss) before taxation		1,422,535	(3,011,175)
Adjustments for:			
Share of profit from associate		(4,352,427)	(1,302,031)
Impairment of associate		2,836,073	4,233,017
Finance income		(1,012)	(2,898)
Finance expense		(160)	-
Corporation taxes recovered		14,962	27,446
Net cash flow used in operating activities before changes in working capital		(80,029)	(55,641)
Decrease / (increase) in trade and other receivables		439	(21,604)
Increase / (decrease) in trade and other payables		9,080	(10,000)
Net cash flow used in operating activities		(70,510)	(87,245)
Investing activities			
Dividend received		1,026,884	-
Interest received		1,012	2,898
Net cash flow from investing activities		1,027,896	2,898
Financing activities			
Shares purchased into Treasury		(1,478,993)	-
Interest paid		160	-
Net cash flow used in financing activities		(1,478,833)	-
Net decrease in cash and cash equivalents in the year		(521,447)	(84,347)
Cash and cash equivalents at the beginning of the year		538,416	622,763
Cash and cash equivalents at the end of the year	14	16,969	538,416

The notes on pages 19 to 40 form part of these financial statements.

Company statement of financial position

Assets	**Note**	**30 June 2015 £**	**Restated 30 June 2014 £**
Non-current assets			
Investments	**12**	16,750,000	16,750,000
		16,750,000	16,750,000
Current assets			
Trade and other receivables	**13**	3,058,986	3,059,423
Cash and cash equivalents	**14**	16,819	538,426
		3,075,805	3,597,849
Total assets		19,825,805	20,347,849
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	**15**	2,541,136	2,764,567
Capital redemption reserve		273,183	49,752
Merger reserve		2,912,060	2,912,060
Retained profit		14,056,935	14,580,156
Total equity		19,783,314	20,306,535
Current liabilities			
Trade and other payables	**17**	41,029	31,948
Corporation tax payable	**18**	1,462	9,366
		42,491	41,314
Total equity and liabilities		19,825,805	20,347,849

The financial statements were approved by the Board of Directors and authorised for issue on 27 November 2015.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 19 to 40 form part of these financial statements

Company statement of cash flows

	Note	Year ended 30 June 2015 £	Restated Year ended 30 June 2014 £
Cash flow from operating activities			
Profit / (loss) before taxation		932,906	(80,188)
Adjustments for:			
Finance income		(1,012)	(2,898)
Dividend received		(1,026,884)	-
Corporation taxes recovered		14,962	27,446
Net cash flow used in operating activities before changes in working capital		(80,028)	(55,640)
Decrease / (increase) in trade and other receivables		439	(21,604)
Increase / (decrease) in trade and other payables		9,079	(10,001)
Net cash flow used in operating activities		(70,510)	(87,245)
Investing activities			
Interest received		1,012	2,898
Dividend received		1,026,884	-
Net cash flow from investing activities		1,027,896	2,898
Financing activities			
Shares purchased into Treasury		(1,478,993)	-
Net cash flow used in financing activities		(1,478,993)	-
Net decrease in cash and cash equivalents in the year		(521,607)	(84,347)
Cash and cash equivalents at the beginning of the year		538,426	622,773
Cash and cash equivalents at the end of the year	**14**	16,819	538,426

The notes on pages 19 to 40 form part of these financial statements.

1 Investment in associate

Year Ended 30 June 2015	**Share of net assets**	**Fair Value of Intangibles**	**Total**
	Group	**Group**	**Group**
	£	**£**	**£**
Cost			
At 1 July 2014 – as previously stated	13,786,363	11,213,637	25,000,000
Prior year adjustment	(65,316)	65,316	-
Share of profit - 2015	4,352,427	-	4,352,427
Share of other comprehensive loss - 2015	(489,469)	-	(489,469)
Dividend received - 2015	(1,026,885)	-	(1,026,885)
Impairment - 2015	-	(2,836,073)	(2,836,073)
At 30 June 2015 – CMG share of SIS net assets	16,557,120	8,442,880	25,000,000

Year Ended 30 June 2014 - restated	**Share of net assets**	**Fair Value of Intangibles**	**Total**
	Group	**Group**	**Group**
	£	**£**	**£**
Cost			
At 1 July 2013	15,222,726	12,777,274	28,000,000
Share of profit - 2014	1,302,031	-	1,302,031
Share of other comprehensive income - 2014	(69,014)	-	(69,014)
Dividend received - 2014	-	-	-
Impairment - 2014	(2,734,696)	(1,498,321)	(4,233,017)
At 30 June 2014 - CMG share of SIS net assets	13,721,047	11,278,953	25,000,000

(i) The impairment charge £4,233,017 (restated) comprises £2,734,696 relating to cumulative adjustments in respect of amortisation of goodwill no longer required as the goodwill is no longer held by SIS and £1,498,322 relating to the adjustment to the fair value of the Group's investment in SIS.

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

The Board has reviewed its valuation of the investment in SIS as at 30 June 2015. It has taken account of the closure of the Outside Broadcast Division and the exceptional costs incurred. In addition it has reviewed internal forward projections prepared by the management of SIS which include expectations of future cash flows from the business. It has applied a present day value to the expected cash flows using a discount rate of 7.50% and has taken account of the uncertainty surrounding the extension of media rights as well as the expected decline in numbers of retail betting shops. As a result it has been concluded that an impairment of £2,836,073 should be applied to the investment resulting in a value of £25,000,000 as at 30 June 2015.

1 Investment in associate (continued)

Prior year adjustment

The prior year figures within the financial statements of SIS were restated following a management review of the revenue recognition methods in relation to customer contracts. The share of profit from associate in the Catalyst Media Group plc accounts has therefore been restated accordingly with the impact being a decrease in the share of profit from associate for the year ended 30 June 2014 of £65,316. As it was previously concluded that the value of Catalyst Media Group plc's investment was £25,000,000 as at 30 June 2014, the impairment charge for the year to 30 June 2014 has also been restated and reduced by £65,316. There was therefore no impact on the net assets of CMG as at 30 June 2014.

Share of profit of associate	**2015**	**2015**	**2014 Restated**
	SIS Total £'000	**CMG share £'000**	**CMG share £'000**
Revenue:			
SIS Betting Services	207,355	42,591	40,642
SIS LIVE Services	21,680	4,453	11,416
Total revenue	229,035	47,044	52,058
Operating profit (i)	25,655	5,270	4,855
Net interest payable	(590)	(121)	(450)
Profits / (losses) on business wind down	1,064	218	(2,156)
Profit on disposal of fixed asset	40	8	163
Profit on disposal of fixed asset	5	1	-
Profit before tax	26,174	5,376	2,412
Taxation	(4,984)	(1,024)	(1,110)
Share of profit after taxation	21,190	4,352	1,302
Net income from associate	21,190	4,352	1,302
Other comprehensive income:			
Actuarial loss	(2,973)	(610)	(90)
Deferred tax	590	121	21
	(2,383)	(489)	(69)
Share of net assets and liabilities of associate			
Net assets (i)	146,431	30,077	36,657
Net liabilities (i)	(65,822)	(13,520)	(22,936)
Net equity	80,609	16,557	13,721

(i) The financial results for SIS are taken from its latest accounts to 31 March 2015, adjusted in order to align the accounting policies of SIS (whose accounts are prepared under UK GAAP) and Catalyst Media Group plc (whose accounts are prepared under International Financial Reporting Standards). Adjustments have been made in respect of the recognition of the fair value of derivatives held by SIS as at the balance sheet date. The net cumulative effect of these adjustments is to decrease the value of the investment in associate in the Group's financial statements by £140,000 (2014: £97,000).

2 Revenue

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

	2015 £	2014 £
Business administrative services	25,000	25,000
Total revenue	25,000	25,000

3 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 2015	**Business administrative services (including SIS investment) £**	**Total (per consolidated financial statements) £**
Segment revenue	25,000	25,000
Operating loss	(94,991)	(94,991)
Financial income	1,012	1,012
Financial costs	160	160
Share of profit of associate (note 1)	4,352,427	4,352,427
Impairment of associate	(2,836,073)	(2,836,073)
Segment profit	1,422,535	1,422,535
Tax	22,866	22,866
Share of other comprehensive income of associate	(489,469)	(489,469)
Consolidated profit for the year	955,932	955,932
Segment assets	25,047,629	25,047,629
Segment liabilities	(41,942)	(41,942)
Net assets	25,005,687	25,005,687

Year ended 30 June 2014	**Business administrative services (including SIS investment)**	**Total (per consolidated financial statements)**
	£	**£**
Segment revenue	25,000	25,000
Operating loss	(83,087)	(83,087)
Financial income	2,898	2,898
Financial costs	-	-
Share of profit of associate (note 1)	1,302,031	1,302,031
Impairment of associate	(4,233,017)	(4,233,017)
Segment loss	(3,011,175)	(3,011,175)
Tax	17,888	17,888
Share of other comprehensive income of associate	(69,014)	(69,014)
Consolidated loss for the year	(3,062,301)	(3,062,301)
Segment assets	25,569,513	25,569,513
Segment liabilities	(40,765)	(40,765)
Net assets	25,528,748	25,528,748

4 Operating loss (Group)

	2015	**2014**
	£	**£**
Operating loss for the year is stated after charging:		
Auditors' remuneration (note 7)	9,900	9,900

Operating loss (Company)

	2015	**2014**
	£	**£**
Operating loss for the year is stated after charging:		
Auditors remuneration (note 7)	2,600	2,600

5 Staff numbers and costs (Group and Company)

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

6 Directors' emoluments (Group and Company)

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

	2015 £	2014 £
Salaries and fees	45,303	45,306

7 Auditors' remuneration

	2015 £	2014 £
Fees payable for the audit of the Group's financial statements	7,300	7,300
Fees payable for the audit of the Company's financial statements	2,600	2,600
	9,900	9,900

8 Financial income

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Interest receivable	1,012	2,898	1,012	2,898

9 Financial costs

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Interest payable	(160)	-	(160)	-

10 Taxation (Group)

	2015 £	2014 £
Current tax	18,500	17,900
Over / (under) provision in respect of prior periods	4,366	(12)
Total tax credit for the year	22,866	17,888

10 Taxation (Group) (continued)

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 20.75% (2014 – 22.50%). The standard tax rate reduced from 21% to 20% as of April 2015.

	2015	2014
	£	£
Profit / loss before tax	1,422,535	(3,011,175)
Tax on profit / (loss) at standard rate of 20.75% (2014 – 22.50%)	295,176	(677,514)
Expenses not deductible for tax purposes	2,734	994,226
Income not taxable	(316,284)	(334,458)
Under/(over) provision in respect of prior periods	(4,366)	12
Other items	(126)	(154)
Current tax credit	(22,866)	(17,888)

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 £892,400 (2014: £891,900). The above deferred tax asset has been calculated based on a UK tax rate of 20% (2014: 20%) as applicable at 30 June 2015.

11 Earnings / (loss) per share (diluted, undiluted and before impairment)

The calculation of the basic and diluted profit / (loss) per share is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £1,445,401 (2014: loss of £2,993,287) and a weighted average number of shares in issue for the period of 25,705,802 (2014: 27,645,673).

The calculation of the earnings per share (before impairment) is based upon the net profit after tax and attributable to ordinary shareholders of £1,445,401 (2014: loss of £2,993,287), adjusted for impairment charges of £2,836,073 (2014: £4,233,018) and a weighted average number of shares in issue for the period of 25,705,802 (2014: 27,645,673).

Reconciliation of shares in issue:

	Year ended 30 June 2015	Year ended 30 June 2014
Issued ordinary shares at 30 June 2015	25,411,357	
Issued ordinary shares at 30 June 2014		27,645,673
Weighted average number of ordinary shares	25,705,802	27,645,673

12 Investments

Company **Year Ended 30 June 2015**	**Shares in subsidiaries** **£**
Cost	
At 30 June 2014 and 30 June 2015	16,750,000
Provision for diminution in value	
At 30 June 2014 and 30 June 2015	-
Net book value	
At 30 June 2014 and 30 June 2015	16,750,000

Details of the investments are as follows:

	Country of incorporation and operation	**Activity**	**Percentage of ordinary shares held (%)**
Catalyst Media Holdings Limited	England & Wales	Investment Company	100
Alternateport Limited*	England & Wales	Investment Company	100

* A subsidiary of Catalyst Media Holdings Limited

Year Ended 30 June 2014	**Shares in subsidiaries** **£**
Cost	
At 30 June 2013	17,908,626
Disposal	(1,158,626)
At 30 June 2014	16,750,000
Provision for diminution in value	
At 30 June 2013	(1,158,625)
Disposal	1,158,625
At 30 June 2014	-
	-
Net book value	
At 30 June 2013	16,750,001
At 30 June 2014	16,750,000

13 Trade and other receivables

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Amounts owed by Group companies	-	-	3,028,326	3,028,326
Trade debtors	15,000	15,000	15,000	15,000
Prepayments	13,042	12,014	13,042	12,014
Other debtors	2,618	4,083	2,618	4,083
	30,660	31,097	3,058,986	3,059,423

14 Cash and cash equivalents

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Cash at bank	16,969	538,416	16,819	538,426
Cash and cash equivalents	16,969	538,416	16,819	538,426

Cash and cash equivalents comprise cash only.

15 Share capital

	2015 Group and Company £	2014 Group and Company £
Authorised:		
65,711,223 ordinary shares of 10 pence each	6,571,122	6,571,122
	6,571,122	6,571,122
Allotted, issued and fully paid:		
25,411,357 ordinary shares of 10 pence each	2,541,136	2,764,567
	2,541,136	2,764,567

On 15 July 2014, the Company purchased, in the market, 502,272 ordinary shares of 10p each in Catalyst Media Group plc at a price of 50p per ordinary share.

On 17 December 2014, the Company purchased, in the market, 2,707,044 ordinary shares of 10p each in Catalyst Media Group plc at a price of 45p per ordinary share.

On 14 May 2015, the Company purchased, in the market, 25,000 ordinary shares of 10p each in Catalyst Media Group plc at a price of 38.75p per ordinary share. These purchases were made out of distributable reserves.

On 3 June 2015, the Group cancelled, from Treasury, 2,234,316 ordinary shares. There are currently 1,000,000 ordinary shares held in Treasury by the Company.

16 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 2015.

	Effective interest rate	Group Total £ 2015	Group Current £ 2015
Cash at bank and other deposits	0.65%	16,969	16,969

	Effective interest rate	Company Total £ 2015	Company Current £ 2015
Cash at bank and other deposits	0.65%	16,819	16,819

17 Trade and other payables

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Trade payables	9,001	4,524	9,001	4,524
Amounts due to Group companies	-	-	549	549
Accruals and deferred income	31,479	26,875	31,479	26,875
	40,480	31,399	41,029	31,948

Trade payables are all due within one year.

18 Corporation tax payable

	2015 Group £	2014 Group £	2015 Company £	2014 Company £
Consortium relief payable	1,462	9,366	1,462	9,366

19 Financial instruments

In common with other businesses, the Group and Company (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 23.

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	**2015**	**2014**
	£	**£**
Financial assets		
Loans and receivables		
Trade and other receivables	30,660	31,097
Cash and cash equivalents	16,969	538,416
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(40,480)	(31,399)

Company	**2015**	**2014**
	£	**£**
Financial assets		
Loans and receivables		
Trade and other receivables	30,660	31,097
Cash and cash equivalents	16,819	538,426
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(41,029)	(31,948)

19 Financial instruments (continued)

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.

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	**2015**	**2014**
	£	**£**
Trade and other payables	40,480	31,399
	40,480	31,399

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.

20 Capital commitments

There were no capital commitments outstanding at 30 June 2015 for the Group or the Company.

21 Ultimate Controlling party

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

22 Related party transactions

During the year, SIS paid the Group £25,000 (2014: £25,000) in respect of fees for the services of the Directors. In addition SIS paid the Group £14,962 (2014: £27,446) 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 14.81% of the total issued share capital of the Company, excluding shares held in treasury.

As at the balance sheet date, Mark Hawtin had an interest in 2,010,117 ordinary shares of the Company, representing 8.23% 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 0.04% of the total issued share capital of the Company, excluding shares held in treasury.

During the year the company purchased 375,000 Ordinary Shares from a shareholder to which Harwood Capital LLP acts as the investment manager. In addition, 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 12.80% of the issued ordinary share capital, and accordingly Harwood Capital LLP is a substantial shareholder of the Company. The Director, Christopher Mills is the Chief Investment Officer of Harwood Capital LLP and also served as a Director of that company until 9 June 2015.

	Salary and fees 2015 £	**Total 2015 £**
M Rosenberg OBE	15,303	15,303
M Hawtin	10,000	10,000
C Mills	10,000	10,000
M Lawson	10,000	10,000
	45,303	45,303
	2014 £	**2014 £**
M Rosenberg OBE	15,306	15,306
M Hawtin	10,000	10,000
C Mills	10,000	10,000
M Lawson	10,000	10,000
	45,306	45,306

23 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 profit for the year included a profit on ordinary activities after tax of £955,722 (2014: loss £62,301) 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 2015. There has been no material impact on the Group's financial statements.

- IFRS 10, IFRS 12 & IAS 27: Investment Entities (effective as of 1 January 2014)
- IFRS 7: Financial Instruments Disclosures (Amended 2011) (Revised 2010) (effective as of 1 January 2015)

23 Basis of preparation and significant accounting policies (continued)

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 2017).

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.

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. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

23 Basis of preparation and significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets have useful lives that are finite and are subject to an annual impairment review.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Development expenditure

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Licences

Licence rights acquired are amortised over the period of the licence to exploit such rights, typically five to ten years. Licences acquired during the period do not start to run until the products to which they relate to are used. Provision is made for any impairment in value, and that is reviewed on an annual basis.

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 balance sheet at cost plus post-acquisition changes in the Group’s share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. 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.

23 Basis of preparation and significant accounting policies (continued)

The financial statements of the associate are prepared either for the same reporting period as the parent company or 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.

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 balance sheet 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.

23 Basis of preparation and significant accounting policies (continued)

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.

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.

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 balance sheet 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.

23 Basis of preparation and significant accounting policies (continued)

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.

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 intangible assets

The value of intangible assets is considered by the Directors at the end of each reporting period. Impairments are recognised on the bases outlined in note 23 to the accounts.

Attributable to equity holders of the Group

30 June 2015	**Share Capital**	**Share Premium**	**Capital Redemption Reserve**	**Merger Reserve**	**Retained Profits**	**Total Shareholders Equity**
	£	**£**	**£**	**£**	**£**	**£**
At 1 July 2014 - restated	2,764,567	-	49,752	2,402,674	20,311,755	25,528,748
Profit for the year	-	-	-	-	1,445,401	1,445,401
Other comprehensive loss:						
Share of other comprehensive loss of associate	-	-	-	-	(489,469)	(489,469)
Shares purchased into Treasury	-	-	-	-	(1,478,993)	(1,478,993)
Cancellation of Treasury shares	(223,431)	-	223,431	-	-	-
Total comprehensive profit for the period	(223,431)	-	223,431	-	(523,061)	(523,061)
At 30 June 2015	2,541,136	-	273,183	2,402,674	19,788,694	25,005,687

On 3 June 2015, the Group cancelled, from Treasury, 2,234,316 ordinary shares with a nominal value of £223,431.

The notes on pages 19 to 40 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.

Attributable to equity holders of the Group

30 June 2014 - restated	**Share Capital**	**Share Premium**	**Capital Redemption Reserve**	**Merger Reserve**	**Retained Profits**	**Total Shareholders Equity**
	£	**£**	**£**	**£**	**£**	**£**
At 1 July 2013	2,764,567	-	49,752	2,402,674	23,374,056	28,591,049
Loss for the year	-	-	-	-	(2,993,287)	(2,993,287)
Other comprehensive loss:						
Share of other comprehensive loss of associate	-	-	-	-	(69,014)	(69,014)
Total comprehensive loss for the period	-	-	-	-	(3,062,301)	(3,062,301)
						-
At 30 June 2014	2,764,567	-	49,752	2,402,674	20,311,755	25,528,748

The prior year figures within the financial statements of SIS were restated following a management review of the revenue recognition methods in relation to customer contracts. This led to a decrease in the share of profit from associate in the CMG accounts of £65,316. As the value of CMG's investment was concluded to be £25,000,000, the impairment charge for the year was also restated and reduced by £65,316. There was therefore no impact on the net assets of CMG as at 30 June 2014.

The notes on pages 19 to 40 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.

Attributable to equity holders of the Company

30 June 2015	**Share Capital**	**Share Premium**	**Capital Redemption Reserve**	**Merger Reserve**	**Retained Profits**	**Total Shareholders Equity**
	£	**£**	**£**	**£**	**£**	**£**
At 1 July 2014	2,764,567	-	49,752	2,912,060	14,580,156	20,306,535
Profit for the year	-	-	-	-	955,772	955,772
Shares purchased into Treasury	-	-	-	-	(1,478,993)	(1,478,993)
Cancellation of Treasury shares	(223,431)	-	223,431	-	-	-
Total comprehensive loss for the year	(223,431)		223,431	-	(523,221)	(523,221)
At 30 June 2015	2,541,136	-	273,183	2,912,060	14,056,935	19,783,314

The notes on pages 19 to 40 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 Company attributable to equity shareholders.

Attributable to equity holders of the Company

30 June 2014	**Share Capital**	**Share Premium**	**Capital Redemption Reserve**	**Merger Reserve**	**Retained Profits**	**Total Shareholders Equity**
	£	**£**	**£**	**£**	**£**	**£**
At 1 July 2013	2,764,567	-	49,752	2,912,060	14,642,457	20,368,836
Loss for the year	-	-	-	-	(62,301)	(62,301)
Total comprehensive loss for the year	-		-	-	(62,301)	(62,301)
At 30 June 2014	2,764,567	-	49,752	2,912,060	14,580,156	20,306,535

The notes on pages 19 to 40 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 Company attributable to equity shareholders.

NOTICE OF ANNUAL GENERAL MEETING

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

Notice is hereby given that the fifteenth Annual General Meeting (the "AGM") of Catalyst Media Group Plc (the "Company") will be held on 14 January 2016 at 6 Stratton Street, London, W1J 8LD at 3.00 p.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 2015.**

2. **To approve the directors' remuneration report for the Company for the year ended 30 June 2015.**

3. **To reappoint UHY Hacker Young 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 Melvin Lawson 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 3,811,704 (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**

(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: 27 November 2015

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 3.00pm on 14 January 2016. 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) or ……………………………………………………………………………..to 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 14 January 2016 at 3.00 p.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 2015.			
2. To approve the directors' remuneration report for the Company for the year ended 30 June 2015.			
3. To reappoint UHY Hacker Young 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 Melvin Lawson 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.