Company's Registered Number: 3955206

CATALYST MEDIA GROUP PLC

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009

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

Portland House
4 Great Portland Street
London W1W 8QJ
Registration number: 3955206

Solicitors

Lewis Silkin LLP
5 Chancery Lane
Clifford's Inn
London EC4A 1BL

Nominated adviser & broker

Strand Partners Limited
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

During the year under review the Board of CMG has continued the process of reducing overheads with a view to focusing the Group's main activity on its holding of 20.54% in SIS.

CMG has equity accounted its share of the SIS profits and for the year ended 31 March 2009 the Group showed profit after tax of £2.4 million (2008: £1.0 million) representing an increase of approximately 246 per cent and EPS of 8.4p(2008: 3.4p). Net Assets at the balance sheet date were £25.3 million (2008: £22.9 million) representing a net asset per share value of approximately 90p(2008: 81p).

SIS

For the year ended 31 March 2009, SIS reported revenues of £193 million (2008: £159 million), profit from ongoing operations of £25.3 million (2008: £24.1 million) and profit before taxation of £21.3 million (2008: £26.1 million).

The principal activities of SIS are:

- The provision of satellite news-gathering and associated transmission services through its market leading SISLINK division, which now accounts for the major contribution to its continuing profitability (Uplink Services);

- The provision of outside broadcast television production units, including sound, support and communication (Outside Broadcast);

- The provision of television production services for other broadcasters(Other Services); and

- The long established business providing integrated TV and information services delivered via satellite to licensed betting offices in the UK, Ireland and overseas (Racing Services).

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

During the year ended 31 March 2008, Turf TV, a competitor of SIS, launched a TV service providing coverage of horseracing to the UK and Ireland's Bookmakers. Turf TV's High Court claim against SIS was comprehensively dismissed in August 2008 and SIS was awarded significant costs.

The SIS Group has subsequently strengthened its position and is delivering not only its own televised services, but also those of Turf TV into more than 75% of the UK market. The SIS Group intends to stay ahead of the competition by offering visual and data services that are of the highest quality and competitively priced.

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

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

OTHER ACTIVITIES

In addition to focussing on its investment in SIS, CMG has also continued the development of the two on line games, namely Tringo and Spoof, that have been referred to in previous statements. CMG are in active discussions to bring these games to market in the near term.

In April 2008, Newsplayer International Limited was sold for £225,000. This completed the exit from previous businesses owned by the Group save for the development of the games referred to above.

SIS DIVIDEND POLICY

During the year ended 31 March 2009, SIS paid a dividend of £15 million to shareholders and has a policy in place to pay dividends of not less than 50% of retained profits subject only to cash flow needs. Assuming that dividends continue to be distributed by SIS it is anticipated that borrowings within CMG Group will continue to reduce which will enable the Board to give consideration to the payment of dividends by the end of 2010.

Conclusion

SIS continues to trade profitably in its core businesses with long term income secured. In addition the acquisition of the 'BBC Outside Broadcast' business has added significantly to the scale of the SISLINK business.

The online games of Tringo and Spoof have now reached the stage where they can be commercially exploited and active discussions are underway with a view to seeking to bring them to market in the near term

Meanwhile the overheads of CMG continue to be reduced and, excluding financing costs related to the SIS investment and the retirement of older debt and other exceptional costs, were £324,651 for the year (2008: £642,703). These are anticipated to be further reduced in the year ending 31 March 2010.

Michael Rosenberg OBE
Chairman

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

Financial reporting

The financial statements for 2009 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 after taxation of £2.5million (2008: £1 million). Further details are shown in the Group income statement on page 12.

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 formal dividend policy to pay out no less than 50% of 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 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 new funding for the Group.

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 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 year and the previous year is shown in the Group income statement on page 12. The EPS shows an improvement in the performance of the Group from the previous year.

Net asset value per share.

The net asset value of per share of the group is 90.3 pence (2008: 81.5 pence). The net asset value per share has improved over the year to 31 March 2009 mainly due to the receipt of a dividend from SIS and reduction in the year of debt from £7.3 million to £3.8 million. The net asset value of the Group at 31 March 2009 and 31 March 2008 is shown on the Group balance sheet on page 13.

Key Performance Indicators of Associate
The directors additionally monitor the performance of SIS in order to evaluate the general performance of the group. The KPI most relevant to the group is:

Net Cash inflow from Operating activities

The net cash inflow for SIS was £39.8 million (2008: £26.8 million). Net Cash inflow is calculated by reconciling Operating profit to cash generated from SIS's activities. The increase is due to improved operating profit as well as improved working capital management.

Directors

The Directors of the Company during the year were:

Michael Rosenberg OBE	Chairman
Mark Hawtin	Non-executive Director
Melvin Lawson	Non-executive Director
Christopher Mills	Non-executive Director
Anna Prestwich	Resigned 28 May 2008

The Company has Directors' and Officers liability insurance in place.

Employees

The Group had no other employees other than the Directors at 31 March 2009.

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 year-end the Group had an average of 93 days (2008 – 71 days) purchases outstanding.

Political and charitable donations

The Group made charitable donations totaling £Nil during the year (2008: £500). The Company made no political donations.

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.

A resolution to reappoint H.W Fisher and Company as auditors to the Company will be proposed at the forthcoming Annual General Meeting (notice of which is set out on page 46).

Corporate governance

Internal financial control

The Group operates a system of internal financial control commensurate with its current size and activities, is 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, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board. 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 annual report and the financial statements in accordance with the Companies Act 1985. The directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In relation to the Group financial statements, the directors are required to prepare financial statements for each financial year which present fairly the financial position of the Group and its financial performance and cash flows for that period. In relation to the Company's financial statements, the directors are required by law to prepare financial statements for each financial year that give a true and fair view of the state of the affairs of the Company for that period, In preparing the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in applicable accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so;
- state that the Group has complied with the applicable accounting standards subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing financial statements.

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 2009 is on page 46.

On behalf of the Board

Michael Rosenberg OBE
Chairman

H.W. FISHER & COMPANY

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

We have audited the Group and parent Company financial statements (the 'financial statements') of Catalyst Media Group plc for the year ended 31 March 2009 which comprise the Group Income Statement, the Group and parent Company Balance Sheets, the Group and parent Company Cash Flow Statements, the Group and parent Company Statements of Changes in Equity, and the related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985 are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Chairman's statement and the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

H.W. FISHER & COMPANY

Independent auditors' report to the shareholders of Catalyst Media Group plc - continued

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Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985, of the state of the Group's and parent Company's affairs as at 31 March 2009 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Directors' Report is consistent with the financial statements.

H W Fisher & Company

H.W Fisher & Company
Chartered Accountants
Registered Auditors

Acre House
11-15 William Road
London
NW1 3ER

Date: 29 September 2009

Consolidated income statement

	Note	2009 £	2008 £
Revenue	**2**	92,392	130,337
Cost of sales		(2,990)	-
Gross profit		89,402	130,337
Administrative expenses		(324,651)	(642,703)
Loss on sale of subsidiary		-	(21,561)
Profit on sale of investment		-	-
Impairment of development costs	**14**	(66,447)	(129,254)
Total administrative expenses		(391,098)	(793,518)
Operating loss		(301,696)	(663,181)
Financial income	**9**	32,322	64,646
Financial costs	**10**	(906,563)	(1,809,778)
Net financial costs		(874,241)	(1,745,132)
Share of profit from equity-accounted associate	**1**	3,114,275	2,814,023
Profit/(loss) before taxation		1,938,338	405,710
Taxation	**12**	310,000	687,000
Profit/(loss) for the year from continuing operations		2,248,338	1,092,710
Profit/(loss) for the year from discontinued operations	**4**	217,378	(132,634)
Profit/(loss) for the year		2,465,716	960,076
Loss for the period attributable to minority interests		-	-
Profit/(loss) attributable to equity holders of the Company		2,465,716	960,076
Earnings/(loss) per share:			
Basic	**13**	8.8p	3.4p
Diluted (As restated 2008)	**13**	8.8p	3.4p
Earnings /(loss) per share from continuing operations:			
Basic	**13**	8.0p	3.9p
Diluted (As restated 2008)	**13**	8.0p	3.9p

The notes on pages 17 to 43 form part of these financial statements.

Consolidated balance sheet

	Note	2009 £	2008 £
Assets			
Non-current assets			
Intangible assets	**14**	-	66,447
Property, plant and equipment	**15**	278	758
Investment in associate	**1**	28,942,897	28,909,152
		28,943,175	28,976,357
Current assets			
Trade and other receivables	**17**	232,319	225,667
Corporation tax receivable	**18**	118,390	300,523
Cash and cash equivalents	**19**	72,951	1,209,088
		423,660	1,735,278
Total assets		29,366,835	30,711,635
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	**20**	9,243,197	9,243,197
Share premium		38,904,450	38,904,450
Merger reserve		2,402,674	2,402,674
Retained deficit		(25,145,127)	(27,610,843)
Total equity		25,405,194	22,939,478
Non-current liabilities			
Interest-bearing loans and borrowings	**21**	3,763,899	7,312,689
Current liabilities			
Trade and other payables	**22**	197,742	459,468
		197,742	459,468
Total equity and liabilities		29,366,835	30,711,635

The financial statements were approved by the Board of Directors and authorised for issue on 29th September 2009

Michael Rosenberg OBE
Director

The notes on pages 17 to 43 form part of these financial statements.

Consolidated cash flow statement

	Note	2009 £	2008 £
Cash flow from operating activities			
Profit/(loss) before taxation including discontinued operations		2,465,716	273,076
Adjustments for:			
Depreciation, amortisation and impairment		66,927	168,522
Effect of foreign currency translation movements		-	-
Share of profit from associate		(3,114,275)	(2,814,023)
Loss/(profit) from sale of subsidiary and interest in associate		(217,378)	61,566
Loss on sale of plant and equipment		-	113
Finance income		(32,322)	(64,646)
Finance expense		1,010,499	1,809,778
Corporation taxes recovered		310,000	618,887
Net cash flow from operating activities before changes in working capital		489,167	53,273
Decrease/(increase) in trade and other receivables		(134,519)	256,592
Increase/(decrease) in trade and other payables		82,751	(1,442,966)
Net cash flow used in operating activities		437,399	(1,133,101)
Investing activities			
Payments for property, plant and equipment		-	(669)
Dividend received		3,080,530	2,053,685
Interest received		32,322	64,646
Sale of subsidiary		-	93,248
Net cash flow from investing activities		3,112,852	2,210,910
Financing activities			
Issue of ordinary shares		-	10,500,000
Cost of share issue		-	(391,837)
Proceeds from long-term borrowings		3,763,899	7,312,689
Repayment of long-term borrowings		(7,312,689)	(17,465,000)
Interest paid		(1,137,598)	(1,773,159)
Net cash flow from financing activities		(4,686,388)	(1,817,307)
Net (decrease)/increase in cash and cash equivalents in the year		(1,136,137)	(739,498)
Cash and cash equivalents at the beginning of the year		1,209,088	1,948,586
Cash and cash equivalents at the end of the year	**19**	72,951	1,209,088

The notes on pages 17 to 43 form part of these financial statements.

Company balance sheet

	Note	2009 £	2008 £
Assets			
Non-current assets			
Intangible assets	**14**	-	42,954
Property, plant and equipment	**15**	278	758
Investments	**16**	16,790,142	17,074,292
		16,790,420	17,118,004
Current assets			
Trade and other receivables	**17**	2,840,966	5,633,221
Corporation tax receivable	**18**	118,390	300,523
Cash and cash equivalents	**19**	72,948	1,164,892
		3,032,304	7,098,636
Total assets		19,822,724	24,216,640
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	**20**	9,243,197	9,243,197
Share premium		38,904,450	38,904,450
Merger reserve		2,912,060	2,912,060
Retained deficit		(31,475,416)	(30,748,298)
Total equity		19,584,291	20,311,409
Non-current liabilities			
Interest-bearing loans and borrowings	**21**	-	3,500,000
Current liabilities			
Trade and other payables	**22**	238,433	405,231
		238,433	405,231
Total equity and liabilities		19,822,724	24,216,640

The financial statements were approved by the Board of Directors and authorised for issue on 29th September 2009

Michael Rosenberg OBE
Director

The notes on pages 17 to 43 form part of these financial statements

Company cash flow statement

	Note	2009 £	2008 £
Cash flow from operating activities			
Loss before taxation		(864,118)	(1,645,327)
Adjustments for:			
Depreciation, amortisation and impairment		327,582	164,399
Finance income		(32,237)	(63,289)
Finance expense		271,989	475,375
Corporation taxes recovered		137,000	221,000
Profit on disposal of subsidiary		(12,911)	-
Net cash flow from operating activities before changes in working capital		(172,695)	(847,842)
(Increase)/decrease in trade and other receivables		2,974,388	(4,015,284)
(Decrease)/increase in trade and other payables		(65,154)	(9,071,734)
Net cash flow (used in)/from operating activities		2,736,539	(13,934,860)
Investing activities			
Payments for property, plant and equipment		-	(669)
Interest received		32,237	63,289
Disposal of investment in group company		12,911	-
Net cash flow from investing activities		45,148	62,620
Financing activities			
Issue of ordinary shares		-	10,500,000
Cost of share issue		-	(391,837)
Proceeds from long-term borrowings		-	3,500,000
Repayment of long-term borrowings		(3,500,000)	-
Interest paid		(373,631)	(475,375)
Net cash flow from financing activities		(3,873,631)	13,132,788
Net increase/(decrease) in cash and cash equivalents in the year		(1,091,944)	(739,452)
Cash and cash equivalents at the beginning of the year		1,164,892	1,904,344
Cash and cash equivalents at the end of the year	**19**	72,948	1,164,892

The notes on pages 17 to 43 form part of these financial statements.

1 Investment in associate	**Share of net assets**	**Fair Value of Intangibles**	**Total**
	Group £	**Group £**	**Group £**
Cost			
At 1 April 2008	7,731,111	21,178,041	28,909,152
Additions – share of profit	3,114,275	-	3,114,275
Amortisation charged in year	-	-	-
Dividend received	(3,080,530)	-	(3,080,530)
At 31 March 2009	7,764,856	21,178,041	28,942,897

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

Share of profit of associate	**2009 SIS Total £'000**	**2009 CMG share £'000**	**2008 CMG Share £'000**
Revenue:			
UK racing	113,842	23,383	25,029
SIS live services	55,653	11,431	2,860
Other services	23,442	4,815	4,764
Total revenue	192,937	39,629	32,653
Operating profit from ongoing operations	25,346	5,206	4,956
Operating profit from acquisitions	(3,623)	(744)	-
	21,723	4,462	4,956
Net interest receivable	-	-	401
Net interest payable	(384)	(79)	-
Profit before tax	21,339	4,383	5,357
Taxation	(6,233)	(1,280)	(1,673)
Share of profit after taxation	15,106	3,103	3,684
Share of other reserve movements	56	11	(23)
Retained profit transferred to reserves	15,162	3,114	3,661
Amortisation of fair-value of intangible asset		-	(847)
Net income from associate		3,114	2,814

Share of net assets and liabilities of associate			
Net assets	97,683	20,064	13,998
Net liabilities	(59,437)	(12,208)	(6,175)
Net equity	38,246	7,856	7,823
Other adjustments	-	(91)	(92)
	38,246	7,765	7,731

2 Revenue

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

	2009 £	2008 £
Business administrative services	92,392	130,337
Leisure and media – discontinued (note 4)	-	34,202
Total revenue	92,392	164,539

3 Segmental analysis

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector (business segment) or in providing products or services in a particular economic environment (geographic segment), which is subject to risks and rewards that are different in those other segments. The Group operated in the year in one segment, business administrative services and in one principal geographic area – the United Kingdom (UK). In April 2007 the Group sold its operations in the United States of America. Royalties were received from Global Media Services Inc in the year representing deferred consideration arising from the disposal of the Group's interest in that business in 2006. Management considers that this revenue arises from UK managed operations and is included within revenue arising from leisure and media activities in note 2.

The Group also holds a strategic investment in Satellite Information Services (Holdings) Limited.

Year ended 31 March 2009	**SIS** £	**Business administrative services** £	**Unallocated activities** £	**Total** £
Revenue	-	92,392	-	92,392
Segment result	-	(235,249)	-	(235,249)
Impairment charges	-	-	(66,447)	(66,447)
Finance income	-	-	32,322	32,322
Finance costs	-	-	(906,563)	(906,563)
Share of profit of associate (note 1)	3,114,275	-	-	3,114,275
Discontinued operations (note 4)	-	217,378	-	217,378
Profit before tax	3,114,275	(17,871)	(940,688)	2,155,716
Tax	-	-	310,000	310,000
Profit for the year	3,114,275	(17,871)	(630,688)	2,465,716
Segment assets	28,942,897	423,938	-	29,366,835
Segment liabilities:				
Continuing operations	-	(3,961,641)	-	(3,961,641)
Discontinued operations (note 4)	-		-	-
Total liabilities	-	(3,961,641)	-	(3,961,641)
Net assets	28,942,897	(3,537,703)	-	25,405,194

Other segmental information

All capital expenditure, depreciation and amortisation and impairment charges in 2009 related to the Business Administrative Services segment.

Year ended 31 March 2008	SIS	Leisure and Media	Business administrative services	Unallocated activities	Total
	£	£	£	£	£
Revenue	-	-	130,337	-	130,337
Segment result	-	-	(499,279)	-	(449,279)
Impairment charges				(163,902)	(163,902)
Finance income	-	-	-	64,646	64,646
Finance costs	-	-	-	(1,809,778)	(1,809,778)
Share of profit of associate (note 1)	2,814,023		-	-	2,814,023
Discontinued operations (note 4)	-		(132,634)	-	(132,634)
Profit before tax	2,814,023		(631,913)	(1,909,034)	273,076
Tax	-		-	687,000	687,000
Profit for the year	2,814,023		(631,913)	(1,222,034)	960,076
Segment assets	28,909,152		1,802,484	-	30,711,636
Segment liabilities:					
Continuing operations	-		(7,730,853)	-	(7,730,853)
Discontinued operations (note 4)	-	(41,305)	-	-	(41,305)
Total liabilities	-	(41,305)	(7,730,853)	-	(7,772,158)
Net assets	28,909,152	(41,305)	(5,928,369)	-	22,939,478

Other segmental information

All capital expenditure, depreciation and amortisation and impairment charges in 2008 related to the Business Administrative Services segment.

4 Discontinued operations	**Note**	**2009 £**	**2008 £**
Revenue	**2**	-	34,202
Cost of sales		-	(1,948)
Gross profit		-	32,254
Administrative expenses		(20)	(164,888)
Interest income		16	
Loss before taxation		(4)	(132,634)
Profit on disposal		217,382	-
Loss before taxation	**3**	217,378	(132,634)
Earnings/(loss) per share arising from discontinued operations:			
Basic	**13**	1p	(0.5p)
Diluted	**13**	1p	(0.5p)

The net liabilities attributable to the discontinued operations were £Nil (2008: £41,305). There were no non-current assets attributed to the discontinued operations in 2009 or 2008. The effect of taxation losses attributable to these businesses is not material for 2009 and 2008. Included within net cash flow used in operating activities are cash inflows of £225,000 (2008; cash outflows of £132,215). There are no investing or financing cash flows from the discontinued group. During the year the Catalyst Media Group Plc sold its subsidiaries, Newsplayer Limited and Newsplayer International Limited.

5 Operating loss (Group):

	2009 £	2008 £
Operating profit/ (loss) for the year is stated after charging/(crediting):		
Depreciation of plant and equipment	480	4,620
Staff costs (see note 6)	36,460	239,639
Impairment of goodwill	-	104,744
Foreign exchange (gains)/losses	(21,376)	32,153
Impairment of intangible assets	66,447	163,902
Auditors remuneration (note 8)	19,184	79,300
Operating lease rentals	50,000	50,000

Operating loss (Company):

	2009 £	2008 £
Operating profit/ (loss) for the year is stated after charging/(crediting):		
Depreciation of plant and equipment	480	491
Staff costs (see note 6)	36,460	180,959
Foreign exchange (gains)/losses	(21,376)	-
Auditors remuneration (note 8)	5,000	5,000
Operating lease rentals	50,000	50,000

6 Staff numbers and costs (Group and Company):

The average number of persons, including executive directors, was:

	2009 Number	2008 Number
Selling and distribution	-	-
Administration	-	2
	-	2

Staff costs for the above persons, including executive and non executive directors were:

	2009 £	2008 £
Wages and salaries	34,338	209,085
Social security costs	1,923	22,891
Other staff benefits	199	7,663
	36,460	239,639

7 Directors' emoluments:

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

	2009 £	**2008** £
Salaries and fees	57,654	169,794
Social security costs	-	-
Compensation for loss of office	25,000	-
Other staff benefits	199	7,663
	82,853	177,457

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest-paid director was £37,853 including £25,000 for loss of office (2008: £102,383).

8 Auditors' remuneration (Group and Company)

	2009 £	**2008** £
Fees payable for the audit of the Group's financial statements	14,184	25,000
Fees payable for the audit of the Company's financial statements	5,000	5,000
Fees payable for services relating to recruitment and remuneration	3,500	-
Fees payable for other services	-	49,300
	22,684	79,300

9 Finance income

	2009 Group £	**2008 Group** £	**2009 Company** £	**2008 Company** £
Interest receivable	32,322	64,646	32,237	63,289

10 Finance expenses

	2009 Group £	**2008 Group** £	**2009 Company** £	**2008 Company** £
Interest payable	835,499	841,909	271,987	475,375
Amortisation of borrowing costs	71,064	36,619	-	-
Finance redemption fees (note 11)	-	931,250		
	906,563	1,809,778	271,987	475,375

11 Finance fees on retirement of long-term debt

Early redemption fee in a subsidiary of the company crystalising upon the early retirement of long-term borrowings.

12 Taxation (Group)	**2009** £	**2008** £
Current tax	310,000	624,519
Under-provision in respect of prior periods	-	62,481
Total tax expense for the year	310,000	687,000

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

Factors affecting tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28% (2008 -30%).

	2009 £	**2008** £
Profit/(loss) before tax including discontinued activities	2,155,716	273,076
Tax on loss at standard rate of 28% (2008 – 30%)	603,600	81,923
Expenses not deductible for tax purposes	(41,603)	22,462
Income not taxable	(871,997)	(727,649)
Other timing differences	-	(1,255)
Under-provision in respect of prior periods	-	(62,481)
Deferred tax	(1,473,700)	223,333
Tax losses for which no deferred tax asset was recognised	1,473,700	(223,333)
Current tax credit	(310,000)	(687,000)

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 £1,814,200 (2008: £3,287,900). The above deferred tax asset has been calculated based on a UK tax rate of 28% as applicable at 31 March 2009.

13 Earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £2,465,716 (2008: £906,076) and a weighted average number of shares in issue for the year of 28,143,190 (2008: 27,971,066).

The calculation of the basic earnings/(loss) per share arising in respect of continuing operations is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £2,248,338 (2008: £1,092,710) and a weighted average number of shares in issue for the year of 28,143,197 (2008: 27,971,066).

The calculation of the basic loss per share arising from discontinued operations (note 4) is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £217,378 (2008: loss of £132,634) and a weighted average number of shares in issue for the year of 28,143,197 (2008: 27,971,066).

Diluted earnings per share

The calculation of the diluted earnings/(loss) per share arising is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £2,465,716 (2008: £960,076) and a weighted average number of shares in issue for the year of 28,143,197 (2008: 27,971,066). The share warrants disclosed in note 20 to the financial statements are deemed to have an anti-dilutive effect.

The calculation of the basic earnings/(loss) per share arising in respect on continuing operations is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £2,248,338 (2008: £1,092,710) and a weighted average number of shares in issue for the year of 28,143,197 (2008: 27,971,066).

The comparative for the diluted earning per share for the year ended 31 March 2008 has been restated as the warrants in issue were deemed to have an anti-dilutive effect.

Reconciliation of shares in issue:

	Year ended 31 March 2009 Group Number	Year ended 31 March 2008 As Restated Group Number
Weighted average number of shares in issue	28,143,197	27,971,066
	28,143,197	27,971,066

14 Intangible assets

Group	**Development expenditure 2009 £**	**Licences 2009 £**	**Total 2009 £**
Cost			
At 31 March 2008 and 31 March 2009	152,747	950,000	1,102,747
Amortisation			
At 1 April 2008	(129,254)	(907,046)	(1,036,300)
Impairment charge	(23,493)	(42,954)	(66,447)
At 31 March 2009	(152,747)	(950,000)	(1,102,747)
Net book value			
At 31 March 2009	-	-	-
At 31 March 2008	23,493	42,954	66,447

Company	**Licences 2009 £**
Cost	
At 31 March 2008 and 31 March 2009	950,000
Amortisation	
At 1 April 2008	(907,046)
Impairment charge	(42,954)
At 31 March 2009	(950,000)
Net book value	
At 31 March 2009	-
At 31 March 2008	42,954

In accordance with IAS 38 and as described in note 30 to financial statements the directors assess intangible assets at each reporting date for impairment. There is currently uncertainty that future cash flows will be generated by the company's intangible assets and accordingly the directors have valued the intangible assets of the group at £Nil.

15 Property, plant and equipment

Group and company	Office equipment 2009 £
Cost	
At 1 April 2007	90,357
Additions	669
At 1 April 2008 and 31 March 2009	91,026
Depreciation	
At 1 April 2007	(89,777)
Charge for the year	(491)
At 1 April 2008	(90,268)
Charge for the year	(480)
At 31 March 2009	(90,748)
Net book value	
At 31 March 2009	278
At 31 March 2008	758

16 Investments

	Shares in subsidiaries Company £
Cost	
At 1 April 2008	17,074,292
Disposals	(2)
Impairment	(284,148)
At 31 March 2009	16,790,142

Details of the investments are as follows:

	Country of incorporation and operation	Activity	Percentage of ordinary shares held
Newsplayer Limited**	Great Britain	Technical and marketing services	100
Newsplayer International Limited**	Guernsey	Website administration and finance	100
Spoof.com Limited	Great Britain	Skilled Games	100
Alternateport Limited*	Great Britain	Investment Company	100
Catalyst Media Holdings Limited	Great Britain	Investment Company	100
CMG Ventures Limited***	Great Britain	Holding Company	100

* A subsidiary of Catalyst Media Holdings Limited

** Disposed of Newsplayer Limited and Newsplayer International Limited April 2008

*** During the year Newsplayer Group Limited changed its name to CMG Ventures Limited

In August 2009 the dormant subsidiaries VideoTV Plc, Catalyst Media Services Limited and Stable Technology Investment Limited were dissolved.

17 Trade and other receivables

	2009 Group £	2008 Group £	2009 Company £	2008 Company £
Trade debtors	4,546	24,190	4,546	24,190
Amounts owed by Group companies	-	-	2,729,588	5,424,554
Prepayments	150,034	58,914	46,098	58,914
Other debtors	77,739	142,563	60,734	125,563
	232,319	225,667	2,840,966	5,633,221
Amounts due in more than one year	-	55,871	-	5,255,425

18 Corporation tax receivable

	2009 Group £	2008 Group £	2009 Company £	2008 Company £
Consortium relief receivable	118,390	300,523	118,390	300,523

19 Cash and cash equivalents

	2009 Group £	2008 Group £	2009 Company £	2008 Company £
Cash at bank	72,951	1,209,088	72,948	1,164,892

Cash and cash equivalents comprise cash.

20 Share capital

	2009 Group and Company £	2008 Group and Company £
Authorised:		
65,711,223 ordinary shares of 10 pence each	6,571,122	6,571,122
714,319,736 deferred shares of 0.9 pence each	6,428,878	6,428,878
	13,000,000	13,000,000
Called up, allotted and fully paid:		
28,143,197 ordinary shares of 10 pence each	2,814,319	2,814,319
714,319,736 deferred shares of 0.9 pence each	6,428,878	6,428,878
	9,243,197	9,243,197

There are 180,000 warrants in issue (2008: 180,000) exercisable at any time up to and including 27 May 2010 at £2.50 per share. There are, in addition, further warrants in issue for 1 per cent of the issued share capital of the Company at £4.00 per share exercisable at any time up to and including 4 August 2010.

21 Interest-bearing loans and borrowings

	Non-current Group £ 2009	Non-current Group £ 2008	Non-current Company £ 2009	Non-current Company £ 2008
NASCIT loan (see below)	-	3,500,000	-	3,500,000
NatWest loan	3,763,899	3,812,689	-	-
	3,763,899	7,312,689	-	3,500,000

On 9 October 2008, CMG 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 terms of the loan contain a condition that if the company's interest-bearing indebtedness outstanding at 31 October 2009 is not less than £3.5 million then an additional fee of £125,000 will be added to the loan value. This fee has not been accrued within the financial statements. 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 year end these funds had not been drawn by the group.

On 10 April 2007, the Company borrowed £3.5m from North Atlantic Smaller Companies Investment Trust (NASCIT) and Oryx International Growth Fund Limited which was repaid during the year. Interest was paid quarterly and was payable at a fixed rate of 13.25% per annum.

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 year to 31 March 2009 and the periods in which they mature or, if earlier, are repriced.

	Effective interest rate	Group Total £ 2009	Group Current £ 2009	Group 1 – 2 Years £ 2009	Group 2 - 5 Years £ 2009
Cash at bank and other deposits	4.27%	72,951	72,951	-	-
NatWest loan	7.07%	(3,763,899)	-	-	(3,763,899)

21 Interest-bearing loans and borrowings - continued

	Effective interest rate	Company Total £ 2009	Company Current £ 2009	Company 1 – 2 Years £ 2009	Company 2 - 5 Years £ 2009
Cash at bank and other deposits	4.27%	72,948	72,948	-	-

22 Trade and other payables

	2009 Group £	2008 Group £	2009 Company £	2008 Company £
Trade payables	82,731	50,570	82,731	49,442
Amounts due to Group companies	-	-	40,691	40,489
Other tax and social security	(5,052)	11,646	(5,052)	11,396
Other creditors	30,005	116,369	30,005	234,343
Accruals and deferred income	90,058	280,883	90,058	69,561
	197,742	459,468	238,433	405,231

23 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 30.

Substantive changes to the Group’s exposure to interest-bearing indebtedness are disclosed in note 21. Proceeds from the issue of the Company’s shares 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 other 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.

23 Financial instruments - continued

Principal financial instruments

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

Group	**2009**	**2008**
	£	**£**
Trade and other receivables	232,319	225,667
Cash and cash equivalents	72,951	1,209,088
Trade and other payables	(197,742)	(559,934)
Interest-bearing loans and borrowings	(3,763,899)	(7,312,689)

Company	**2009**	**2008**
	£	**£**
Trade and other receivables	2,840,966	5,633,221
Cash and cash equivalents	72,948	1,164,892
Trade and other payables	(238,433)	(421,699)
Interest-bearing loans and borrowings	-	(3,500,000)

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.

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 discussion of the Group's liquidity position is set out in the Directors' Report and further information in respect of the Group and Company interest-bearing indebtedness is disclosed in note 21.

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 (though the impact on floating rate borrowings) and cash flows. There is no impact on the Group's equity.

	Change in rate	**2009 £**	**Change in rate**	**2008 £**
Sterling	-0.5%	18,819	-0.5%	36,563
	-1.0%	37,639	-1.0%	73,126
	-1.5%	56,458	-1.5%	109,689
Sterling	0.5%	(18,819)	0.5%	(36,563)
	1.0%	(37,639)	1.0%	(73,126)
	1.5%	(56,458)	1.5%	(109,689)

Fair value of financial liabilities	**2009 £**	**2008 £**
Bank loans	3,763,899	4,108,748
Other loans	-	3,739,946
Trade and other payables	197,742	459,468
	3,961,641	8,308,162

The fair value of the bank loan has been calculated at 31 March 2009 as the interest rate is variable LIBOR rate plus a margin which management 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, share option reserve and the retained deficit as its capital reserves. In managing its capital, the Group's primary objective is to provide a return for its equity shareholders through 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 year 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.

24 Operating lease commitments

	2009 Property leases Group and Company £	2008 Property leases Group and Company £
Within one year	45,833	50,000
Between one and two years	-	45,833
Between two and five years	-	-

25 Contingent liabilities

The Group is potentially liable to pay further consideration in respect of the acquisition of Spoof Limited in 2007 dependent upon the completion of and the financial performance of completed games software. The additional consideration will, if the performance criteria are achieved, be payable in the form of new equity shares in the Company. The maximum number of ordinary shares potentially issuable is 303,033.

26 Post-balance sheet events

There are no significant post-balance sheet events arising since 31 March 2009 other than those already disclosed within these financial statements.

27 Capital commitments

There were no capital commitments outstanding at 31 March 2009 for the Group and the Company.

28 Ultimate Controlling party

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

29 Related-party transactions

Northern Atlantic Value LLP (NAV) and Oryx International Growth Fund Limited (together known as NASCIT), of which Christopher Mills is a director, made a loan facility to the Company of £4 million on 10 April 2007 of which £3.5 million was drawn down and which has now been repaid. During the year the group paid interest totalling £271,939 (2008: £475,375) on the outstanding balance. NAV have an interest in 3,135,550 ordinary shares of 10p each which represented 11.14% of the total issued share capital of the Company. See note 21.

During the year Satellite Information Services (Holdings) Limited paid the Group £25,000 (2008: £25,000) in respect of fees for the services of the directors. In addition Satellite Information Services (Holdings) Limited paid the Group £310,000 (2008: £687,000) in respect of consortium relief payments.

Melvin Lawson and his associated companies (“Lawson”) has an interest in 3,615,486 ordinary shares of 10p each in Catalyst which represented 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 which represented 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 which represented 0.15% of the total issued share capital of the Company.

Note 29 Related Party Transactions (Continued)

	Salary and fees 2009 £	Other benefits 2009 £	Compensation for loss of office 2009 £	Total 2009 £
A Prestwich	12,654	199	25,000	37,853
M Rosenberg OBE	15,000	-	-	15,000
M Hawtin	10,000	-	-	10,000
C Mills	10,000	-	-	10,000
M Lawson	10,000	-	-	10,000
	57,654	199	25,000	82,853

	Salary and fees 2008 £	Other benefits 2008 £	Compensation for loss of office 2008 £	Total 2008 £
A Prestwich	100,000	2,383	-	102,383
P Duffen	-	5,280	-	5,280
M Rosenberg OBE	36,670	-	-	36,670
M Hawtin	5,833	-	-	5,833
C Mills	5,833	-	-	5,833
M Lawson	5,833	-	-	5,833
Sir D Frost	15,625	-	-	15,625
	169,794	7,663	-	177,457

30 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 1985 applicable to companies reporting under IFRS.

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 s230 exemption

The Company has taken advantage of the exemptions allowed under section 230 of the Companies Act 1985 and has not presented its own income statement in these financial statements. The Group profit for the year included a loss on ordinary activities after tax of £727,118 (2008: loss of £1,035,799) in respect of the Company which is dealt with in the financial statements of the parent Company.

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 (Revised 2007) (Amended 2008) (effective as of 1 January 2009)
- IAS 23: Borrowing Costs (Revised 2007) (effective as of 1 January 2009)
- IAS 27: Consolidated and Separate Financial Statements (Amended 2008) (effective as of 1 July 2009)
- IAS 32: Financial Instruments: Presentation (Amended 2008) (effective 1 January 2009)
- IAS 39: Financial Instruments: Recognition and Measurement (Amended 2008) (effective 1 July 2009)
- IFRS 1: First-time Adoption of International Financial Reporting Standards (Amended 2008) (Revised 2008) (effective as of 1 July 2009)
- IFRS 2: Share Based Payments: Vesting conditions and Cancellations (Amended) (effective as of 1 January 2009)
- IFRS 3: Business Combinations (Revised) (effective as of 1 July 2009)
- IFRS 7: Financial Instruments: Disclosures (Amended 2008) (effective 1 July 2009)
- IFRS 8: Operating Segments (effective as of 1 January 2009)
- IFRIC Interpretation 12: Service Concession Arrangements (effective as of 1 January 2008 – not yet endorsed by the EU)
- IFRIC Interpretation 13: Customer Loyalty Programmes (effective as of 1 July 2008 – not yet endorsed by the EU)
- IFRIC Interpretation 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective as of 1 July 2008 – not yet endorsed by the EU)
- IFRIC Interpretation 15: Agreements for the Construction of Real Estate (effective as of 1January 2009 – not yet endorsed by the EU)
- IFRIC Interpretation 16: Hedges of a Net Investment in a Foreign Operation (effective as of 1 October 2008 – not yet endorsed by the EU)
- IFRIC 17: Distributions of Non-Cash Assets to owners (effective as of 1July 2009).

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 with the exception of IFRS 3: Business Combinations (Revised), which will require transaction costs arising on business combinations to be expensed to the income statement as opposed to the existing treatment of capitalisation, in the event that acquisitions are undertaken

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.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Merger accounting

In accordance with the exemption in IFRS 1 where merger accounting has been used in years prior to the transition date, the accounting method used for the relevant purchase transactions has not been restated.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Where the fair value of consideration paid exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired the resulting difference is classified as goodwill and presented as a non-current intangible asset. Where the fair value of consideration paid is lower than the fair value of identifiable assets, liabilities and contingent liabilities acquired the difference is taken to the income statement. Goodwill arising from business combinations is assessed for impairment annually.

The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

Where the value of a business combination increases as a result of the purchase of all or part of a minority interest in an existing subsidiary the purchase method as set out above is applied proportionately to the increase in investment as set out above. The relevant proportion of the results of the acquired operations is included in the Consolidated Income Statement from the date of the relevant acquisition.

Investments in subsidiaries

Fixed asset investments in subsidiary undertakings are shown at cost less provisions for impairment in value. 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 year in which the expenditure is incurred.

Intangible assets 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 year 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 an 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 for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies 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:

Goodwill

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

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.

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:

***Interest-bearing loans and borrowings*:** Group's financial liabilities at amortised cost include trade payables and other financial liabilities. 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.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

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.

Share-based payment transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (further details are given in note 13).

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed pound sterling which is the presentation currency for the consolidated and Company financial statements. The functional currency of the Company is pound sterling.

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, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in US dollars using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and where material are transferred to the Group's translation reserve.

On transition to IFRS the Group has taken advantage of the exemption offered under IFRS 1 and assumed zero brought forward translation differences on subsidiary undertakings as at 1 January 2006.

Taxation

Income 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 balance sheet date.

Tax recoverable comprises amounts receivable in respect of consortium tax relief arising from the surrender of taxable losses to the Group's associate.

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.

2 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) Valuation of Goodwill and other intangible assets

The value of the Group's goodwill and other intangible assets is dependent upon the success of the Group in exploiting its current technology and business base. The estimation of future revenue flows relating to these assets is uncertain and will also be affected by competition and potential new regulatory legislation and related requirements.

(ii) 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 30 to the accounts. (see impairment of non-financial assets p39).

Consolidated statement of changes in equity

	Attributable to equity holders of the Company							
	Share Capital	Share Premium	Merger Reserve	Share option reserve	Retained deficit	Total shareholders equity	Minority interests	Total equity
	£	£	£	£	£	£	£	£
At 1 April 2008	9,243,197	38,904,450	2,402,674	-	(27,610,843)	22,939,478	-	22,939,478
Profit for the year	-	-	-	-	2,465,716	2,465,716	-	2,465,716
Total recognised income and expense for the year	-	-	-	-	2,465,716	2,465,716	-	2,465,716
Shares issued in year	-	-	-	-	-	-	-	-
Share issue expenses		-	-	-	-	-	-	-
At 31 March 2009	9,243,197	38,904,450	2,402,674	-	(25,145,127)	25,405,194	-	25,405,194

The notes on pages 17 to 43 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.
Share option reserve	Amounts credited to equity in respect of options to acquire ordinary shares in the Company expensed in profit and loss as share-based payments.
Retained deficit	Cumulative profit/(loss) of the Group attributable to equity shareholders.

Attributable to equity holders of the Company

	Share Capital	Share Premium	Merger Reserve	Share option reserve	Retained Deficit	Total shareholders equity
	£	£	£	£	£	£
At 1 April 2008	9,243,197	38,904,450	2,912,060	-	(30,748,298)	20,311,409
Loss for the year	-	-	-	-	(727,118)	(727,118)
Total recognised income and expense for the year	-	-	-	-	(727,118)	(727,118)
Minority interest acquired in the year	-	-	-	-	-	-
Shares issued in year	-	-	-	-	-	-
Share-based payment adjustment	-	-	-	-	-	-
At 31 March 2009	9,243,197	38,904,450	2,912,060	-	(31,475,416)	19,584,291

The notes on pages 17 to 43 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.
Share option reserve	Amounts credited to equity in respect of options to acquire ordinary shares in the Company expensed in profit and loss as share-based payments.
Retained deficit	Cumulative profit/(loss) of the Group 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 ninth annual general meeting (the "**AGM**") of Catalyst Media Group Plc (the "**Company**") will be held on Monday 26 October 2009 at the offices of Lewis Silkin LLP, 5 Chancery Lane, Clifford's Inn, London EC4A 1BL at 11.00am for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 6 are to be proposed as ordinary resolutions and resolution 7 is to be proposed as 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 period ended 31 March 2009.

2. To approve the directors' remuneration report for the Company for the year ended 31 March 2009.

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 Melvin Lawson as a director.

6. That the Company may send or supply documents or information to shareholders by making them available on a website or through other electronic means.

Special Resolution

7. 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 4,221,479 (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 five years 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 Chairman

Registered Office:
Portland House
4 Great Portland Street
London W1W 8QJ

Date: 29 September 2009

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, Capita Registrars, The Registry, 34 Beckenham Road, Kent, BR3 4BR 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 6.00pm on Thursday, 23 October 2009. 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.