Catalyst Media Group plc

Report and financial statements for the year ended 31 March 2010

Contents

	Page:
Directors, Secretary and Advisers	2
Chairman's statement	3
Directors' report	7
Independent auditors' report	11
Consolidated statement of comprehensive income	13
Consolidated statement of financial position	14
Consolidated statement of cash flows	15
Company statement of financial position	16
Company statement of cash flows	17
Notes forming part of the financial statements	18
Consolidated statement of changes in equity	45
Company statement of changes in equity	47
Notice of Annual General Meeting	49

Directors

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

Secretary

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

Registered office and Company registration number

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

Solicitors

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

Nominated adviser & broker

Strand Hanson Ltd
26 Mount Row
London W1K 3SQ

Registrars

Capita IRG Plc
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors

H.W. Fisher & Company
Acre House
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London NW1 3ER

Bankers

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

I am pleased to report that for the year ended 31 March 2010 CMG recorded profit after taxation, including its equity share of the profits of SIS, of £3.8 million (2009: £2.8 million) with earnings per share from continuing operations of 14.29p (2009: 9.01p). Net Assets as at the balance sheet date were £29.5 million (2009: £25.7 million) with Net Assets per share of 105p (2009: 91p).

The main focus of the board is directed at the Company's investment in SIS and as previously announced, the intention is to review this investment with a view to maximising returns to shareholders.

With over 850 staff, SIS is one of the most experienced television, production and outside broadcast service providers in Europe, its position being particularly enhanced by the acquisition on 1 April 2008 of the BBC Outside Broadcast business. Further outside broadcast trade and asset acquisitions during the year have added additional equipment and trucks to the existing fleet, the Group now has over 110 uplinks covering the spectrum of state-of-the-art uplink trucks, and 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 development by CMG of the online game known as Spoof, referred to in previous statements, was completed during the period with the game being brought to the market in March 2010. Following the launch it is now in the process of being further upgraded, however it should be noted that this is the only remaining trading activity within CMG and is relatively minor in the context of the Group.

Meanwhile SIS continues to perform in line with expectations and during the year under review a dividend of £14.2 million was paid to shareholders of SIS of which approximately £2.9million was received by CMG in October 2009. The receipt of this dividend enabled further reductions in the borrowings of CMG which at 31 March 2010 were £807,000 compared with £3.8 million in the previous year

SIS currently has a policy of paying dividends subject to cash flow requirements. It is anticipated that further dividends will be paid during the year 2010/2011 though the amount and timing is not yet confirmed.

CMG has significant carried forward losses which have created a deficit on the Company's Profit and Loss Account which would prevent any distributions of dividends to its own shareholders or other distributions such as a share buy back for the foreseeable future without some action by the Board. Accordingly, it is proposed to seek shareholder approval of a special resolution at a separate Extraordinary General Meeting which would remove this barrier by effectively reducing our capital and removing the losses from the balance sheet. Should this be approved by shareholders it will be necessary to obtain Court approval to the process. A separate circular explaining this process in more detail will be sent to shareholders in due course. Should shareholders support this resolution it is anticipated that such Court approval should be forthcoming by 22 October 2010. The Board will then be able to give consideration to a policy to distribute earnings to its shareholders in the future so long as the SIS dividends continue to be paid and will report to shareholders again at that time.

SIS

The business of SIS continues to perform well and the results for the year ended 31 March 2010 are as follows

	31/3/10 £'000	31/3/09 £'000
Turnover		
Ongoing operations	194,498	153,355
Acquisitions	3,701	39,582
	---------	-----------
Subtotal	198,199	192,937
Operating expenses	173,485	171,214
Operating Profit		
Ongoing operations	24,252	25,346
Acquisitions	462	(3,623)
Net interest payable	(1,451)	(384)
Profit on ordinary activities before tax	23,263	21,339
Tax on profit on ordinary activities	(7,543)	(6,233)
Retained profit transferred to reserves	15,720	15,106

The revenues of SIS included £119 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 £77 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 contributed approximately £7 million to operating profits.

A further £23 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 £6 million to operating profits.

The services 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 of long term rights agreements by SIS 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 these racecourses until 2016 and 2017 respectively.

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

SIS produces and distributes ten bespoke daily programmes to all parts of the world. The flagship SIS FACTS offers thousands of hours of betting opportunities each year from the UK, Ireland, France and many other countries along with 49's and virtual content. Live racing pictures and commentaries are broadcast from 29 courses from around the UK, including Royal Windsor, Lingfield Park, Chepstow and Fontwell Park. The services also include exclusive Irish racing, exclusive BAGS greyhound racing and live thoroughbred racing from France, Germany, USA, Dubai and Australia.

In June 2010 it was announced that the BAGS greyhound picture and data contract had been extended through to the end of 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 for 2012.

SIS LIVE is the broadcast side of the business offering cutting edge broadcast solutions and satellite services with currently the largest fleet of remotely automated SNG uplinks in the world. SIS LIVE operates a fleet of new-generation HD OB vehicles, including the new OB 1, a 24-camera super-sized 3Gb/s capable truck. SIS LIVE, which incorporates the former BBC Outside Broadcast division, acquired 021 Television at the end of 2009, including six large OB trucks, three of which are built to the latest HD specifications. Dales Broadcast, acquired at the same time, further gave SIS LIVE a fleet of smaller OB vehicles to offer to clients.

SIS LIVE provided 70 satellite uplink vehicles to the main UK broadcasters, including the BBC, ITV, Sky News, ITN, Five and GMTV, for their coverage of the UK elections in May this year. It has also won the prestigious contract for the Commonwealth Games in India in October of this year.

SIS has won the prestigious contract to provide the production and coverage facilities and services to cover the XIX Commonwealth Games taking place in India in 2010. Under the terms of the agreement, SIS LIVE will provide 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 is providing over 1,000 highly skilled technical and production staff at the 12 venues. SIS has also won the contract to supply the OB facilities on all of ESPN's football requirements for the next three years. The deal covers a minimum of 23 English Premier League matches, 30 Scottish Premier League matches, as well as all ESPN's FA Cup, UEFA Europa League and England U21 matches.

CMG overheads

The overheads of CMG now run at an annualised rate of approximately £200,000 excluding exceptional items and are expected to stay at that level for the foreseeable future.

Strategic Review

As reported earlier this year the Board instituted a strategic review with the assistance of external advisers. Following this review it was decided that the best way in which to achieve value for shareholders would be to seek buyers for its stake in SIS with a view to returning capital to shareholders in due course once such a disposal was achieved. To date a small number of serious interested parties have been identified with whom discussions are ongoing. There can be no certainty that a buyer will be found at an acceptable price and as and when progress is made shareholders will be informed. Meanwhile SIS is expected to declare further dividends during the next few months which should enable all borrowings of CMG to be repaid and as mentioned above it is anticipated that following the restructure of the share capital it will be possible to commence distributions to shareholders in the near future.

AGM

Notice of the Annual General Meeting is attached. This will be held at 9.30am on Friday 17th September at the office of Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL.

The resolutions to be passed include one item of special business. This is a proposal to allow the Company to purchase shares in the market up to a limit of 15% of the issued share capital. While the company has no immediate plans to do so it does enable such action to be taken as and when the Board feels this would benefit shareholders.

Conclusion

This has been another positive year for CMG with our objectives which have been to wind down previous businesses and focus on the investment in SIS mostly achieved. Borrowings and overheads have also been reduced and both earnings and net assets per share have increased. Your Board is pleased with this progress and hopes to be in a position to update shareholders in relation to the various strategic objectives set out above during the course of the year to March 2011.

Michael Rosenberg OBE
Chairman

25 August 2010

The directors present their annual report and the audited financial statements for the year ended 31 March 2010.

Financial reporting

The financial statements for 2010 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 £3.8 million (2009: £2.8 million). Further details are shown in the Group Consolidated statement of comprehensive income on page 13.

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.

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 year and the previous year is shown in the Group consolidated statement of comprehensive income on page 13. The EPS shows an improvement in the performance of the Group from the previous year.

Net asset value per share

The net asset value per share of the Group is 105.0 pence (2009: 91.3 pence). The net asset value per share has improved over the year to 31 March 2010 mainly due to the receipt of a dividend from SIS and reduction in the year of debt from £3.8 million to £0.8 million. The net asset value of the Group at 31 March 2010 and 31 March 2009 is shown on the Group consolidated statement of financial position on page 14.

Key Performance Indicators of Associate

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

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

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

Employees

The Group had no other employees other than the Directors at 31 March 2010.

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 19 days (2009 – 93 days) purchases outstanding.

Political and charitable donations

The Group made no political or charitable donations during the year (2009: £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 49.

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 Director's 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 year. 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 2010 is on pages 49 to 50.

On behalf of the Board

Michael Rosenberg OBE
Chairman

25 August 2010

Independent auditors' report to the shareholders 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 year ended 31 March 2010 on pages 13 to 48 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity, and the related notes 1 to 29. The financial reporting framework that has been applied in their presentation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 9 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 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 Standard's for auditors.

Scope of the audit

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 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

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 31 March 2010 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and;
- have been prepared in accordance with the Companies Act 2006 and 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 year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit.

....

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

25 August 2010

Consolidated statement of comprehensive income

	Note	2010 £	2009 As restated £
Revenue	2	43,909	92,392
Cost of sales		(95,292)	(2,990)
Gross (loss) / profit		(51,383)	89,402
Administrative expenses		(290,212)	(324,651)
Impairment of development costs		-	(66,447)
Total administrative expenses		(290,212)	(391,098)
Operating loss		(341,595)	(301,696)
Financial income	9	88	32,322
Financial costs	10	(201,569)	(906,563)
Net financial costs		(201,481)	(874,241)
Share of profit of equity-accounted associate	1	3,812,224	3,402,657
Profit before taxation		3,269,148	2,226,720
Taxation	11	752,840	310,000
Profit for the year from continuing operations		4,021,988	2,536,720
Profit for the year from discontinued operations	4	-	217,378
Profit for the year		4,021,988	2,754,098
Share of other comprehensive (loss) / income of associate	1	(184,655)	11,502
Total comprehensive income for the year		3,837,333	2,765,600
Attributable to equity holders of the Company		3,837,333	2,765,600
Earnings per share:			
Basic	12	14.29p	9.79p
Diluted	12	14.29p	9.79p
Earnings per share from continuing operations:			
Basic	12	14.29p	9.01p
Diluted	12	14.29p	9.01p

The notes on pages 18 to 44 form part of these financial statements.

Consolidated statement of financial position

	Note	2010 £	2009 As restated £
Assets			
Non-current assets			
Intangible assets	**13**	-	-
Property, plant and equipment	**14**	-	278
Investment in associate	**1**	29,955,348	29,242,781
		29,955,348	29,243,059
Current assets			
Trade and other receivables	**16**	82,592	232,319
Corporation tax receivable	**17**	327,198	118,390
Cash and cash equivalents	**18**	46,444	72,951
		456,234	423,660
Total assets		30,411,582	29,666,719
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	**19**	9,243,197	9,243,197
Share premium		38,904,450	38,904,450
Merger reserve		2,402,674	2,402,674
Retained deficit		(21,007,910)	(24,845,243)
Total equity		29,542,411	25,705,078
Non-current liabilities			
Interest-bearing loans and borrowings	**20**	806,854	3,763,899
Current liabilities			
Trade and other payables	**21**	62,317	197,742
		62,317	197,742
Total equity and liabilities		30,411,582	29,666,719

The financial statements were approved by the Board of Directors and authorised for issue on 25 August 2010.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 18 to 44 form part of these financial statements.

Consolidated statement of cash flows

	Note	2010 £	2009 As restated £
Cash flow from operating activities			
Profit before taxation including discontinued operations		3,269,148	2,444,098
Adjustments for:			
Depreciation, amortisation and impairment		278	66,927
Share of profit from associate		(3,812,224)	(3,402,657)
Loss from sale of subsidiary and interest in associate		-	(217,378)
Finance income		(88)	(32,322)
Finance expense		201,569	1,010,499
Corporation taxes recovered		544,032	492,133
Net cash flow from operating activities before changes in working capital		202,715	361,300
Decrease/(increase) in trade and other receivables		69,167	(6,652)
(Decrease)/increase in trade and other payables		(135,967)	82,751
Net cash flow used in operating activities		135,915	437,399
Investing activities			
Dividend received		2,915,002	3,080,530
Interest received		88	32,322
Net cash flow from investing activities		2,915,090	3,112,852
Financing activities			
Proceeds from long-term borrowings		200,000	3,763,899
Repayment of long-term borrowings		(3,157,045)	(7,312,689)
Interest paid		(120,467)	(1,137,598)
Net cash flow from financing activities		(3,077,512)	(4,686,388)
Net decrease in cash and cash equivalents in the year		(26,507)	(1,136,137)
Cash and cash equivalents at the beginning of the year		72,951	1,209,088
Cash and cash equivalents at the end of the year	18	46,444	72,951

The notes on pages 18 to 44 form part of these financial statements.

Company statement of financial position

	Note	2010 £	2009 £
Assets			
Non-current assets			
Intangible assets	**13**	-	-
Property, plant and equipment	**14**	-	278
Investments	**15**	16,790,142	16,790,142
		16,790,142	16,790,420
Current assets			
Trade and other receivables	**16**	2,893,828	2,840,966
Corporation tax receivable	**17**	327,198	118,390
Cash and cash equivalents	**18**	46,385	72,948
		3,267,411	3,032,304
Total assets		20,057,553	19,822,724
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	**19**	9,243,197	9,243,197
Share premium		38,904,450	38,904,450
Merger reserve		2,912,060	2,912,060
Retained deficit		(31,104,761)	(31,475,416)
Total equity		19,954,946	19,584,291
Non-current liabilities			
Interest-bearing loans and borrowings	**20**	-	-
Current liabilities			
Trade and other payables	**21**	102,607	238,433
		102,607	238,433
Total equity and liabilities		20,057,553	19,822,724

The financial statements were approved by the Board of Directors and authorised for issue on 25 August 2010.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 18 to 44 form part of these financial statements

Company statement of cash flows

	Note	2010 £	2009 £
Cash flow from operating activities			
Loss before taxation		(327,785)	(864,118)
Adjustments for:			
Depreciation, amortisation and impairment		278	327,582
Finance income		(88)	(32,237)
Finance expense		2,751	271,989
Corporation taxes recovered		544,032	492,133
Profit on disposal of subsidiary		-	(12,911)
Net cash flow from operating activities before changes in working capital		219,188	182,438
(Increase)/decrease in trade and other receivables		(107,262)	2,619,255
Decrease in trade and other payables		(136,368)	(65,154)
Net cash flow (used in)/from operating activities		(24,442)	2,736,539
Investing activities			
Interest received		88	32,237
Disposal of investment in group company		-	12,911
Net cash flow from investing activities		88	45,148
Financing activities			
Repayment of long-term borrowings		-	(3,500,000)
Interest paid		(2,209)	(373,631)
Net cash flow from financing activities		(2,209)	(3,873,631)
Net decrease in cash and cash equivalents in the year		(26,563)	(1,091,944)
Cash and cash equivalents at the beginning of the year		72,948	1,164,892
Cash and cash equivalents at the end of the year	**18**	46,385	72,948

The notes on pages 18 to 44 form part of these financial statements.

1 Investment in associate **Year Ended 31 March 2010**	**Share of net assets**	**Fair Value of Intangibles**	**Total**
	Group	**Group**	**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

The Group's 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 a wholly owned subsidiary of the Company. 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	**2010**	**2010**	**2009**
			As restated
	SIS Total	**CMG share**	**CMG share**
	£'000	**£'000**	**£'000**
Revenue:			
UK racing	119,108	24,465	23,383
SIS live services	55,618	11,424	11,431
Other services	23,473	4,821	4,815
Total revenue	198,199	40,710	39,629
Operating profit from ongoing operations (i)	26,567	5,457	5,506
Operating loss from acquisitions	-	-	(744)
	26,567	5,457	4,762
Net interest payable	(1,451)	(298)	(79)
Gain on disposal of subsidiary	987	203	-
Profit before tax	26,103	5,362	4,683
Taxation	(7,543)	(1,550)	(1,280)
Share of profit after taxation	18,560	3,812	3,403
Net income from associate	18,560	3,812	3,403
Other comprehensive income:			
Actuarial (loss)/gain	(1,249)	(257)	16
Deferred tax	350	72	(5)
	(899)	(185)	11
Share of net assets and liabilities of associate			
Net assets (i)	141,211	29,005	20,535
Net liabilities (i)	(98,478)	(20,228)	(12,379)
Net equity	42,733	8,777	8,156
Other adjustments	-	-	(91)
	42,733	8,777	8,065

1 Investment in associate (continued)

(i) The financial results for SIS are taken from its latest accounts to 31 March 2010, 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 £681k (2009: £300k).

The Group has restated its financial statements with respect to the above alignment of accounting policies, details of which are set out on note 28 to the financial statements.

Year Ended 31 March 2009 (As restated)	**Share of net assets Group £**	**Fair Value of Intangibles Group £**	**Total Group £**
Cost			
At 1 April 2008	7,731,111	21,178,041	28,909,152
Share of profit	3,402,657	-	3,402,657
Share of other comprehensive income	11,502	-	11,502
Dividend received	(3,080,530)	-	(3,080,530)
At 31 March 2009	8,064,740	21,178,041	29,242,781

2 Revenue

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

	2010 £	**2009 £**
Business administrative services	43,909	92,392
Total revenue	43,909	92,392

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)

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 (before impairment)	(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 / (loss)	3,364,440	(95,292)	3,269,148
Tax	752,840	-	752,840
Share of other comprehensive loss of associate	(184,655)	-	(184,655)
Consolidated profit / (loss) for the year	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

Year ended 31 March 2009 As restated	**Business administrative services (including SIS investment)**	**Gaming activities**	**Total (per consolidated financial statements)**
	£	**£**	**£**
Segment revenue	92,392	-	92,392
Operating loss (before impairment)	(235,249)	-	(235,249)
Impairment charges	(66,447)	-	(66,447)
Financial income	32,322	-	32,322
Financial costs	(906,563)	-	(906,563)
Share of profit of associate (note 1)	3,402,657	-	3,402,657
Profit from discontinued operations	217,378	-	217,378
Segment profit	2,444,098	-	2,444,098
Tax	310,000	-	310,000
Share of other comprehensive income of associate	11,502	-	11,502
Consolidated profit for the year	2,765,600	-	2,765,600
Segment assets	29,666,719	-	29,666,719
Segment liabilities	(3,961,641)	-	(3,961,641)
Net assets	25,705,078	-	25,705,078

4 Discontinued operations	**Note**	**2010** £	**2009** £
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	(20)
Interest income		-	16
Loss before taxation		-	(4)
Profit on disposal		-	217,382
Profit before taxation		-	217,378
Earnings per share arising from discontinued operations:			
Basic	**12**	-	0.8p
Diluted	**12**	-	0.8p

During the prior year, the Group sold its subsidiaries, Newsplayer Limited and Newsplayer International Limited. The net liabilities and non current assets attributable to the discontinued operations were £Nil (2009: £Nil).

Included within net cash flow from operating activities are cash inflows of £Nil (2009: £225,000) attributed to the discontinued operations. There is no impact on investing or financing cash flows.

5 Operating loss (Group)

	2010 £	**2009** £
Operating loss for the year is stated after charging/(crediting):		
Depreciation of plant and equipment	278	480
Staff costs (see note 6)	(3,425)	36,460
Foreign exchange losses / (gains)	4,188	(21,376)
Impairment of intangible assets	-	66,447
Auditors' remuneration (note 8)	10,000	19,184
Operating lease rentals	45,306	50,000

5 Operating loss (Company)

	2010	2009
	£	£
Operating loss for the year is stated after charging/(crediting):		
Depreciation of plant and equipment	278	480
Staff costs (see note 6)	(3,425)	36,460
Foreign exchange (gains)/losses	4,188	(21,376)
Auditors remuneration (note 8)	3,000	5,000
Operating lease rentals	45,306	50,000

6 Staff numbers and costs (Group and Company)

There were no staff other than the non executive directors during the current year and additionally there was one executive director in the prior year.

Staff costs excluding executive and non executive directors were:

	2010	2009
	£	£
Wages and salaries	(3,425)	34,338
Social security costs	-	1,923
Other staff benefits	-	199
	(3,425)	36,460

7 Directors' emoluments

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

	2010	2009
	£	£
Salaries and fees	49,375	57,654
Compensation for loss of office	-	25,000
Other staff benefits	-	199
	49,375	82,853

8 Auditors' remuneration (Group and Company)

	2010	2009
	£	£
Fees payable for the audit of the Group's financial statements	7,000	14,184
Fees payable for the audit of the Company's financial statements	3,000	5,000
	10,000	19,184

9 Financial income	**2010 Group £**	**2009 Group £**	**2010 Company £**	**2009 Company £**
Interest receivable	88	32,322	88	32,237

10 Financial costs	**2010 Group £**	**2009 Group £**	**2010 Company £**	**2009 Company £**
Interest payable	121,009	835,499	3,282	271,987
Amortisation of borrowing costs	80,560	71,064	-	-
	201,569	906,563	3,282	271,987

11 Taxation (Group)	**2010 £**	**2009 £**
Current tax	692,900	310,000
Under-provision in respect of prior periods	59,940	-
Total tax credit for the year	752,840	310,000

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

Factors affecting tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28% (2009 -28%).

	2010 £	**2009 As restated £**
Profit before tax including discontinued activities	3,269,148	2,444,098
Tax on loss at standard rate of 28% (2009 – 28%)	915,361	684,347
Expenses not deductible for tax purposes	20,699	(41,603)
Income not taxable	(1,067,422)	(952,744)
Utilised tax losses	(563,664)	-
Under-provision in respect of prior periods	(59,940)	-
Other items	2,126	-
Current tax credit	(752,840)	(310,000)

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 £1,250,100 (2009: £1,814,200). The above deferred tax asset has been calculated based on a UK tax rate of 28% as applicable at 31 March 2010.

12 Earnings per share (diluted and undiluted)

The calculation of the basic earnings per share is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £4,021,988 (2009: £2,754,098) and a weighted average number of shares in issue for the year of 28,143,197 (2009: 28,143,197).

The calculation of the basic earnings per share arising in respect of continuing operations is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £4,021,988 (2009: £2,536,720) and a weighted average number of shares in issue for the year of 28,143,197 (2009: 28,143,197).

The calculation of the basic earnings per share arising from discontinued operations (note 4) is based upon the net profit after tax and minority interests attributable to ordinary shareholders of £nil (2009: £217,378) and a weighted average number of shares in issue for the year of 28,143,197 (2009: 28,143,197).

Diluted earnings per share

The share warrants referred to in note 19 are not dilutive and subsequent to the balance sheet date, have lapsed.

Reconciliation of shares in issue:

	Year ended 31 March 2010	Year ended 31 March 2009
Weighted average number of shares in issue	28,143,197	28,143,197
	28,143,197	28,143,197

13 Intangible assets

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	-

In accordance with IAS 38 and as described in note 29 to financial statements the directors assess intangible assets at each reporting date for impairment.

13 Intangible assets (continued)

Year Ended 31 March 2009 **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

Year Ended 31 March 2009 **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

14 Property, plant and equipment

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

Year Ended 31 March 2009 **Group and Company**	**Office equipment** **2009** **£**
Cost	
At 1 April 2008	90,357
Additions	669
At 31 March 2009	91,026
Depreciation	
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	89

15 Investments

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	(1,631,619)
Net book value	
At 31 March 2009 and 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
CMG Ventures Limited**	Great Britain	Non trading	100

* A subsidiary of Catalyst Media Holdings Limited

** On 17 May 2010, an application was made to the Registrar to strike off this company.

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

Betelguese LLP was also dissolved during the prior year.

Year Ended 31 March 2009	**Shares in subsidiaries Company £**
Cost	
At 31 March 2008 and 31 March 2009	18,421,761
Provision for diminution in value	(1,631,619)
Net book value	
At 31 March 2008 and 31 March 2009	16,790,142

16 Trade and other receivables

	2010 Group £	2009 Group £	2010 Company £	2009 Company £
Trade debtors	1,410	4,546	1,410	4,546
Amounts owed by Group companies	-	-	2,834,612	2,729,588
Prepayments	37,131	150,034	13,755	46,098
Other debtors	44,051	77,739	44,051	60,734
	82,592	232,319	2,893,828	2,840,966

17 Corporation tax receivable

	2010 Group £	2009 Group £	2010 Company £	2009 Company £
Consortium relief receivable	327,198	118,390	327,198	118,390

18 Cash and cash equivalents

	2010 Group £	2009 Group £	2010 Company £	2009 Company £
Cash at bank	46,444	72,951	46,385	72,948

Cash and cash equivalents comprise cash only.

19 Share capital

	2010 Group and Company £	2009 Group and Company £
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

At the balance sheet date there were 180,000 warrants in issue (2009: 180,000) exercisable at any time up to and including 27 May 2010 at £2.50 per share. There were, 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. None of the warrants were exercised by these dates and all of the warrants have now lapsed.

20 Interest-bearing loans and borrowings

	Non-current Group £ 2010	Non-current Group £ 2009	Non-current Company £ 2010	Non-current Company £ 2009
Bank loan	606,854	3,763,899	-	-
Bank revolving credit facility	200,000	-	-	-
	806,854	3,763,899	-	-

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 year end £200,000 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 year to 31 March 2010 and the periods in which they mature or, if earlier, are repriced.

	Effective interest rate	Group Total £ 2010	Group Current £ 2010	Group 1 – 2 Years £ 2010	Group 2 - 5 Years £ 2010
Cash at bank and other deposits	0.1%	46,444	46,444	-	-
Bank borrowings	3.98%	806,854	-	806,854	-

20 Interest-bearing loans and borrowings (continued)

	Effective interest rate	Company Total £ 2010	Company Current £ 2010	Company 1 – 2 Years £ 2010	Company 2 - 5 Years £ 2010
Cash at bank and other deposits	0.1%	46,385	46,385	-	-

21 Trade and other payables	**2010 Group £**	**2009 Group £**	**2010 Company £**	**2009 Company £**
Trade payables	20,381	82,731	20,381	82,731
Amounts due to Group companies	-	-	40,693	40,691
Other tax and social security	-	(5,052)	-	(5,052)
Other creditors	-	30,005	-	30,005
Accruals and deferred income	41,936	90,058	41,533	90,058
	62,317	197,742	102,607	238,433

Trade payables are all due within one year.

22 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 29.

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.

22 Financial instruments (continued)

Principal financial instruments

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

Group	**2010**	**2009**
	£	**£**
Financial assets		
Loans and receivables		
Trade and other receivables	82,592	232,319
Cash and cash equivalents	46,444	72,951
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(62,317)	(197,742)
Interest-bearing loans and borrowings	(806,854)	(3,763,899)

Company	**2010**	**2009**
	£	**£**
Financial assets		
Loans and receivables		
Trade and other receivables	59,216	111,378
Cash and cash equivalents	46,385	72,948
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(102,607)	(238,433)

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.

22 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 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 20.

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	2010 £	Change in rate	2009 £
Sterling	-0.5%	4,034	-0.5%	18,819
	-1.0%	8,069	-1.0%	37,639
	-1.5%	12,103	-1.5%	56,458
Sterling	0.5%	(4,034)	0.5%	(18,819)
	1.0%	(8,069)	1.0%	(37,639)
	1.5%	(12,103)	1.5%	(56,458)

Fair value of financial liabilities	**2010 £**	**2009 £**
Bank loans	806,854	3,763,899
Trade and other payables	62,317	197,742
	869,171	3,961,641

22 Financial instruments (continued)

The fair value of the bank loan has been calculated at 31 March 2010 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 deficit as its capital reserves. 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 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.

23 Operating lease commitments

	2010 Property leases Group and Company £	2009 Property leases Group and Company £
Within one year	-	45,833

24 Post-balance sheet events

There are no significant post-balance sheet events arising since 31 March 2010 other than those already disclosed within these financial statements.

25 Capital commitments

There were no capital commitments outstanding at 31 March 2010 for the Group or the Company.

26 Ultimate Controlling party

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

27 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. The loan facility was fully repaid during the year ended 31 March 2009. During the year the Group paid interest totalling £nil (2009: £271,939) on the outstanding balance. NAV have an interest in 3,500,000 ordinary shares of 10p each which represented 12.44% of the total issued share capital of the Company.

During the year, Satellite Information Services (Holdings) Limited paid the Group £25,000 (2009: £25,000) in respect of fees for the services of the directors. In addition Satellite Information Services (Holdings) Limited paid the Group £544,032 (2009: £492,133) in respect of consortium relief payments.

During the year, 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 before the year end 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 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

	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

28 Restatement

The Group has restated its financial statements as at 31 March 2009 as a result of a material prior period misstatement. The Group's equity accounted associate SIS prepares its financial statements in accordance with UK GAAP. The adjustments required as a result of the alignment of accounting policies between SIS and CMG has given rise to the restatement as detailed below.

The Group's opening retained earnings as at 1 April 2009 have been increased by £299,884 from the previously reported figure of £25,145,127.

Effect on Balance Sheet	**As previously stated 2009 £**	**As restated 2009 £**	**Restatement 2009 £**
Investment in associate	28,942,897	29,242,781	299,884
Retained earnings	(25,145,127)	(24,845,243)	299,884
Increase in equity	(25,145,127)	(24,845,243)	299,884

Effect on Income Statement	**As previously stated 2009 £**	**As restated 2009 £**	**Restatement 2009 £**
Increase in share of profit from equity accounted investment	3,102,773	3,402,657	299,884
Increase in profit for the year from continuing operations	3,102,773	3,402,657	299,884

Effect on Earnings per share	**As previously stated 2009 p**	**As restated 2009 p**	**Restatement 2009 p**
Earnings per share	8.8	9.8	1.0

There was no cash flow impact as a result of the restatement. Additionally, there was no material difference arising from the above restatement of the Group's Statement of Financial Position as at 1 April 2008 compared with that previously reported as at 31 March 2008. Therefore no Statement of financial position as at 1 April 2008 has been prepared.

29 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.

Catalyst Media Group plc is a publicly limited company registered in England and Wales where it is domiciled for tax purposes.

The financial statements are prepared under the historical cost convention.

Companies Act s408 exemption

The Company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group profit for the year included a loss on ordinary activities after tax of £363,161 (2009: loss of £727,118) 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 year ended 31 March 2010. The impact on the Group financial statements is set out below:

IAS 1 (revised 2007) replaces IAS 1 (revised 2003) and is effective for financial periods beginning on or after 1 January 2009. This standard requires the Group to introduce the concept of 'total comprehensive income', which represents the change in equity during a period. In applying this revision to IAS 1, a 'consolidated statement of comprehensive income' has been introduced which replaces the 'consolidated income statement'. Comparative information has been re-presented so that it complies with the revised standard. Share of other comprehensive income of associate has been included as an additional line in the consolidated income statement. The impact is presentational only and the total comprehensive income for the year for the year ended 31 March 2009 has not been restated.

IFRS 8 is applicable for financial periods beginning on or after 1 January 2009 and requires the Group to report information about its operating segments, the operating results of which are regularly reviewed by the Group's chief operating decision makers (the Board of directors) in order to make decisions about the allocation of resources and to assess performance.

IFRS 7 is applicable for financial periods beginning on or after 1 January 2009 and provides enhanced disclosures about fair value measurements and liquidity risk.

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 2009) (effective as of 1 January 2010)
- IAS 7: Statement of Cash Flows (Amended 2009) (effective as of 1 January 2010)
- Disclosing IAS 24: Related Party Disclosures (Amended 2009) (effective as of 1 January 2011)
- IAS 27: Consolidated and Separate Financial Statements (Amended 2008) (effective as of 1 July 2009, 30 June 2009 and 1 July 2010)
- IAS 28: Investments in Associates (Amended 2009) (effective as of 1 July 2009)
- IAS 36: Impairment of Assets (Amended 2009) (effective as of 1 January 2010)
- IAS 39: Financial Instruments: Recognition and Measurement (Amended 2008 and 2009) (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 3: Business Combinations (Revised 2008) (effective as of 1 July 2009)
- IFRS 8: Operating Segments (Amended 2009) (effective as of 1 January 2010)
- IFRS 9: Financial Instruments (Amended 2009) (effective as of 1 January 2013)
- 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 1 July 2009).
- IFRIC 18: Transfers of Assets from Customers (effective as of 1 July 2009 - not yet endorsed by the EU.)
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments effective as of 1 July 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.

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 year 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 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 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 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

***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.

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.

Leases

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

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 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 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 require 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 29 to the accounts.

2010	Share Capital	Share Premium	Merger Reserve	Retained deficit	Total shareholders equity
	Attributable to equity holders of the Group				
	£	£	£	£	£
At 1 April 2009 As previously reported	9,243,197	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	9,243,197	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	9,243,197	38,904,450	2,402,674	(21,007,910)	29,542,411

The notes on pages 18 to 44 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 profit/ (loss) of the Group attributable to equity shareholders.

Attributable to equity holders of the Group

2009	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained deficit**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 April 2008	9,243,197	38,904,450	2,402,674	(27,610,843)	22,939,478
Profit for the year	-	-	-	2,754,098	2,754,098
Other comprehensive income:					
Share of other comprehensive income of associate	-	-	-	11,502	11,502
Total comprehensive income for the year	-	-	-	2,765,600	2,765,600
At 31 March 2009	9,243,197	38,904,450	2,402,674	(24,845,243)	25,705,078

The notes on pages 18 to 44 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 profit/ (loss) of the Group attributable to equity shareholders.

Attributable to equity holders of the Company

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
Other comprehensive income:					
Share of other comprehensive income of associate	-	-	-	-	-
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 18 to 44 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 profit/ (loss) of the Group attributable to equity shareholders.

Attributable to equity holders of the Company

2009	**Share Capital**	**Share Premium**	**Merger 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
Profit for the year	-	-	-	(727,118)	(727,118)
Other comprehensive income:					
Share of other comprehensive income of associate	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(727,118)	(727,118)
At 31 March 2009	9,243,197	38,904,450	2,912,060	(31,475,416)	19,584,291

The notes on pages 18 to 44 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 profit/ (loss) of the Group attributable to equity shareholders.

CATALYST MEDIA GROUP PLC

(Registered in England and Wales with number 03955206)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the tenth annual general meeting (the "**AGM**") of Catalyst Media Group plc (the "**Company**") will be held at the office of Bircham Dyson Bell LLP, 50 Broadway, London, SW1H 0BL on Friday 17 September 2010 at 9.30am for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 5 are to be proposed as ordinary resolutions and resolution 6 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 year ended 31 March 2010.**
2. **To approve the directors' remuneration for the Company for the year ended 31 March 2010.**
3. **To reappoint HW 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 Mark Hawtin as a director.**

Special Resolutions

6. **Subject to, and in accordance with the Company's articles of association, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of the Company provided that:**

   (a) the maximum number of ordinary shares hereby authorised to be acquired is 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 OBE
Chairman

Registered Office:
Quadrant House
17 Thomas More Street
Thomas More Square
London E1W 1YW

Date: 25 August 2010

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 proxy 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 the 14 September 2010 which is two days before the meeting. 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.