

27 March 2018

Catalyst Media Group Plc
(“CMG”, “Catalyst” or the “Group”)

Interim Results for Six Months Ended 31 December 2017

Catalyst Media Group Plc announces its interim results for the six months ended 31 December 2017.

CMG is a 20.54% shareholder in Sports Information Services (Holdings) Ltd (“SIS”) and the results include its share in the profits of SIS as an equity accounted associate.

Financial Highlights for the six months to 31 December 2017

- CMG profit after taxation and before adjustment to investment valuation of £0.34 million (2016: £1.03 million)
- Valuation adjustment of £nil (2016: £1.06 million) resulting in a profit after taxation of £339,898 (2016: loss of £32,526)
- Earnings per share (before valuation adjustment) 1.62p (2016: 4.44p)
- Earnings per share (after valuation adjustment) 1.62p (2016: loss of 0.14p)
- Net asset value per share of 122.5p (2016: 106.4p)
- SIS revenues for six months to 30 September 2017 £100.9 million (2016: £110.1 million)
- SIS EBITDA for six months to 30 September 2017 of £11.1 million (2016: £18.3 million)
- SIS profit after tax on ordinary activities for the six months to 30 September 2017 of £1.8 million (2016: £5.2 million)
- SIS declared a dividend of £15.0 million in October 2017, £3.1 million received by CMG

Michael Rosenberg, Chairman of Catalyst commented:

“With SIS’s domestic retail position secured with contracts signed for between three to five years with 99% of the Licensed Betting Offices, albeit at lower margins from 2018, SIS has focused on utilising its industry expertise and content in other markets including International Retail and Online. The recent announcement by SIS of a deepening partnership with Racecourse Media Group on International and online rights, demonstrates the progress SIS is making in developing its business outside of domestic retail.

We understand that SIS continues to perform in line with SIS’s management expectations and expects operating profits and profit before tax for the year to 31 March 2018 to be in line with previous guidance and that SIS continues to expect to announce a further dividend after the end of its current financial year. As and when received by the Company, the Company will consider the optimum method of distributing such funds, including the cash currently held by the Company, to shareholders.”

Enquiries:

Catalyst Media Group Plc

Michael Rosenberg, Non-executive Chairman 07785 727 595
Melvin Lawson, Non-executive Director 020 7734 8111

Strand Hanson Limited

020 7409 3494
James Harris
Richard Tulloch

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.

Chairman's Statement

For the six month period ended 31 December 2017 the Group has generated a net profit after taxation before adjustment to investment valuation of £0.34 million (2016: £1.03 million).

Net assets as at 31 December 2017 were £25.8 million (30 June 2017: £25.5 million). Net cash as at 31 December 2017 was £4.5 million (2016: £1.5 million). The net assets per share as at 31 December 2017 were 122.5p (2016: 106.4p).

The Group's main asset remains its 20.54% stake in SIS and, in October 2017, the Company received a dividend of £3.1 million from SIS. Accordingly, the value of the investment in SIS has been reduced to £21.3 million after taking account of the dividend receipt.

CMG equity accounts for its share in the profits of SIS, which were £1.8 million after tax for the six month period to 30 September 2017 (2016: £5.2 million). Total revenues of SIS for the period were £100.9 million (2016: £110.1 million) of which £92.5 million (2016: £101.5 million) were derived from the business of providing integrated television and data services to Licensed Betting Offices in the UK, Ireland and overseas and a further £8.4 million (2016: £8.6 million) was contributed by SIS Live services, which provides satellite news gathering and associated transmission services to its customers. Operating profits of SIS for the period decreased to £2.1 million, compared to £6.3 million in the comparable period for 2016, as a result of some racecourse rights ending and investment in non-UK retail areas of the business.

SIS BETTING

SIS is a leading supplier of data, pictures and pricing across a range of sports enabling more than 100,000 events on which to bet per year.

Given the lower margins of new media contracts, SIS is focused on utilising its skill set and experience in delivering appealing linear betting opportunities to the UK retail market into both online and international retail markets. The focus of the strategy is to secure the long-term future of SIS and to reduce its reliance on the UK retail market.

Domestic Retail (UK and Ireland)

SIS has agreed new UK retail rights deals with RMG (Racecourse Media Group) for UK premium horseracing and Horse Racing Ireland and the Association of Irish Racecourses for all Irish horseracing, which together with the series of greyhound racing rights from eight British tracks, provides SIS with comprehensive core content for its UK and Irish retail service through to 2023.

The British greyhound service went live on 1 January 2018 and joined Irish horseracing and all weather horseracing from Chelmsford City as key elements of its service to the UK and Irish retail markets, with 99% of Licensed Betting Offices signed up to long term deals to take the service. RMG's UK horseracing will become part of this service from 1 April 2018.

SIS announced the retirement of its ISIS and TDC text display systems earlier in the year, replacing the systems with a state of the art display system from a strategic partner, enhancing the service to customers. This will be complete by the end of the financial year delivering some cost savings.

International Retail

In January 2018, SIS announced an expansion of the partnership with RMG to jointly licence international rights for both RMG and SIS horseracing content. SIS will lead sales of the joint product in all non-Tote exclusive territories combining the UK and Irish horseracing content with SIS's British greyhound content to maximise international sales. This will replace the current arrangement with GBI Racing which expires on 31 December 2018.

SIS has extended many of its current arrangements with customers for a further five years and the new arrangement with RMG will enable long term deals to be signed with new customers

Online

The launch of the British greyhound service has proved to be a significant catalyst with online operators signing with SIS for various digital services such as streaming platform capabilities, greyhound and horseracing

content, pricing and data. This area is expected to see further growth in the year to March 2019, as more operators integrate and the available content expands. The recent agreement with RMG to include international rights, provides SIS with additional online content and SIS expects further content deals to be signed in the coming year.

SIS LIVE

SIS Live provides satellite uplinks, satellite news gathering and satellite internet services. It also is engaged in media fibre, teleports, distribution and satellite capacity provision. It is becoming the connectivity provider of choice for critical media content, providing significant media connectivity for football, golf, rugby and motor racing events.

Its fibre network connects its headquarters with resilient connectivity into key broadcast locations including major UK broadcasters, sports venues, network operators and studio facilities. Signals can be routed directly from SIS's teleport sites or to national and international customers via a combination of satellite and fibre paths.

As announced previously, SIS's management continue to see a prosperous future for SIS Live, though also recognise there may be a strategic benefit for SIS Live in alternative ownership. As a result, SIS has received approaches for SIS Live which are being considered and could result in a sale in the near future, with any net proceeds from such a sale expected to be returned to SIS shareholders.

INDIA

SIS continues to progress the outstanding amounts due and the associated tax liabilities relating to the India Commonwealth Games in 2010. Progress has been made in recent months, however SIS expects resolution of this issue to continue to be delayed with the timing of the outcome remaining uncertain.

OUTLOOK

The Company has been advised by SIS that its trading is in line with SIS's management expectations and that, as previously announced, SIS is expected to achieve an operating profit, before non-trading costs, for the full year to 31 March 2018 of approximately £10.0 million. One-off costs associated with non-trading activities, including costs associated with litigation and SIS's defined benefit pension scheme, will though impact profit before tax for the full year to 31 March 2018 by approximately £4.0 million. Cash balances at SIS as at 31 March 2018 are expected to remain in line with the prior year at approximately £73 million, following the payment of a dividend of £15 million in October 2017.

SIS's Board continues to expect to announce a further dividend after the end of its current financial year to 31 March 2018. Should SIS make a further dividend distribution and on receipt of such funds, it is the current intention of the CMG Board to consider the optimum method of distributing the majority of such funds, including the cash currently held within the Company, to shareholders. The Company will make further announcements in this regard as appropriate.

Consolidated interim statement of comprehensive income

	<i>Notes</i>	6 months to 31 December 2017	6 months to 31 December 2016	12 months to 30 June 2017
		£ Unaudited	£ Unaudited	£ Audited
Revenue		12,500	12,500	25,000
Cost of sales		-	-	-
Gross profit		<u>12,500</u>	<u>12,500</u>	<u>25,000</u>
Administrative expenses		(52,438)	(56,033)	(128,916)
Other operating income		-	-	-
Operating loss		<u>(39,938)</u>	<u>(43,533)</u>	<u>(103,916)</u>
Financial income		1,040	2,984	3,056
Financial costs		-	(105)	(106)
Net financial income		<u>1,040</u>	<u>2,879</u>	<u>2,950</u>
Share of profit of equity-accounted associate	3	369,720	1,062,740	3,498,784
Impairment of equity-accounted associate		-	(1,062,740)	-
Transitional adjustment relating to equity-accounted associate		-	-	-
Profit before taxation		<u>330,822</u>	<u>(40,654)</u>	<u>3,397,818</u>
Taxation		9,076	8,128	16,783
Profit / (loss) for the period		<u>339,898</u>	<u>(32,526)</u>	<u>3,414,601</u>
Share of other comprehensive loss of associate		-	-	(414,292)
Total comprehensive income / (loss) for the period		<u>339,898</u>	<u>(32,526)</u>	<u>3,000,309</u>
Attributable to equity holders of the company		<u>339,898</u>	<u>(32,526)</u>	<u>3,000,309</u>
Earnings / (loss) per share:	4			
Basic		1.62p	(0.14p)	15.43p
Diluted		1.62p	(0.14p)	15.43p
Pre valuation adjustment		1.62p	4.44p	15.43p

Consolidated interim statement of financial position

	<i>Notes</i>	31 December 2017	31 December 2016	30 June 2017
		£	£	£
		Unaudited	Unaudited	Audited
Assets				
Non-current assets				
Investment in associate	3	21,266,027	20,892,466	23,976,958
		<u>21,266,027</u>	<u>20,892,466</u>	<u>23,976,958</u>
Current assets				
Trade and other receivables		29,280	28,746	15,080
Cash and cash equivalents		4,474,928	1,484,265	1,463,462
		<u>4,504,208</u>	<u>1,513,011</u>	<u>1,478,542</u>
Total assets		<u>25,770,235</u>	<u>22,405,477</u>	<u>25,455,500</u>
Equity and liabilities				
Capital and reserves attributable to equity holders of the parent				
Share capital		2,103,202	2,103,203	2,103,202
Capital redemption reserve		711,117	711,116	711,117
Merger reserve		2,402,674	2,402,674	2,402,674
Retained surplus		20,543,734	17,171,001	20,203,836
		<u>25,760,727</u>	<u>22,387,994</u>	<u>25,420,829</u>
Current liabilities				
Trade and other payables		10,984	17,483	31,134
Corporation tax payable		(1,476)	-	3,537
		<u>9,508</u>	<u>17,483</u>	<u>34,671</u>
Total equity and liabilities		<u>25,770,235</u>	<u>22,405,477</u>	<u>25,455,500</u>

Consolidated interim cash flow statement

	6 months to 31 December 2017	6 months to 31 December 2016	12 months to 30 June 2017
	£ Unaudited	£ Unaudited	£ Audited
Cash flow from operating activities			
Profit / (loss) before taxation	330,822	(40,654)	3,397,818
Adjustments for:			
Depreciation, amortisation and valuation adjustment	(369,720)	1,062,740	(3,498,784)
Share of profit from associate	-	(1,062,740)	-
Transitional adjustment	-	-	-
Finance income	(1,040)	(2,984)	(3,056)
Finance expense	-	105	106
Corporation taxes recovered	4,063	4,758	16,952
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities before changes in working capital	(35,875)	(38,775)	(86,964)
(Increase) / decrease in trade and other receivables	(14,200)	5,429	19,093
(Decrease) / increase in trade and other payables	(20,150)	(78,940)	(65,289)
	<hr/>	<hr/>	<hr/>
Net cash outflow used in operating activities	(70,225)	(112,286)	(133,160)
Investing activities			
Dividend received	3,080,651	4,107,534	4,107,534
Interest received	1,040	2,984	3,056
	<hr/>	<hr/>	<hr/>
Net cash inflow from investing activities	3,081,691	4,110,518	4,110,590
Financing activities			
Shares purchased into treasury	-	(2,514,495)	(2,514,495)
Interest paid	-	(105)	(106)
	<hr/>	<hr/>	<hr/>
Net cash outflow from financing activities	-	(2,514,600)	(2,514,601)
Net increase in cash and cash equivalents in the period	3,011,466	1,483,632	1,462,829
Cash and cash equivalents at the beginning of the period	1,463,462	633	633
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	4,474,928	1,484,265	1,463,462

Consolidated interim statement of changes in equity

	Share capital £ Unaudited	Capital redemption reserve £ Unaudited	Merger reserve £ Unaudited	Retained surplus/ (deficit) £ Unaudited	Total shareholders equity £ Unaudited
At 1 July 2016	2,541,136	273,183	2,402,674	19,718,022	24,935,015
Loss for the 6 month period to 31 December 2016	-	-	-	(32,526)	(32,526)
Share repurchase	-	-	-	(2,514,495)	(2,514,495)
Cancellation of treasury shares	(437,934)	437,934	-	-	-
Total comprehensive loss for the period	(437,934)	437,934	-	(2,547,021)	(2,547,021)
At 31 December 2016	2,103,202	711,117	2,402,674	17,171,001	22,387,994
Profit for the 6 month period to 30 June 2017	-	-	-	3,447,127	3,447,127
Share of other comprehensive loss of associate	-	-	-	(414,292)	(414,292)
Total comprehensive profit for the period	-	-	-	3,032,835	3,032,835
At 30 June 2017	2,103,202	711,117	2,402,674	20,203,836	25,420,829
	Share capital £ Unaudited	Capital redemption reserve £ Unaudited	Merger reserve £ Unaudited	Retained surplus/ (deficit) £ Unaudited	Total shareholders equity £ Unaudited
At 1 July 2017	2,103,202	711,117	2,402,674	20,203,836	25,420,829
Profit for the 6 month period to 31 December 2017	-	-	-	339,898	339,898
Total comprehensive loss for the period	-	-	-	339,898	339,898
At 31 December 2017	2,103,202	711,117	2,402,674	20,543,734	25,760,727

Notes to the interim financial statements

1. Corporate information

The Company is a company incorporated in England and Wales and quoted on the AIM market of the London Stock Exchange plc.

2. Basis of preparation

These unaudited consolidated interim financial statements cover the six month period from 1 July 2017 to 31 December 2017 including the financial results of Sports Information Services (Holdings) Limited (“SIS”) for the six month period to 30 September 2017.

These consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union and also in accordance with the Companies Act 2006.

The accounting policies adopted for the preparation of this unaudited interim statement are consistent with the accounting policies adopted in the Group’s financial statements for the year ended 30 June 2017 and will remain so for the year ending 30 June 2018.

The financial information set out above does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2017, on which the report of the auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006, have been filed with the Registrar of Companies.

New financial reporting requirements

Standards, interpretations and amendments to published standards not yet effective

At the date of authorisation of these consolidated financial statements, the IASB and IFRIC have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations are not effective for and have not been applied in the preparation of these consolidated financial statements:

- IFRS 9: Financial Instruments (effective as of 1 January 2018)
- IFRS 15: Revenue from Contracts with Customers (effective as of 1 January 2018)
- IFRS 16: Leases (effective as of 1 January 2019)

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.

3. Investment in associate

	Total Group £
Cost	
At 1 July 2017	23,976,958
Additions – share of profit	369,720
Dividend received	(3,080,651)
Valuation adjustment	-
At 31 December 2017	<hr/> 21,266,027

The Group’s interest in its associate SIS, a company incorporated in England and Wales, is held by Alternateport Limited (“Alternateport”). Alternateport 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 is a wholly owned subsidiary of Catalyst Media Holdings Limited, a wholly-owned subsidiary of the Company. The intangible assets represent the value attributable to the ongoing business activities of SIS, which are subject to an annual valuation adjustment.

The Board has reviewed its valuation of the investment in SIS as at 31 December 2017 and has, in line with the Group's accounting policies, concluded that the investment should be held at a value of £21,266,027.

Share of profit of associate*	30 September 2017 SIS Total £'000	31 December 2017 CMG share £'000	31 December 2016 CMG share £'000	30 June 2017 CMG share £'000
Revenue:				
SIS Betting Services	92,512	19,002	20,847	41,598
SIS LIVE services	8,349	1,715	1,769	3,248
Total revenue	100,861	20,717	22,616	44,846
Operating profit from ongoing operations	2,065	424	1,301	4,312
Net interest receivable / (payable)	157	32	48	110
(Losses) / profits on business wind down	-	-	-	189
Profit on disposal of fixed asset	-	-	-	5
Exceptional items	-	-	(20)	-
Profit before tax	2,222	456	1,329	4,616
Taxation	(422)	(87)	(266)	(1,117)
Share of profit after taxation	1,800	369	1,063	3,499
Net income from associate	1,800	369	1,063	3,499
Other comprehensive income				
Actuarial (loss) /gain	-	-	-	(308)
Deferred tax	-	-	-	103
Change in value of hedging instrument	-	-	-	(209)
	-	-	-	(414)
Share of gross assets and liabilities of associate				
Gross assets	156,533	32,152	31,203	33,221
Gross liabilities	(64,448)	(13,238)	(14,680)	(14,676)
Net equity	92,085	18,914	16,523	18,545

*The period covered by the associate's accounts is the six months to 30 September 2017. The revenues have been stated excluding internal revenues.

4. Earnings/(loss) per share

The calculation of the basic earnings per ordinary share of 10p each in the capital of the Company ("Share") is based upon the following:

	6 months to 31 December 2017 £	6 months to 31 December 2016 £	12 months to 30 June 2017 £
Basic and Diluted			
Earnings per Share pre valuation adjustment – pence	1.62p	4.44p	15.43p
(Loss) / profit per Share – pence	1.62p	(0.14p)	15.43p
Profit attributable to equity shareholders (before valuation adjustment)	339,898	1,030,214	3,414,601
(Loss) / profit attributable to equity shareholders	-	(32,526)	-
Weighted average number of Shares in issue	21,032,030	23,221,321	22,135,672