Catalyst Media Group plc

Report and financial statements for the period ended 30 June 2011

Contents

Directors

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

Secretary

CETC (Nominees) Limited
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17 Thomas More Street
Thomas More Square
London E1W 1YW

Registered office and Company registration number

Quadrant House
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Thomas More Square
London E1W 1YW
Registration number: 03955206

Solicitors

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5 Chancery Lane
Clifford's Inn
London EC4A 1BL

Nominated adviser & broker

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26 Mount Row
London W1K 3SQ

Registrars

Capita IRG Plc
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors

H.W. Fisher & Company
Acre House
11-15 William Road
London NW1 3ER

Bankers

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

I am pleased to report that for the 15 month period ended 30 June 2011, CMG recorded profit after taxation, including its 20.54% equity share of the profits of Satellite Information Services Ltd (SIS) for its year ended 31 March 2011, of £2.5 million (2010: £3.8 million) with earnings per share from continuing operations of 8.47p (2010: 14.29p). Net assets as at 30 June 2011 were £32.7 million (2010: £29.5 million) with Net assets per share of 116p (2010: 105p).

For the year ended 31 March 2011, SIS generated turnover of £256 million (2010: £198 million). The profit of SIS for that year has been impacted by a provision of £5.9 million deemed necessary in connection with its contract covering the Commonwealth Games in India in 2010 referred to in more detail below, and also by start up costs of £855,000 relating to the joint venture with Peel Media Services (Studios) Ltd ("Peel Media") to manage the studios and all post production content and technical services at Media City in Salford Quays, Manchester. Prior to these provisions, operating profit before interest and tax for the year was £22.8 million compared to £24.7 million in the previous year. Net profit before taxation, including all provisions was £13.5 million (2010: £23.3 million) with profit after tax of £9.1 million (2010: £15.7 million).

SIS is one of the most experienced television, production and outside broadcast service providers in Europe and considers itself a world leader in the television broadcasting industry. Its position was particularly enhanced by the acquisition on 1 April 2008 of the BBC Outside Broadcast business. Further outside broadcast trade and asset acquisitions during the last year have added additional equipment and trucks to the existing fleet. The Group now has over 110 uplink vehicles covering the spectrum of state-of-the-art uplink trucks, and with its proprietary automated uPOD technology and its rapidly deployed, dismountable Drive Fly kits, it is now the largest provider of transportable satellite uplink services in the world, transmitting tens of thousands of hours of live coverage every year to broadcasting customers worldwide.

The services provided by SIS to the betting industry are supported in the main by fixed term contracts both with the retail owners of betting shops and with the racecourses that enable pictures to be delivered to those shops. Following the signing by SIS of long term rights agreements with Arena Leisure Plc and Northern Racing Limited, combined with other courses that have subsequently renewed contracts, SIS now holds long term media rights representing in excess of 50% of all UK horse racing fixtures. This ensures the supply of images and data from the coverage of horseracing fixtures at racecourses including Royal Windsor, Lingfield Park, Chepstow and Fontwell Park until 2016 and 2017. The services provided by SIS also include exclusive coverage of Irish racing fixtures.

SIS provides more than 45,000 betting opportunities per year to its customers from UK and international horseracing, including racing from 28 UK and 26 Irish tracks together with other countries including South Africa, France, Germany and the UAE. In addition its betting services cover football and also greyhound racing with exclusive contracts with Bookmakers Afternoon Greyhound Services, known as BAGS till 2015.

SIS has now launched a new range of football data services aimed at assisting the betting industry to generate new business. This move follows the acquisition by SIS of the Football DataCo rights for the exclusive distribution to the betting industry of live match data for the English and Scottish leagues. In addition there will be data from the Champions League, the Europa League and qualifying matches from 2012.

Shareholders of SIS include certain bookmaker customers, Ladbroke, William Hill, Fred Done of Betfred and the Tote as well as financial investors being CMG and Caledonia Investments.

The results of SIS for the year ended 31 March 2011 are as follows:-

	Year ended 31/3/11 £'000	Year ended 31/3/10 £'000
Turnover		
Ongoing operations	255,583	194,498
Acquisitions	-	3,701
	---------	-----------
Subtotal	255,583	198,199
Operating expenses	238,698	173,485
Operating Profit		
Ongoing operations	16,885	24,252
Acquisitions	-	462
Share of operating loss of joint venture	(855)	-
Profit on disposal of fixed asset	10	-
Net interest payable	(2,585)	(1,451)
Profit on ordinary activities before tax	13,455	23,263
Tax on profit on ordinary activities	(4,342)	(7,543)
Retained profit transferred to reserves	9,113	15,720

The revenues of SIS included £124 million derived from the long established business of providing integrated television and data services to licensed betting offices in the UK, Ireland and overseas. This division contributed approximately £12 million to operating profits.

Revenues of £133 million were generated from the business of SISLIVE which provides satellite news gathering and associated transmission services to its customers and also provides outside broadcast television production units including sound support and communication. This division made a loss of approximately £1.0 million after the provision referred to above relating to the Commonwealth Games project.

A further £26 million of revenues came from other services included the production of pictures to the licensed betting offices and services offered to overseas customers. These services contributed approximately £5.9 million to operating profits.

Growth in turnover of SIS for the year to 31 March 2011 was 29% compared to 2.7% in 2010. The most significant drivers for the increase in revenue during 2011 relates to revenues from the Commonwealth Games contract and content price increases for licensed betting office subscribers and additional BBC and non BBC revenue.

The SIS group operating profit margin decreased in 2011 to 6.6% from 12.5% in the previous year primarily due to the provision of £5.9m referred to above relating to the Commonwealth Games.

Net debt of the SIS group as at the year end was £27.1m (2010: £28.5m).

On 5th July 2010, SIS entered into a joint venture agreement with Peel Media to form MediaCity Studios Ltd ("MediaCity Studios"). The company commenced trading in December 2010 and provides studio, technical and production services at Media City in Salford. MediaCity Studios currently has a contractual relationship with Peel Media for provision of services to the BBC for an initial contractual period of ten years with an option to extend.

SIS has also announced plans to relocate its London operation and some of its Milton Keynes operations to Media City in Salford. The move is expected to be completed in 2013 and will involve further capital expenditure and certain non-recurring operational costs. As part of their move SIS LIVE is installing and commissioning the largest broadcast teleport in the North of England. SIS LIVE has expanded with a move into a new expanded facility in Paris to serve broadcast and media customers throughout France. The facility is located close to the Eiffel Tower. A total of 19 people are employed in Paris.

SIS won the prestigious contract to provide the production and coverage facilities and services to cover the XIX Commonwealth Games which took place in India in October 2010. Under the terms of the agreement, SIS LIVE provided all the production facilities and personnel to cover 17 different sports across 12 venues in Delhi, as well as the Games' opening and closing ceremonies. As well as providing the technical infrastructure to cover the Games, SIS LIVE provided over 1,000 highly skilled technical and production staff at the 12 venues.

A partnership in the name of SIS LIVE was set up in January 2010 as a special purpose vehicle to deliver the production and facilities for the Games. While the TV coverage was concluded successfully (and generated plaudits from the international television community) due to post Games developments in India beyond SIS's control, approximately 40% of amounts still owing under the contract have not yet been paid. A corresponding proportion has been withheld by SIS LIVE from its principal Indian subcontractor and legal proceedings have been initiated to recover the outstanding payment from the Indian broadcaster. As a result of these ongoing discussions the provision referred to above of £5.9m has been recognized in the accounts of SIS.

Dividend Policy

The policy of SIS has been to distribute 50% of available profits by way of dividend, subject to cash considerations. However, the board of SIS is currently considering certain strategic investment opportunities which, should they proceed, would require significant additional funding. In light of such potential investment plans, no dividend will be declared by SIS until such time as there is further certainty as to the likely outcome of its deliberations. Should SIS determine to proceed with any of the potential investments in the near future it is likely that dividends would be temporarily suspended with the intention to resume payments at the end of 2013. If it is decided not to go ahead with any such investments then dividend payments are expected in line with current policy.

CMG overheads

The net overheads of CMG now run at an annualised rate of approximately £175,000 excluding exceptional items and interest and are expected to stay at that level for the foreseeable future. Pending a decision on the timing of a dividend by SIS the Board has put in place facilities to ensure that sufficient funds are available to support the business of CMG.

AGM

Notice of the Annual General Meeting is attached. This will be held at 9.30am on Monday 12th December at the office of GAM, 20 King St London SW1Y6QY There will be a Special Resolution proposed to renew the authority given last year for the company to purchase up to 15% of its share capital in the market. To date no shares have been purchased under this authority.

Conclusion

The main objective of the Board has been to reduce overheads to a minimum while focusing on its investment in SIS. It is hoped that in due course the flow of dividends from SIS should eliminate borrowings which currently stand at £650,000 and enable a policy of distributions to shareholders to commence. In the interim, arrangements have been made to re-finance the existing outstanding debt due to be repaid by end of December 2011.

Whilst the current potential investment plans of SIS have resulted in there being some uncertainty as to whether a dividend will be received by the Company in the current year, the Directors are confident that any strategic investments made by SIS, in the event that these were to proceed, should ultimately be anticipated to result in a longer term enhancement in shareholder value for the benefit of all CMG shareholders.

Michael Rosenberg OBE
Chairman

17th NOVEMBER 2011

The directors present their annual report and the audited financial statements for the period ended 30 June 2011.

Financial reporting

The financial statements for 2011 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 / (loss) of associate) and after taxation of £2.5 million (2010: £3.8 million). Further details are shown in the Group Consolidated statement of comprehensive income on page 14.

The directors do not recommend a dividend.

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 Satellite Information Services (Holdings) Limited (SIS). The Group is entitled to appoint one director to the board of SIS which currently comprises ten directors, of which six are appointed by shareholders, three are independent and one is the chief executive. 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.

SIS has adopted a dividend policy to pay out a proportion of its distributable earnings subject to cash flow considerations. However any future dividends paid by SIS are, inter alia, dependent on the profitability of SIS and the resolutions of the Board of SIS of to declare such dividends.

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.

- SIS operates in competitive markets. This can result in downward pressure on prices and loss of customers. SIS aims to mitigate this risk by expanding the range of products and services it offers.

- 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 risks

Dividend income from the Group's investment in SIS is currently a major source of funding for the Group.

The Group is subject to financial risk through its exposure to financial assets and liabilities.

Credit risk

Credit risk arises principally from the Group's and Company's trade and other receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements.

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 and the amount of funding committed to its gaming software development programme. It is the 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, trade and other payables and the servicing of interest-bearing debt. Trade and payables are all payable within three months.

Further information in respect of the Group and Company interest-bearing indebtedness is disclosed in note 19.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

Interest rate risk

The Group and the Company are exposed to interest rate risk in respect of its interest-bearing loans and borrowings which are variable rate instruments. The Group and Company are also exposed to interest rate risk in respect of surplus funds held on deposit. The Board does not currently undertake hedging arrangements.

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:

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 equity 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 continuing operations for the period and the previous period is shown in the Group consolidated statement of comprehensive income on page 14.

Net asset value per share

The net asset value per share of the Group is 113.9 pence (2010: 105.0 pence). The net asset value per share has improved over the period to 30 June 2011 mainly due to continued increase in the value of the Group's associate. The net asset value of the Group at 30 June 2011 and 31 March 2010 is shown on the Group consolidated statement of financial position on page 15.

Key Performance Indicators of Associate

The directors additionally monitor the performance of SIS in order to evaluate the general performance of the Group.

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 at 30 June 2011.

Share Capital

On 20 October 2010, the Group cancelled the issued 714,319,736 deferred shares of 0.9 pence each with a total nominal value of £6,428,878.

Change of period end

The Group extended its accounting period to 30 June 2011 in order to allow the Group access to the audited accounts of its equity accounted associate prior to commencing its own audit process. Due to the period extension, comparative amounts in the financial statements are not entirely comparable.

Post-balance sheet events

There were no significant post-balance sheet events.

Policy and practice on the payment of creditors

The policy of the Group is to settle supplier invoices within the terms and conditions of trade agreed with individual suppliers. At the period end the Group had an average of 17 days (2010 – 19 days) purchases outstanding.

Political and charitable donations

The Group made no political or charitable donations during the period (2010: £nil).

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 and facilities 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, H.W Fisher and Company offers itself for reappointment at the Annual General Meeting as auditors of the Company. Notice of which is set out on page 47.

Corporate governance

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 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 2011 is on pages 47 to 48.

On behalf of the Board

Michael Rosenberg OBE
Chairman
17th November 2011

Independent auditors' report to the members of Catalyst Media Group plc

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We have audited the Group and Parent Company financial statements (the 'financial statements') of Catalyst Media Group plc for the period ended 30 June 2011 on pages 14 to 46 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 1 to 26. 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 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 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 Company and the 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 2011 and of the Group's profit for the period 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, and, as regards the Group Financial Statements, Article 4 of the IAS Regulations.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

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Paul Beber (Senior Statutory Auditor)

For and on behalf of H.W Fisher & Company

Chartered Accountants
Registered Auditors
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

17th November 2011

Consolidated statement of comprehensive income

	Note	30 June 2011 £	31 March 2010 £
Revenue	2	31,250	43,909
Cost of sales		(25,000)	(95,292)
Gross profit / (loss)		6,250	(51,383)
Administrative expenses		(228,152)	(290,212)
Operating loss		(221,902)	(341,595)
Financial income	8	68	88
Financial costs	9	(48,813)	(201,569)
Net financial costs		(48,745)	(201,481)
Share of profit of equity-accounted associate	1	2,589,272	3,812,224
Profit before taxation		2,318,625	3,269,148
Taxation	10	64,634	752,840
Profit for the period from continuing operations		2,383,259	4,021,988
Profit for the period		2,383,259	4,021,988
Share of other comprehensive income / (loss) of associate	1	118,105	(184,655)
Total comprehensive income for the period		2,501,364	3,837,333
Attributable to equity holders of the Company		2,501,364	3,837,333
Earnings per share:			
Basic	11	8.47p	14.29p
Diluted	11	8.47p	14.29p
Earnings per share from continuing operations:			
Basic	11	8.47p	14.29p
Diluted	11	8.47p	14.29p

The notes on pages 19 to 42 form part of these financial statements.

	Note	30 June 2011 £	31 March 2010 £
Assets			
Non-current assets			
Intangible assets	**12**	-	-
Property, plant and equipment	**13**	-	-
Investment in associate	**1**	32,662,725	29,955,348
		32,662,725	29,955,348
Current assets			
Trade and other receivables	**15**	26,426	82,592
Corporation tax receivable	**16**	10,886	327,198
Cash and cash equivalents	**17**	27,582	46,444
		64,894	456,234
Total assets		32,727,619	30,411,582
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	**18**	2,814,319	9,243,197
Share premium		-	38,904,450
Merger reserve		2,402,674	2,402,674
Retained profits/ (deficit)		26,826,782	(21,007,910)
Total equity		32,043,775	29,542,411
Non-current liabilities			
Interest-bearing loans and borrowings	**19**	-	806,854
Current liabilities			
Interest-bearing loans and borrowings	**19**	634,635	-
Trade and other payables	**20**	49,209	62,317
		683,844	62,317
Total equity and liabilities		32,727,619	30,411,582

The financial statements were approved by the Board of Directors and authorised for issue on

17th NOVEMBER 2011.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 19 to 42 form part of these financial statements.

Consolidated statement of cash flows

	Note	30 June 2011 £	31 March 2010 £
Cash flow from operating activities			
Profit before taxation including discontinued operations		2,318,625	3,269,148
Adjustments for:			
Depreciation, amortisation and impairment		-	278
Share of profit from associate		(2,589,272)	(3,812,224)
Finance income		(68)	(88)
Finance expense		48,813	201,569
Corporation taxes recovered		380,946	544,032
Net cash flow from operating activities before changes in working capital		159,044	202,715
Decrease in trade and other receivables		44,735	69,167
Decrease in trade and other payables		(13,108)	(135,967)
Net cash flow from operating activities		190,671	135,915
Investing activities			
Dividend received		-	2,915,002
Interest received		68	88
Net cash flow from investing activities		68	2,915,090
Financing activities			
Proceeds from long-term borrowings		-	200,000
Repayment of long-term borrowings		(172,219)	(3,157,045)
Interest paid		(37,382)	(120,467)
Net cash flow from financing activities		(209,601)	(3,077,512)
Net decrease in cash and cash equivalents in the period		(18,862)	(26,507)
Cash and cash equivalents at the beginning of the period		46,444	72,951
Cash and cash equivalents at the end of the period	**17**	27,582	46,444

The notes on pages 19 to 42 form part of these financial statements.

Company statement of financial position

	Note	30 June 2011 £	31 March 2010 £
Assets			
Non-current assets			
Intangible assets	**12**	-	-
Property, plant and equipment	**13**	-	-
Investments	**14**	16,750,001	16,790,142
		16,750,001	16,790,142
Current assets			
Trade and other receivables	**15**	3,045,323	2,893,828
Corporation tax receivable	**16**	10,886	327,198
Cash and cash equivalents	**17**	27,552	46,385
		3,083,761	3,267,411
Total assets		19,833,762	20,057,553
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	**18**	2,814,319	9,243,197
Share premium		-	38,904,450
Merger reserve		2,912,060	2,912,060
Retained profit /(deficit)		14,057,624	(31,104,761)
Total equity		19,784,003	19,954,946
Non-current liabilities			
Interest-bearing loans and borrowings	**19**	-	-
Current liabilities			
Trade and other payables	**20**	49,759	102,607
		49,759	102,607
Total equity and liabilities		19,833,762	20,057,553

The financial statements were approved by the Board of Directors and authorised for issue on 17th November 2011.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 19 to 42 form part of these financial statements

Company statement of cash flows

	Note	30 June 2011 £	31 March 2010 £
Cash flow from operating activities			
Loss before taxation		(222,578)	(327,785)
Adjustments for:			
Depreciation, amortisation and impairment		-	278
Finance income		(68)	(88)
Finance expense		-	2,751
Corporation taxes recovered		313,546	544,032
Net cash flow from operating activities before changes in working capital		90,900	219,188
Increase in trade and other receivables		(97,092)	(107,262)
Decrease in trade and other payables		(12,709)	(136,368)
Net cash flow used in operating activities		(18,901)	(24,442)
Investing activities			
Interest received		68	88
Net cash flow from investing activities		68	88
Financing activities			
Interest paid		-	(2,209)
Net cash flow from financing activities		-	(2,209)
Net decrease in cash and cash equivalents in the period		(18,833)	(26,563)
Cash and cash equivalents at the beginning of the period		46,385	72,948
Cash and cash equivalents at the end of the period	**17**	27,552	46,385

The notes on pages 19 to 42 form part of these financial statements.

1 Investment in associate **Period Ended 30 June 2011**	**Share of net assets**	**Fair Value of Intangibles**	**Total**
	Group **£**	**Group** **£**	**Group** **£**
Cost			
At 1 April 2010	8,777,307	21,178,041	29,955,348
Share of profit	2,589,272	-	2,589,272
Share of other comprehensive income	118,105	-	118,105
At 30 June 2011	11,484,684	21,178,041	32,662,725

The Group's interest in the associate, Satellite Information Services (Holdings) Limited (SIS), a company incorporated in Great Britain, 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 intangible assets recognised upon acquisition of the Group's interest represent customer contracts and goodwill. These are subject to an annual impairment review.

Share of profit of associate*	**2011**	**2011**	**2010**
	SIS Total **£'000**	**CMG share** **£'000**	**CMG share** **£'000**
Revenue:			
UK racing	124,338	25,539	24,465
SIS live services	105,345	21,638	11,424
Other services	25,900	5,320	4,821
Total revenue	255,583	52,497	40,710
Operating profit from ongoing operations (i)	19,523	4,010	5,457
Net interest payable	(2,585	(531)	(298)
Profit on disposal of fixed asset	10	2	-
Gain on disposal of subsidiary	-	-	203
Profit before tax	16,948	3,481	5,362
Taxation	(4,342	(892)	(1,550)
Share of profit after taxation	12,606	2,589	3,812
Net income from associate	12,606	2,589	3,812
Other comprehensive income:			
Actuarial gain/(loss)	799	164	(257)
Deferred tax	(224)	(46)	72
	575	118	(185)
Share of net assets and liabilities of associate			
Net assets (i)	169,469	34,809	29,005
Net liabilities (i)	(113,555)	(23,324)	(20,228)
Net equity	55,914	11,485	8,777

**The period covered by the associate's accounts is 12 months.*

1 Investment in associate (continued)

(i) The financial results for SIS are taken from its latest accounts to 31 March 2011, adjusted in order to align the accounting policies of SIS (whose accounts are prepared under UK GAAP) and CMG (whose accounts are prepared under International Financial Reporting Standards). Adjustments have been made in respect of the amortisation of goodwill and the recognition of the fair value of derivatives held by SIS as at the balance sheet date. The net effect of these adjustments is to increase the value of the investment in associate in the financial statements by £1,396k (2010: £681k).

Year Ended 31 March 2010	**Share of net assets Group £**	**Fair Value of Intangibles Group £**	**Total Group £**
Cost			
At 1 April 2009	8,064,740	21,178,041	29,242,781
Share of profit	3,812,224	-	3,812,224
Share of other comprehensive income	(184,655)	-	(184,655)
Dividend received	(2,915,002)	-	(2,915,002)
At 31 March 2010	8,777,307	21,178,041	29,955,348

2 Revenue

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

	2011 £	**2010 £**
Business administrative services	31,250	43,909
Total revenue	31,250	43,909

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 two segments; business administrative services and gaming activities. Business administrative services focuses on managing the strategic investment in Satellite Information Services (Holdings) Limited (SIS), including provision of non executive director services to SIS and the management of overheads. Gaming activities focuses on the development and running of online games.
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.
The Company derives more than 10% of its revenues from SIS. All segmental revenues, profits or losses, assets and liabilities are attributable to UK operations.

3 Segmental analysis (continued)

Period ended 30 June 2011	**Business administrative services (including SIS investment)**	**Gaming activities**	**Total (per consolidated financial statements)**
	£	**£**	**£**
Segment revenue	31,250	-	31,250
Operating loss	(196,902	(25,000	(221,902
Financial income	68	-	68
Financial costs	(48,813	-	(48,813
Share of profit of associate (note 1)	2,589,272	-	2,589,272
Segment profit / (loss)	2,343,625	(25,000	2,318,625
Tax	64,634	-	64,634
Share of other comprehensive income of associate	118,105	-	118,105
Consolidated profit / (loss) for the period	2,526,364	(25,000	2,501,364
Segment assets	32,727,619	-	32,727,619
Segment liabilities	(683,844	-	(683,844
Net assets	32,043,775	-	32,043,775

Year ended 31 March 2010	**Business administrative services (including SIS investment)**	**Gaming activities**	**Total (per consolidated financial statements)**
	£	**£**	**£**
Segment revenue	43,909	-	43,909
Operating loss	(246,303)	(95,292)	(341,595)
Financial income	88	-	88
Financial costs	(201,569)	-	(201,569)
Share of profit of associate (note 1)	3,812,224	-	3,812,224
Segment profit	3,364,440	(95,292)	3,269,148
Tax	752,840	-	752,840
Share of other comprehensive income of associate	(184,655)	-	(184,655)
Consolidated profit for the period	3,932,625	(95,292)	3,837,333
Segment assets	30,411,582	-	30,411,582
Segment liabilities	(869,171)	-	(869,171)
Net assets	29,542,411	-	29,542,411

4 Operating loss (Group)

	2011 £	2010 £
Operating loss for the period is stated after charging/(crediting):		
Depreciation of plant and equipment	-	278
Staff costs (see note 5)	-	(3,425)
Foreign exchange losses / (gains)	-	4,188
Auditors' remuneration (note 7)	10,627	10,000
Operating lease rentals	-	45,306

4 Operating loss (Company)

	2011 £	2010 £
Operating loss for the period is stated after charging/(crediting):		
Depreciation of plant and equipment	-	278
Staff costs (see note 5)	-	(3,425)
Foreign exchange (gains)/losses	-	4,188
Auditors remuneration (note 7)	3,000	3,000
Operating lease rentals	-	45,306

5 Staff numbers and costs (Group and Company)

There were no staff other than the non-executive directors during the current period and prior year.

Staff costs excluding non-executive directors were:

	2011 £	2010 £
Wages and salaries	-	(3,425)
	-	(3,425)

6 Directors' emoluments (Group and Company)

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

	2011 £	2010 £
Salaries and fees	57,875	49,375
	57,875	49,375

7 Auditors' remuneration

	2011 £	2010 £
Fees payable for the audit of the Group's financial statements	7,627	7,000
Fees payable for the audit of the Company's financial statements	3,000	3,000
	10,627	10,000

8 Financial income

	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Interest receivable	68	88	68	88

9 Financial costs

	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Interest payable	30,593	121,009	745	3,282
Amortisation of borrowing costs	18,220	80,560	-	-
	48,813	201,569	745	3,282

10 Taxation (Group)

	2011 £	2010 £
Current tax	65,217	692,900
Under / (over) provision in respect of prior periods	(583)	59,940
Total tax credit for the period	64,634	752,840

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 period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 27.60% (2010 - 28%). The standard tax rate reduced from 28% to 26% as of April 2011.

	2011 £	2010 £
Profit before tax	2,318,625	3,269,148
Tax on loss at standard rate of 27.60% (2010 – 28%)	639,941	915,361
Expenses not deductible for tax purposes	9,779	20,699
Income not taxable	(714,639)	(1,067,422)
Utilised tax losses	-	(563,664)
Under / (over) provision in respect of prior periods	(583)	(59,940)
Other items	868	2,126
Current tax credit	(64,634)	(752,840)

10 Taxation (Group) (continued)

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 £1,160,300 (2010: £1,250,100). The above deferred tax asset has been calculated based on a UK tax rate of 26% (2010: 28%) as applicable at 30 June 2011.

11 Earnings per share (diluted and undiluted)

The calculation of the basic and diluted earnings per share is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £2,383,259 (2010: £4,021,988) and a weighted average number of shares in issue for the period of 28,143,197 (2010: 28,143,197).

Reconciliation of shares in issue:

	Period ended 30 June 2011	Year ended 31 March 2010
Weighted average number of shares in issue	28,143,197	28,143,197
	28,143,197	28,143,197

12 Intangible assets

Period Ended 30 June 2011 **Group**	**Development expenditure 2011 £**	**Licences 2011 £**	**Total 2011 £**
Cost			
At 31 March 2010 and 30 June 2011	152,747	950,000	1,102,747
Amortisation			
At 31 March 2010 and 30 June 2011	(152,747)	(950,000)	(1,102,747)
Net book value			
At 31 March 2010 and 30 June 2011	-	-	-

Period Ended 30 June 2011 **Company**	**Licences 2011 £**
Cost	
At 31 March 2010 and 30 June 2011	950,000
Amortisation	
At 31 March 2010 and 30 June 2011	(950,000)
Net book value	
At 31 March 2010 and 30 June 2011	-

In accordance with IAS 38 and as described in note 26 to financial statements the directors assess intangible assets at each reporting date for impairment.

12 Intangible assets (continued)

Year Ended 31 March 2010 **Group**	**Development expenditure 2010 £**	**Licences 2010 £**	**Total 2010 £**
Cost			
At 31 March 2009 and 31 March 2010	152,747	950,000	1,102,747
Amortisation			
At 31 March 2009 and 31 March 2010	(152,747)	(950,000)	(1,102,747)
Net book value			
At 31 March 2009 and 31 March 2010	-	-	-

Year Ended 31 March 2010 **Company**	**Licences 2010 £**
Cost	
At 31 March 2009 and 31 March 2010	950,000
Amortisation	
At 31 March 2009 and 31 March 2010	(950,000)
Net book value	
At 31 March 2009 and 31 March 2010	-

13 Property, plant and equipment

Period Ended 30 June 2011 **Group and Company**	**Office equipment** **2011** **£**
Cost	
At 1 April 2010	669
Disposals	-
At 30 June 2011	669
Depreciation	
At 1 April 2010	(669)
On disposals	-
Charge for the period	-
At 30 June 2011	(669)
Net book value	
At 30 June 2011	-
At 31 March 2010	-

Year Ended 31 March 2010 **Group and Company**	**Office equipment** **2010** **£**
Cost	
At 1 April 2009	91,026
Disposals	(90,357)
At 31 March 2010	669
Depreciation	
At 1 April 2009	(90,748)
On disposals	90,357
Charge for the year	(278)
At 31 March 2010	(669)
Net book value	
At 31 March 2010	-
At 31 March 2009	278

14 Investments

Company **Period Ended 30 June 2011**	**Shares in subsidiaries** **£**
Cost	
At 31 March 2010	18,421,761
Disposals	(513,135)
At 30 June 2011	17,908,626
Provision for diminution in value	
At 31 March 2010	(1,631,619)
On disposal	513,135
Provision	(40,141)
At 30 June 2011	(1,158,625)
Net book value	
At 30 June 2011	16,750,001
At 31 March 2010	16,790,142

Details of the investments are as follows:

	Country of incorporation and operation	**Activity**	**Percentage of ordinary shares held (%)**
Spoof.com Limited	Great Britain	Non trading	100
Alternateport Limited*	Great Britain	Investment Company	100
Catalyst Media Holdings Limited	Great Britain	Investment Company	100

* A subsidiary of Catalyst Media Holdings Limited

On 7 September 2010, CMG Ventures Limited, a wholly owned subsidiary, was dissolved.

Year Ended 31 March 2010	**Shares in subsidiaries Company** **£**
Cost	
At 31 March 2009 and 31 March 2010	18,421,761
Provision for diminution in value	
At 31 March 2009 and 31 March 2010	(1,631,619)
Net book value	
At 31 March 2009 and 31 March 2010	16,790,142

15 Trade and other receivables	**2011 Group £**	**2010 Group £**	**2011 Company £**	**2010 Company £**
Trade debtors	-	1,410	-	1,410
Amounts owed by Group companies	-	-	3,030,841	2,834,612
Prepayments	20,482	37,131	8,538	13,755
Other debtors	5,944	44,051	5,944	44,051
	26,426	82,592	3,045,323	2,893,828

16 Corporation tax receivable	**2011 Group £**	**2010 Group £**	**2011 Company £**	**2010 Company £**
Consortium relief receivable	10,886	327,198	10,886	327,198

17 Cash and cash equivalents	**2011 Group £**	**2010 Group £**	**2011 Company £**	**2010 Company £**
Cash at bank	27,582	46,444	27,552	46,385

Cash and cash equivalents comprise cash only.

18 Share capital	**2011 Group and Company £**	**2010 Group and Company £**
Called up, allotted and fully paid:		
28,143,197 ordinary shares of 10 pence each	2,814,319	2,814,319
0 (2010: 714,319,736) deferred shares of 0.9 pence each	-	6,428,878
	2,814,319	9,243,197

On 20 October 2010, the company cancelled the issued 714,319,736 deferred shares of 0.9 pence each with a total nominal value of £6,428,878.

19 Interest-bearing loans and borrowings

	Current Group £ 2011	Current Group £ 2010	Current Company £ 2011	Current Company £ 2010
Bank loan	634,635	-	-	-
Bank revolving credit facility	-	-	-	-
	634,635	-	-	-

	Non-current Group £ 2011	Non-current Group £ 2010	Non-current Company £ 2011	Non-current Company £ 2010
Bank loan	-	606,854	-	-
Bank revolving credit facility	-	200,000	-	-
	-	806,854	-	-

On 9 October 2008, Catalyst Media Holdings Limited refinanced its loan with National Westminster Bank Plc which is due to be repaid no later than 31 December 2011. Interest is rolled up into the loan balance and is payable at 3% margin above LIBOR. The Group is required to apply all SIS dividends received against this loan in priority to other uses. The loan is also secured by a fixed and floating charge over the Group's assets.

The loan facility includes a further revolving credit facility of £500,000 available to the Group up until 31 December 2011. As at the period end £nil had been drawn down by the Group.

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective average interest rates in the period to 30 June 2011 and the periods in which they mature or, if earlier, are repriced.

	Effective interest rate	Group Total £ 2011	Group Current £ 2011	Group 1 – 2 Years £ 2011	Group 2 - 5 Years £ 2011
Cash at bank and other deposits	0.08%	27,582	27,582	-	-
Bank borrowings	4.51%	634,635	634,635	-	-

19 Interest-bearing loans and borrowings (continued)

	Effective interest rate	Company Total £ 2011	Company Current £ 2011	Company 1 – 2 Years £ 2011	Company 2 - 5 Years £ 2011
Cash at bank and other deposits	0.08%	27,552	27,552	-	-

20 Trade and other payables	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Trade payables	12,000	20,381	12,000	20,381
Amounts due to Group companies	-	-	550	40,693
Accruals and deferred income	37,209	41,936	37,209	41,533
	49,209	62,317	49,759	102,607

Trade payables are all due within one year.

21 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 26.

Proceeds from the issue of the Company's shares in previous periods and dividend income received from SIS have been utilised to reduce interest-bearing loans and borrowings within the Group and also to reduce the Company's indebtedness to Group companies. 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.

21 Financial instruments (continued)

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Group	**2011** **£**	**2010** **£**
Financial assets		
Loans and receivables		
Trade and other receivables	26,426	82,592
Cash and cash equivalents	27,582	46,444
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(49,209)	(62,317)
Interest-bearing loans and borrowings	(634,635)	(806,854)

Company	**2011** **£**	**2010** **£**
Financial assets		
Loans and receivables		
Trade and other receivables	14,482	59,216
Cash and cash equivalents	27,552	46,385
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(49,759)	(102,607)

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from financial consultants through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk arises principally from the Group's and Company's trade and other receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements.

Credit risk with cash and cash equivalents is reduced by placing funds with banks with high credit ratings.

21 Financial instruments (continued)

Liquidity risk

Liquidity risk arises from the Group's and Company's management of working capital and the amount of funding committed to its gaming software development programme. It is the 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, trade and other payables and the servicing of interest-bearing debt. Trade and payables are all payable within three months.

Further information in respect of the Group and Company interest-bearing indebtedness is disclosed in note 19.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

Interest rate risk

The Group and the Company are exposed to interest rate risk in respect of its interest-bearing loans and borrowings which are variable rate instruments. The Group and Company are also exposed to interest rate risk in respect of surplus funds held on deposit. The Board does not currently undertake hedging arrangements.

Interest rate table

The following table demonstrates the sensitivity to a reasonable and possible change in interest rates, with all other variables held constant, of the Group's profit before tax, excluding share of profit of associate (through the impact on floating rate borrowings) and cash flows.

	Change in rate	**2011 £**	**Change in rate**	**2010 £**
Sterling	-0.5%	3,173	-0.5%	4,034
	-1.0%	6,346	-1.0%	8,069
	-1.5%	9,520	-1.5%	12,103
Sterling	0.5%	(3,173)	0.5%	(4,034)
	1.0%	(6,346)	1.0%	(8,069)
	1.5%	(9,520)	1.5%	(12,103)

Fair value of financial liabilities	**2011 £**	**2010 £**
Bank loans	634,635	806,854
Trade and other payables	49,209	62,317
	683,844	869,171

21 Financial instruments (continued)

The fair value of the bank loan has been calculated at 30 June 2011 as the interest rate is variable LIBOR rate plus a margin which the directors consider reflects current interest rates and current spreads for the entity. 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, share premium, 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 gearing ratio that balances risks and returns at an acceptable level and also 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.

22 Post-balance sheet events

There are no significant post-balance sheet events arising since 30 June 2011.

23 Capital commitments

There were no capital commitments outstanding at 30 June 2011 for the Group or the Company.

24 Ultimate Controlling party

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

25 Related party transactions

During the period, Satellite Information Services (Holdings) Limited paid the Group £31,250 (2010: £25,000) in respect of fees for the services of the directors. In addition Satellite Information Services (Holdings) Limited paid the Group £380,946 (2010: £544,032) in respect of consortium relief payments.

Christopher Mills is a director of Northern Atlantic Value LLP (NAV) and Oryx International Growth Fund Limited (together known as NASCIT). NAV have an interest in 3,500,000 ordinary shares of 10p each which represented 12.44% of the total share capital of the Company.

In the year to 31 March 2010, Christopher Mills provided a short term loan to the Group of £150,000. The purpose of the loan was to enable the Group to accelerate the reduction in its loan with National Westminster Bank Plc. The loan from Christopher Mills was repaid during the year to 31 March 2010 together with interest accrued at a rate of 12% per annum of £2,712.

Melvin Lawson and his associated companies ("Lawson") has an interest in 3,615,486 ordinary shares of 10p each in Catalyst Media Group plc representing 12.85% of the total issued share capital of the Company.

Mark Hawtin has an interest in 2,010,117 ordinary shares of 10p each in Catalyst Media Group plc representing 7.14% of the total issued share capital of the Company.

Michael Rosenberg has an interest in 10,520 ordinary shares of 10p each in Catalyst Media Group plc representing 0.04% of the total issued share capital of the Company.

	Salary and fees 2011 £	Other benefits 2011 £	Compensation for loss of office 2011 £	Total 2011 £
M Rosenberg OBE	20,375		-	20,375
M Hawtin	12,500		-	12,500
C Mills	12,500		-	12,500
M Lawson	12,500		-	12,500
	57,875		-	57,875

	Salary and fees 2010 £	Other benefits 2010 £	Compensation for loss of office 2010 £	Total 2010 £
M Rosenberg OBE	19,375		-	19,375
M Hawtin	10,000		-	10,000
C Mills	10,000		-	10,000
M Lawson	10,000		-	10,000
	49,375		-	49,375

26 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 Satellite Information Services (Holdings) Limited, 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 period included a loss on ordinary activities after tax of £170,943 (2010: profit of £370,655) 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 financial reporting standards for the first time in preparing its financial statements for the period ended 30 June 2011. The impact on the Group financial statements is set out below:

IAS 7 (amended 2009) is applicable for financial periods beginning on or after 1 January 2010. Only expenditure which results in the recognition of an asset, is eligible to be classified as a cash flow from investing activities for the Group.

IAS 27 (revised 2008) replaces IAS 27 (revised 2003) and is effective for financial periods beginning on or after 1 July 2009. This standard provides changes to the treatment of acquisitions and disposals, and treatment of non-controlling interests at fair value where there is a negative balance.

IFRS 3 (revised 2010) replaces IFRS 3 (issued 2008) and is applicable for financial periods beginning on or after 1 July 2009. The revision addresses various issues regarding business consolidations. The amendment changes the scope, calculation of goodwill, treatment of contingent consideration and introduces the option to value non-controlling interest at fair value.

IFRS 8 (amended 2009) is applicable for financial periods beginning on or after 1 January 2010. Segment information in respect of total assets is required to be disclosed by the Group only if such information is reported to the chief operation decision maker on a regular basis.

IFRIC 17 is applicable for financial periods beginning on or after 1 November 2009 for EU preparers. This is a new interpretation for the Group and addresses non-cash dividends.

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:

- IAS 1: Presentation of Financial Statements (Amended 2010) (effective as of 1 January 2011)
- IAS 12: Income Taxes (Amended 2010) (effective as of 1 January 2012)
- IAS 24: Related Party Disclosures (Revised 2010) (effective as of 1 January 2011)
- IAS 34: Interim Financial Reporting (Amended 2010) (effective as of 1 January 2011)
- IFRS 1: First-time Adoption of International Financial Reporting Standards (Amended 2010) (Revised 2010) (effective as of 1 July 2010; 1 January 2011 and 1 July 2011)
- IFRS 7: Financial Instruments Disclosures (Amended 2010) (Revised 2010) (effective as of 1 July 2010, 1 January 2011 and 1 July 2011)
- IFRS 9: Financial Instruments (Amended 2010) (effective as of 1 January 2013)
- IFRS 10: Consolidated Financial Statements (effective as of 1 January 2013)
- IFRS 11: Joint Arrangements (effective as of 1 January 2013)
- IFRS 12: Disclosure of Interests in Other Entities (effective as of 1 January 2013)
- IFRS 13: Fair Value Measurement (effective as of 1 January 2013)
- IFRIC 13: Customer Loyalty Programmes (Amended 2010) (effective as of 1 January 2011)
- IFRIC 14: Prepayments of a Minimum Funding Requirement (effective as of 1 January 2011)
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (Amended 2010) (effective as of 1 July 2010 and 1 January 2011).

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 Group. 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.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is 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.

Goodwill

Goodwill acquired separately is measured on initial recognition at cost. Following initial recognition, goodwill is not amortised but is reviewed annually for impairment.

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.

Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

Plant and equipment are depreciated using the straight-line method based on estimated useful lives.

The annual rate of depreciation for each class of depreciable asset is:

- Fixtures and fittings - 25% straight line
- Office equipment - 25% straight line

The carrying value of tangible fixed assets is assessed annually and any impairment is charged to the income statement.

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 income statement 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.
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 of continuing operations 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 fair value of the associate and the acquisition cost and recognises the amount in profit or loss.

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

Trade and other receivables: These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents: These include cash in hand, deposits held at call with banks and bank overdrafts.

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.

Interest-bearing loans and borrowings**:** These are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

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.

Foreign currency

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items is included in the income statement for the period.

For the purpose of presenting consolidated financial statements, income and expense items are translated at the average exchange rates for the period.

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.

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 from continuing operations. 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

For any defined benefit pension scheme in operation, the Group would require contributions to be made to separately administered funds.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested.

When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur. The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme

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 above.

(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 26 to the accounts.

Attributable to equity holders of the Group

30 June 2011	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained Profits**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 April 2010	9,243,197	38,904,450	2,402,674	(21,007,910)	29,542,411
Capital reduction – deferred shares	(6,428,878)	-	-	6,428,878	-
Capital reduction – share premium	-	(38,904,450)	-	38,904,450	-
Profit for the period	-	-	-	2,383,259	2,383,259
Other comprehensive income:					
Share of other comprehensive income of associate	-	-	-	118,105	118,105
Total comprehensive income for the period	(6,428,878)	(38,904,450)	-	47,834,692	2,501,364
At 30 June 2011	2,814,319	-	2,402,674	26,826,782	32,043,775

On 20 October 2010, the Group, as a whole, reduced its capital. Both the share premium account of £38,904,450 and issued share capital of £6,428,878 were cancelled and credited to the profit and loss account reserve. The capital reduction was undertaken to allow the Group, as a whole to have distributable reserves.

The notes on pages 19 to 42 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.
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained profits	Cumulative profit of the Group attributable to equity shareholders.

Consolidated statement of changes in equity

Attributable to equity holders of the Group

31 March 2010	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained deficit**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 April 2009 As previously reported	9,243,19	38,904,450	2,402,674	(25,145,127)	25,405,194
Prior year adjustment		-	-	299,884	299,884
At 1 April 2009 As restated	9,243,19	38,904,450	2,402,674	(24,845,243)	25,705,078
Profit for the year		-	-	4,021,988	4,021,988
Other comprehensive income:					
Share of other comprehensive income of associate		-	-	(184,655)	(184,655)
Total comprehensive income for the year		-	-	3,837,333	3,837,333
At 31 March 2010	9,243,19	38,904,450	2,402,674	(21,007,910)	29,542,411

The notes on pages 19 to 42 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.
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained deficit	Cumulative loss of the Group attributable to equity shareholders.

Company statement of changes in equity

Attributable to equity holders of the Company

30 June 2011	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained Profits**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 April 2010	9,243,197	38,904,450	2,912,060	(31,104,761)	19,954,946
Loss for the period	-	-	-	(170,943)	(170,943)
Capital reduction – deferred shares	(6,428,878)	-	-	6,428,878	-
Capital reduction – share premium	-	(38,904,450)	-	38,904,450	-
Total comprehensive income for the period	(6,428,878)	(38,904,450)	-	45,162,385	(170,943)
At 30 June 2011	2,814,319	-	2,912,060	14,057,624	19,784,003

On 20 October 2010, the company reduced its capital. Both the share premium account of £38,904,450 and issued share capital of £6,428,878 were cancelled and credited to the profit and loss account reserve. The capital reduction was undertaken to allow the company to have distributable reserves.

The notes on pages 19 to 42 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.
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

31 March 2010	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained Deficit**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 April 2009	9,243,197	38,904,450	2,912,060	(31,475,416)	19,584,291
Profit for the year	-	-	-	370,655	370,655
Total comprehensive income for the year	-	-	-	370,655	370,655
At 31 March 2010	9,243,197	38,904,450	2,912,060	(31,104,761)	19,954,946

The notes on pages 19 to 42 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.
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained deficit	Cumulative loss of the Company attributable to equity shareholders.

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 the offices of GAM, 20 King Street, London SW1Y 6QY, on 12th December 2011 at 9.30 a.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 period ended 30 June 2011.			
2. To approve the directors' remuneration report for the Company for the period ended 30 June 2011.			
3. To reappoint H W Fisher & Company 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 Christopher Mills as a director.			
SPECIAL RESOLUTIONS			
6. To grant the Company authority to make market purchases of its own ordinary shares			

Signature (see note4)……………………………………………………………….…

Dated this ……… …..day of … ……………2011

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 Capita Registrars, The Registry PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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 Capita Registrars, The Registry PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.