Catalyst Media Group plc

Report and financial statements for the year ended 30 June 2016

CATALYST MEDIA GROUP PLC
Report and financial statements for the year ended 30 June 2016
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Directors, Secretary and Advisors

Directors

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

Secretary

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

Registered office and Company registration number

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

Solicitors

Bircham Dyson Bell
50 Broadway
London SW1H 0BL

Nominated Adviser & Broker

Strand Hanson Limited
26 Mount Row
London W1K 3SQ

Registrars

Neville Registrars
Neville House
18 Laurel Lane
Halesowen
West Midlands B63 3DA

Auditors

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

Bankers

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

I am pleased to present the results for Catalyst Media Group plc ("CMG" or the "Company") for the year ended 30 June 2016, which incorporates our share of profits for Satellite Information Services (Holdings) Ltd (SIS) in which CMG has a 20.54% interest.

After taking account of CMG's share in the profits of SIS for its year ended 31 March 2016 of £3.4 million (2015 - Restated: £4.4 million), CMG recorded a loss before taxation of £0.06 million, following an impairment charge of £3.0 million and a transitional adjustment of £0.4 million (2015 - Restated: profit of £1.5 million following a £2.8 million impairment charge). Net Assets at the year end were £24.9 million (98.1p per share) (2015 - Restated: £25.0 million (98.4p per share)).

The main asset of CMG continues to be the 20.54% shareholding in SIS. CMG equity accounts for its share in the profits of SIS. For the year ended 31 March 2016, SIS had revenues of £227.9 million (2015: £229.0 million) of which £209.3 million was derived from Betting Services (2015: £207.3 million) and £18.6 million from SIS LIVE Services (2015: £21.7 million). The total operating profit for SIS was £20.4 million (2015: £25.9 million). Profits after exceptional items and taxation were £16.6 million (2015: £21.4 million). The share attributable to CMG after tax was £3.4 million (2015: £4.4 million). SIS's Net Cash inflow for the period was £48.0 million (2015: £37.8 million) from operating activities. At the year end, SIS had a substantially increased cash position of £62.2m (2015: £21.9m) prior to the payment of the dividend referred to below. SIS's operating profit margin(1) decreased slightly to 8.9% compared to 11.1% (restated) for the previous year.

(1) SIS's operating profit margin is the ratio of SIS's operating profit (total operating profit before exceptional items and share of associate and joint venture) to revenues expressed as a percentage.

Review of CMG's investment in SIS

As reported in the Company's trading update announced on 14 October 2016, the profits were below the prior year due to a reduction in the subscriber base during the year, the impact of which was partially offset by an increase in charges to subscribers, combining with increased costs arising from media rights, additional content and inflationary factors.

In the light of the strong cash position of SIS, the progress it has made in signing new media rights and the continued positive cash flow generation from its operations SIS approved a dividend of £20.0 million in July 2016. CMG received its share of £4.1 million on 29 July 2016.

SIS Betting Retail

As previously reported various racing media rights acquired from Arena Racing and Northern Racing expire at the end of 2016 and 2017. However, following the agreement with Racecourse Media Group ("RMG") the main media and data rights relating to horse racing have now been extended from 2018 to 2023. Given the reduction in margins from 2018 when the new contracts come into effect, SIS has been pursuing growth initiatives to widen its product offering to enhance the profitability of the Company, in particular in the digital streaming sector and online gaming as detailed below under SIS BETTING DIGITAL.

Horse racing Ireland ("HRI") granted a five year extension to the end of 2023 in respect of the contract for distribution of data and live pictures to Licensed Betting Offices in the UK, Ireland and internationally. Also from 2017, SIS has the sole and exclusive right to stream Irish horse racing to online operators worldwide and to distribute direct to home pictures and will be working with At The Races, the current rights holder, to exploit these rights for an initial period.

SIS has signed up additional rights for greyhound tracks and is progressing to secure further rights in this area both on a UK and international basis.

SIS BETTING DIGITAL

The strategy to diversify into B2B supply in the digital sector is continuing with products launched around streaming, mobile games, pricing data and in play data. This has involved direct investments of approximately £8.0 million as at March 2016 and SIS continues to invest in developing current and new initiatives in this area.

SIS has recently been shortlisted for a main industry award for its digital product SIS Stream TV which can deliver content anywhere in the world and gives bookmakers the ability to customise what content is displayed to their customers on any platform.

A major new development is a SIS initiative to bring in-running betting on horseracing to its customers. This consists of a low cost transmitter, the size of a smart phone, which can be inserted into the saddle cloth and carried on the horse. It can relay the racing line and speed of the horse and can highlight where it is running at a different speed to the main pack. This provides real-time data feed of the position of every horse in a race which, when combined with continuously varying odds produced by SIS' automated pricing capability creates a new betting product for SIS customers. This is expected to be launched in 2017 and will provide additional new revenue opportunities for SIS, particularly in the online sector.

SIS LIVE

SIS LIVE continues to offer specialised broadcast solutions including HD, UHD, satellite uplinks, streaming, satellite internet and teleport together with fibre services. SIS LIVE continues to focus on transitioning from a solely satellite business to a mixed satellite and fibre business and now has 65 fibre connections across the UK and Ireland and expects this to increase to 100 by mid 2017.

SIS LIVE has signed an agreement with the media services arm of Babcock International Group to supply Direct To Home ("DTH") services using SIS's UK teleports for uplinking and satellite facilities provided by SIS for distribution of several television channels to households served by the SKY platform. SIS expects to provide further DTH services in the future.

The trend of news broadcasters to move away from Satellite News Gathering ("SNG") towards using IP technology and 4G mobile technology has continued and this has seen a decrease in demand from SIS LIVE customers for SNG trucks, with the fleet size expected to reduce to 18 trucks by 2017.

Following a review of the SIS LIVE business and in line with the move away from SNG, the decision has been made to exit the Satellite Hardware division, which has historically provided the satellite technology for the SNG trucks as well as selling technology to other businesses. The proposed sale of the business has brought interest from a number of parties and negotiations for the sale of this division are on-going.

<u>SIS Results</u>

The results of SIS for the year ended 31 March 2016 are as follows:

	31 March 2016 £'000	31 March 2015 £'000 Restated*
Revenue	227,930	229,035
Operating expenses	(207,534)	(203,612)
Operating profit before exceptional items	20,396	25,493
Exceptional items	-	(70)
Operating profit	20,396	25,423
Share of operating profit/(loss) of joint venture:		
- joint venture	(36)	442
- associate	-	-
Total operating profit	20,360	25,865
Profit / (Loss) on the managed wind down of business+	(490)	1,064
Profit on disposal of joint venture	642	-
Profit on disposal of associate	-	40
Profit on disposal of tangible assets	317	5
Net interest receivable / (payable)	458	(562)
Profit on ordinary activities before tax	21,287	26,412
Tax on profit on ordinary activities	(4,686)	(4,990)
Retained profit transferred to reserves	*16,601*	*21,422*

** The prior year figures within the financial statements of SIS have been restated following the transition to reporting under FRS 102.The restatement relates primarily to the reclassification between interest payable and remeasurements of net defined benefit obligation. The impact on the retained profit transferred to reserves was only an increase of £22,000.*

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

India

As reported the claim in respect of the Indian project continues to be pursued but the outcome remains uncertain.

Share buy back programme

CMG received the sum of £4.1 million in July 2016 being its share of the SIS dividend of £20.0 million. Given the strong cash position of SIS it is possible that further dividends may be received in the future but no decisions have been made by SIS with regard to this. As already reported CMG undertook a share buy back programme in accordance with the authority granted at the last AGM. A total of 400,000 shares have been purchased at a price of 70p per share and a total of 2,979,327 shares have been purchased at a price of 75p per share out of the total authorised to be purchased of 3,411,704. The shares so purchased have been cancelled and following that process the Company's issued share capital is now 21,032,030 shares.

It is the intention to propose a renewal of the authority for the Company to purchase further shares at the AGM referred to below.

Outlook

Current trading of SIS is in line with SIS's management's expectations for this year but from 2017 onwards profitability will begin to decline as the margins from betting activities reflect the new arrangements. Cash generation for SIS for 2017, excluding dividends, will remain ahead of EBIT due to amortised rights. CMG overheads continue at a very low level.

AGM

The next Annual General Meeting of the Company will be held on 13 January 2017 at 10.00 a.m. Formal Notice of the meeting is set out at the end of the report and accounts together with the form of proxy.

Michael Rosenberg OBE
Chairman

12 December 2016

The Directors present their strategic report for the year ended 30 June 2016.

Principal activities and review of the business

The principal activities of the business are outlined and reviewed in the Chairman's Statement. A review of the business is included within the Chairman's Statement.

Principal risks and uncertainties

Investment in SIS

The principal strategic investment of the Group is its 20.54% holding in SIS. The Group is entitled to appoint one director to the board of SIS which currently comprises eight directors, of which five are appointed by shareholders, two are independent and one is the Chairman. Although it can influence the board on strategic decisions, the Group is not in a position to control the day-to-day business and affairs of SIS other than with the support of other directors and a majority of shareholders of SIS.

There are a number of risks and uncertainties associated with the business of SIS which could potentially have an adverse impact on the value of the Group's investment including the fact that the customers of SIS rely upon real time data and uninterrupted content delivery. Loss of content would result in reduced quality of services and potentially reduced income. Therefore SIS has adopted advanced disaster recovery solutions and has built back up facilities which are located around the country.

Financial risk

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

Credit risk

The Group is not exposed to any credit risk.

Liquidity risk

There is a very low risk that the Group will encounter difficulty in meeting its financial obligations as they fall due, on the basis that the Group operates with minimal overheads and cash flow is well managed.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group and Company arise in respect of administrative expenditure and trade and other payables. Trade and other payables are all payable within three months.

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

Key Performance Indicators (KPIs)

The Company's key performance indicators used by the Board in monitoring the general performance of the Group and its investments are:

Net asset value per share

The net asset value per share of the Group is 98.1 pence (2015: 98.4 pence). The net asset value per share has fallen during the year to 30 June 2016 following the impairment of the Group's associate, SIS. The net asset value of the Group at 30 June 2016 and 30 June 2015 is shown in the Group's consolidated statement of financial position on page 16.

Administrative expenses

The Directors closely monitor the anticipated overheads for the Group and ensure that these are kept to a minimum.

Earnings per share (EPS)

EPS shows the relative performance year-on-year of the Group's profitability measured as an amount of profit or loss attributable to one ordinary share. The calculation of earnings per share is based on the weighted average number of issued ordinary shares in issue for the financial year and the profit/(loss) after taxation attributable to ordinary shareholders. EPS in respect of operations for the year and the previous year is shown in the Group consolidated statement of comprehensive income on page 15.

Key Performance Indicators of Associate

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

Michael Rosenberg OBE
Chairman

12 December 2016

The Directors present their annual report and the audited financial statements for the year ended 30 June 2016.

Financial reporting

The financial statements for 2016 have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRS) as adopted by the European Union.

Results and dividends

The Group made a loss (including its share of other comprehensive income of associate) after taxation of £0.1 million (2015: Profit of £1.0 million). Further details are shown in the Group Consolidated statement of comprehensive income on page 15.

Dividends totalling £Nil (2015: £Nil) were declared during the year.

Directors

The Directors of the Company during the period were:

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

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

Significant shareholdings

The Directors are aware of the following shareholdings of 3% or more of the issued share capital of the Company as of 4 December 2016:

Shareholders	Number of ordinary shares	% of issued ordinary share capital
Henderson Global Investors	4,678,775	22.25%
Melvin Lawson	3,615,486	17.19%
Harwood Capital LLP	3,125,000	14.86%
C R Mishon	2,396,229	11.39%
Mark Hawtin	2,010,117	9.56%
Bank Julius Baer & Co Ltd	1,146,533	5.45%
Jersey House Developments	1,000,000	4,75%
Others	3,059,890	14.55%
Total	21,032,030	100.00%

Employees

The Group had no other employees other than the Directors as at 30 June 2016.

The Directors' interests in the share capital of the company are included in note 23.

Going concern

The Directors can report that based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The Board has a reasonable expectation that the Company and Group have adequate resources, facilities and/or access to additional capital to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

Subsequent events

Following the year end, SIS declared a dividend of £20.0 million and CMG received a total of £4.1 million on 29 July 2016. Although SIS continues to be cash positive, there can be no certainty as to the timing and quantum of further dividends.

Subsequent to the year-end, the Company has completed a share repurchase programme that was approved at the AGM on 14 January 2016. A total of 3,379,327 ordinary shares were purchased in the market by the company at a total cost of £2,514,495. The shares were taken into treasury together with the 1,000,000 ordinary shares held in treasury at the year-end and subsequently all treasury shares have been cancelled.

Auditors

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and

- that Director has taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

In accordance with section 489 of the Companies Act 2006, a resolution proposing that UHY Hacker Young be re-approved as auditors of the company will be put at the Annual General Meeting.

Corporate governance

The Directors are responsible to shareholders for the effective direction and control of the Group and recognise the importance of good corporate governance. The Directors take account of the QCA's Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 to the extent that it is considered appropriate for the size and activities of the Group.

Internal financial control

The Group operates a system of internal financial control commensurate with its current size and activities, designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts and other ad hoc reports. All transactions are subject to Director approval and all payments require approval by a minimum of two Directors. The Board has responsibility for the effectiveness of the internal financial control framework. Such a system can only provide reasonable and not absolute assurance against material misstatement. The Group does not currently have, nor considers there is currently a need for an internal audit function.

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial period. Under that law the Directors have elected to prepare the Group and the Parent Company financial statements in accordance with IFRS as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group or Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Annual General Meeting

Notice of the Annual General Meeting of the Company for 2016 is on page 41.

On behalf of the Board

Michael Rosenberg OBE
Chairman

12 December 2016

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

UHY Hacker Young
Chartered Accountants

Independent auditors' report to the members of Catalyst Media Group plc for the year ended 30 June 2016

We have audited the Group and Parent Company financial statements (the 'financial statements') of Catalyst Media Group plc for the year ended 30 June 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 11 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

Independent auditors' report to the members of Catalyst Media Group plc for the year ended 30 June 2016

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Colin Jones (Senior Statutory Auditor)

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

12 December 2016

Consolidated statement of comprehensive income

	Note	Year ended 30 June 2016 £	Restated Year ended 30 June 2015 £
Revenue	**2**	25,000	25,000
Cost of sales		-	-
Gross profit		25,000	25,000
Administrative expenses		(112,036)	(119,991)
Operating loss		(87,036)	(94,991)
Financial income	**8**	7	1,012
Financial costs	**9**	(186)	160
Net financial (costs) / income		(179)	1,172
Share of profit of equity-accounted associate, net of tax	**1**	3,409,845	4,400,080
Impairment of equity-accounted associate	**1**	(3,014,622)	(2,832,788)
Transitional adjustment relating to equity-accounted associate	**1**	(368,521)	-
(Loss) / Profit before taxation		(60,513)	1,473,473
Taxation	**10**	16,543	22,866
(Loss) / Profit for the year		(43,970)	1,496,339
Share of other comprehensive loss of associate	**1**	(26,702)	(540,407)
Total comprehensive (loss) / profit for the year		(70,672)	955,932
Attributable to equity holders of the Company		(70,672)	955,932
(Loss) / Earnings per share:			
Basic	**11**	(0.18p)	5.82p
Diluted	**11**	(0.18p)	5.82p
Before impairment	**11**	12.17p	16.84p

The notes on pages 20 to 40 form part of these financial statements.

Consolidated statement of financial position

	Note	30 June 2016 £	Restated 30 June 2015 £
Assets			
Non-current assets			
Investment in associate	**1**	25,000,000	25,000,000
		25,000,000	25,000,000
Current assets			
Trade and other receivables	**13**	34,173	30,660
Cash and cash equivalents	**14**	633	16,969
		34,806	47,629
Total assets		25,034,806	25,047,629
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	**15**	2,541,136	2,541,136
Capital redemption reserve		273,183	273,183
Merger reserve		2,402,674	2,402,674
Retained profits		19,718,022	19,788,694
Total equity		24,935,015	25,005,687
Current liabilities			
Trade and other payables	**17**	96,423	40,480
Corporation tax payable	**18**	3,368	1,462
		99,791	41,942
Total equity and liabilities		25,034,806	25,047,629

The financial statements were approved by the Board of Directors and authorised for issue on 12 December 2016.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 20 to 40 form part of these financial statements.

Consolidated statement of cash flows

	Note	Year ended 30 June 2016 £	Restated Year ended 30 June 2015 £
Cash flow from operating activities			
(Loss) / Profit before taxation		(60,513)	1,473,473
Adjustments for:			
Share of profit from associate		(3,409,845)	(4,400,080)
Impairment of associate		3,014,622	2,832,788
Transitional adjustment		368,521	-
Finance income		(7)	(1,012)
Finance expense		186	(160)
Corporation taxes recovered		18,449	14,962
Net cash flow used in operating activities before changes in working capital		(68,587)	(80,029)
(Increase) / decrease in trade and other receivables		(3,513)	439
Increase in trade and other payables		55,943	9,080
Net cash flow used in operating activities		(16,157)	(70,510)
Investing activities			
Dividend received		-	1,026,884
Interest received		7	1,012
Net cash flow from investing activities		7	1,027,896
Financing activities			
Shares purchased into Treasury		-	(1,478,993)
Interest paid		(186)	160
Net cash flow used in financing activities		(186)	(1,478,833)
Net decrease in cash and cash equivalents in the year		(16,336)	(521,447)
Cash and cash equivalents at the beginning of the year		16,969	538,416
Cash and cash equivalents at the end of the year	**14**	633	16,969

The notes on pages 20 to 40 form part of these financial statements.

Company statement of financial position

Assets	Note	30 June 2016 £	30 June 2015 £
Non-current assets			
Investments	**12**	16,750,000	16,750,000
		16,750,000	16,750,000
Current assets			
Trade and other receivables	**13**	3,062,438	3,058,986
Cash and cash equivalents	**14**	545	16,819
		3,062,983	3,075,805
Total assets		19,812,983	19,825,805
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	**15**	2,541,136	2,541,136
Capital redemption reserve		273,183	273,183
Merger reserve		2,912,060	2,912,060
Retained profit		13,986,264	14,056,935
Total equity		19,712,643	19,783,314
Current liabilities			
Trade and other payables	**17**	96,972	41,029
Corporation tax payable	**18**	3,368	1,462
		100,340	42,491
Total equity and liabilities		19,812,983	19,825,805

The financial statements were approved by the Board of Directors and authorised for issue on 12 December 2016.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 20 to 40 form part of these financial statements

Company statement of cash flows

	Note	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Cash flow from operating activities			
(Loss) / profit before taxation		(87,214)	932,906
Adjustments for:			
Finance income		(7)	(1,012)
Dividend received		-	(1,026,884)
Corporation taxes recovered		18,449	14,962
Net cash flow used in operating activities before changes in working capital		(68,772)	(80,028)
(Increase) / decrease in trade and other receivables		(3,452)	439
Increase in trade and other payables		55,943	9,079
Net cash flow used in operating activities		(16,281)	(70,510)
Investing activities			
Interest received		7	1,012
Dividend received		-	1,026,884
Net cash flow from investing activities		7	1,027,896
Financing activities			
Shares purchased into Treasury		-	(1,478,993)
Net cash flow used in financing activities		-	(1,478,993)
Net decrease in cash and cash equivalents in the year		(16,274)	(521,607)
Cash and cash equivalents at the beginning of the year		16,819	538,426
Cash and cash equivalents at the end of the year	**14**	545	16,819

The notes on pages 20 to 40 form part of these financial statements.

1 Investment in associate

Year Ended 30 June 2016	Share of net assets Group £	Fair Value of Intangibles Group £	Total Group £
Cost			
At 1 July 2015 - Restated	16,553,835	8,446,165	25,000,000
Transitional adjustment	(368,521)	-	(368,521)
Share of profit - 2016	3,409,845	-	3,409,845
Share of other comprehensive loss - 2016	(26,702)	-	(26,702)
Dividend received - 2016	-	-	-
Impairment - 2016	-	(3,014,622)	(3,014,622)
At 30 June 2016 – CMG share of SIS net assets	19,568,457	5,431,543	25,000,000

Year Ended 30 June 2015 - Restated	Share of net assets Group £	Fair Value of Intangibles Group £	Total Group £
Cost			
At 1 July 2014 – as previously stated	13,786,363	11,213,637	25,000,000
Prior year adjustment	(65,316)	65,316	-
Share of profit – 2015 Restated	4,400,080	-	4,400,080
Share of other comprehensive loss – 2015 Restated	(540,407)	-	(540,407)
Dividend received - 2015	(1,026,885)	-	(1,026,885)
Impairment – 2015 Restated	-	(2,832,788)	(2,832,788)
At 30 June 2015 – CMG share of SIS net assets	16,553,835	8,446,165	25,000,000

The Group’s interest in the associate, SIS, a company incorporated in England and Wales, is held by Alternateport Limited. Alternateport Limited holds an investment of 20.54% in the equity share capital of SIS and is entitled to appoint a director and alternate director to the SIS board. This right has been exercised since acquisition. Alternateport Limited is a wholly owned subsidiary of Catalyst Media Holdings Limited a wholly owned subsidiary of Catalyst Media Group plc.

A copy of the strategic forecast prepared by SIS was made available to the Directors of CMG showing management forecasts through to 2020/2021 of the income statement, statement of financial position and statements of cash flow. The assumptions made by management were also provided.

It is expected that the net operating profits of SIS would significantly fall to a much lower level due to the change in margins arising from media rights ownership.

This fall would be partially offset by new initiatives in creating additional revenue streams from new digital content and new streaming platforms.

After reviewing the forecasts and other factors, the Directors concluded that the carrying value of the investment should continue at £25 million.

1 Investment in associate (continued)

Transitional adjustment

The prior year figures within the financial statements of SIS were restated following the transition to reporting under FRS 102.

The transitional adjustment represents CMG's share of the restatements in the SIS accounts relating specifically to the defined benefit pension plan, derivative financial instruments and deferred tax, less any estimates CMG had made in its accounts in relation to these figures which were historically required for CMG's accounts to be correctly stated under IFRS and are no longer required as the SIS accounts are now prepared under FRS 102.

Following the restatements in the SIS accounts, there has been a decrease of £3k to the overall share of profit of associate stated for 2015 and a decrease of £3k to the impairment charge stated for 2015. There has therefore been no impact on the value of CMG's investment which remained at £25,000,000. There was also no impact on the net assets of CMG as at 30 June 2015.

Share of profit of associate	**2016**	**2016**	**2015 Restated**
	SIS Total £'000	**CMG share £'000**	**CMG share £'000**
Revenue:			
SIS Betting Services	209,284	42,987	42,591
SIS LIVE Services	18,646	3,830	4,453
Total revenue	227,930	46,817	47,044
Operating profit	20,360	4,182	5,313
Net interest receivable / (payable)	458	94	(115)
(Losses) / profits on business wind down	(490)	(101)	218
Profit on disposal of joint venture	642	132	-
Profit on disposal of associate	-	-	8
Profit on disposal of fixed asset	317	65	1
Profit before tax	21,287	4,372	5,425
Taxation	(4,686)	(962)	(1,025)
Share of profit after taxation	16,601	3,410	4,400
Net income from associate	16,601	3,410	4,400
Other comprehensive income:			
Actuarial loss	(1,500)	(308)	(616)
Deferred tax	33	7	134
Change in value of hedging instrument	1,337	274	(58)
	(130)	(27)	(540)
Share of net assets and liabilities of associate			
Net assets	159,128	32,685	30,074
Net liabilities	(63,858)	(13,117)	(13,520)
Net equity	95,270	19,568	16,554

2 Revenue

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

	2016 £	2015 £
Business administrative services	25,000	25,000
Total revenue	25,000	25,000

3 Segmental analysis

The Directors have determined the Group's operating segments based on the management information that is reviewed in order to strategically operate the business.

The Group operates in one segment; business administrative services. Business administrative services focuses on managing the strategic investment in SIS, including the provision of non-executive director services to SIS and the management of overheads.

Segmental performance is assessed based on the segment result after results of equity accounted investments, impairment charges, financial income, financial costs and before taxation expense.

Year ended 30 June 2016	**Business administrative services (including SIS investment) £**	**Total (per consolidated financial statements) £**
Segment revenue	25,000	25,000
Operating loss	(87,036)	(87,036)
Financial income	7	7
Financial costs	(186)	(186)
Share of profit of associate (note 1)	3,409,845	3,409,845
Impairment of associate	(3,014,622)	(3,014,622)
Transitional adjustment relating to equity-accounted associate	(368,521)	(368,521)
Segment loss	(60,513)	(60,513)
Tax	16,543	16,543
Share of other comprehensive income of associate	(26,702)	(26,702)
Consolidated profit for the year	(70,672)	(70,672)
Segment assets	25,034,806	25,034,806
Segment liabilities	(99,791)	(99,791)
Net assets	24,935,015	24,935,015

3 Segmental analysis (continued)

Year ended 30 June 2015	**Business administrative services (including SIS investment)**	**Total (per consolidated financial statements)**
	£	**£**
Segment revenue	25,000	25,000
Operating loss	(94,991)	(94,991)
Financial income	1,012	1,012
Financial costs	160	160
Share of profit of associate (note 1) - Restated	4,400,080	4,400,080
Impairment of associate - Restated	(2,832,788)	(2,832,788)
Segment profit	1,473,473	1,473,473
Tax	22,866	22,866
Share of other comprehensive income of associate - Restated	(540,407)	(540,407)
Consolidated profit for the year	955,932	955,932
Segment assets	25,047,629	25,047,629
Segment liabilities	(41,942)	(41,942)
Net assets	25,005,687	25,005,687

4 Operating loss (Group)

	2016	**2015**
	£	**£**
Operating loss for the year is stated after charging:		
Auditors' remuneration (note 7)	10,300	9,900

Operating loss (Company)

	2016	**2015**
	£	**£**
Operating loss for the year is stated after charging:		
Auditors remuneration (note 7)	2,600	2,600

5 Staff numbers and costs (Group and Company)

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

6 Directors' emoluments (Group and Company)

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

	2016 £	2015 £
Salaries and fees	45,252	45,303

7 Auditors' remuneration

	2016 £	2015 £
Fees payable for the audit of the Group's financial statements	7,700	7,300
Fees payable for the audit of the Company's financial statements	2,600	2,600
	10,300	9,900

8 Financial income

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Interest receivable	7	1,012	7	1,012

9 Financial costs

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Interest payable	186	(160)	186	(160)

10 Taxation (Group)

	2016 £	2015 £
Current tax	17,198	18,500
(Under) / Over provision in respect of prior periods	(655)	4,366
Total tax credit for the year	16,543	22,866

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

Factors affecting tax charge for the year

The tax assessed for the year is the same as the standard rate of corporation tax in the UK of 20.00% (2015 – 20.75%). The standard tax rate reduced from 21% to 20% as of April 2015.

	2016 £	2015 £
(Loss) / Profit before tax	(60,513)	1,422,535
Tax on (loss) / profit at standard rate of 20.00% (2015 – 20.75%)	(12,102)	295,176
Expenses not deductible for tax purposes	342	2,734
Income not taxable	(5,340)	(316,284)
Under/(over) provision in respect of prior periods	655	(4,366)
Other items	(98)	(126)
Current tax credit	(16,543)	(22,866)

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 £847,600 (2015: £892,400). The above deferred tax asset has been calculated based on a UK tax rate of 20% (2015: 20%) as applicable at 30 June 2016.

11 (Loss) / earnings per share (diluted, undiluted and before impairment)

The calculation of the basic and diluted (loss) / earnings per share is based upon the net loss after tax and minority interests attributable to ordinary shareholders of £43,970 (2015 restated: Profit of £1,496,339) and a weighted average number of shares in issue for the period of 24,411,357 (2015: 25,705,802).

The calculation of the earnings per share (before impairment) is based upon the net loss after tax and attributable to ordinary shareholders of £43,970 (2015 restated: Profit of £1,496,339), adjusted for impairment charges of £3,014,622 (2015 restated: £2,832,788) and a weighted average number of shares in issue for the period of 24,411,357 (2015: 25,705,802).

11 (Loss) / earnings per share (diluted, undiluted and before impairment) (continued)

Reconciliation of shares in issue:

	Year ended 30 June 2016	Year ended 30 June 2015
Issued ordinary shares at 30 June 2016	24,411,357	
Issued ordinary shares at 30 June 2015		24,411,357
Weighted average number of ordinary shares	24,411,357	25,705,802

12 Investments

Company **Year Ended 30 June 2016**	**Shares in subsidiaries** **£**
Cost	
At 30 June 2015 and 30 June 2016	16,750,000
Provision for diminution in value	
At 30 June 2015 and 30 June 2016	-
Net book value	
At 30 June 2015 and 30 June 2016	16,750,000

Details of the investments are as follows:

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

* A subsidiary of Catalyst Media Holdings Limited

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

13 Trade and other receivables

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Amounts owed by Group companies	-	-	3,028,264	3,028,326
Trade debtors	15,000	15,000	15,000	15,000
Prepayments	16,761	13,042	16,761	13,042
Other debtors	2,412	2,618	2,413	2,618
	34,173	30,660	3,062,438	3,058,986

14 Cash and cash equivalents

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Cash at bank	633	16,969	545	16,819
Cash and cash equivalents	633	16,969	545	16,819

Cash and cash equivalents comprise cash only.

15 Share capital

	2016 Group and Company £	2015 Group and Company £
Authorised:		
65,711,223 ordinary shares of 10 pence each	6,571,122	6,571,122
	6,571,122	6,571,122
Allotted, issued and fully paid:		
25,411,357 ordinary shares of 10 pence each	2,541,136	2,541,136
	2,541,136	2,541,136

16 Interest-bearing cash balances

Effective interest rates and repricing analysis

In respect of income-earning financial assets, the following table indicates their effective average interest rates in the year to 30 June 2016.

	Effective interest rate	Group Total £ 2016	Group Current £ 2016
Cash at bank and other deposits	0.04%	633	633

	Effective interest rate	Company Total £ 2016	Company Current £ 2016
Cash at bank and other deposits	0.04%	545	545

17 Trade and other payables

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Trade payables	21,029	9,001	21,029	9,001
Amounts due to Group companies	-	-	549	549
Other payables	20,000	-	20,000	-
Accruals and deferred income	55,394	31,479	55,394	31,479
	96,423	40,480	96,972	41,029

Trade payables are all due within one year.

18 Corporation tax payable

	2016 Group £	2015 Group £	2016 Company £	2015 Company £
Consortium relief payable	3,368	1,462	3,368	1,462

19 Financial instruments

In common with other businesses, the Group and Company (the ‘Group’) is exposed to risks that arise from its use of financial instruments. This note describes the Group’s objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 24.

There have been no substantive changes in the Group’s exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

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

Group	**2016**	**2015**
	£	**£**
Financial assets		
Loans and receivables		
Trade and other receivables	34,173	30,660
Cash and cash equivalents	633	16,969
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(96,423)	(40,480)

Company	**2016**	**2015**
	£	**£**
Financial assets		
Loans and receivables		
Trade and other receivables	34,173	30,660
Cash and cash equivalents	545	16,819
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(96,972)	(41,029)

General objectives, policies and processes

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

Credit risk

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

19 Financial instruments (continued)

Liquidity risk

Liquidity risk arises from the Group's and Company's management of working capital. There is a risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group and Company arise in respect of administrative expenditure and trade and other payables. Trade and other payables are all payable within three months.

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

Fair value of financial liabilities	**2016**	**2015**
	£	**£**
Trade and other payables	96,423	40,480
	96,423	40,480

The fair value of trade and other payables is equal to the book values.

Capital

The Group considers its capital to comprise its ordinary share capital, capital redemption reserve, merger reserve and the retained profit. In managing its capital, the Group's objectives are to provide a return for its equity shareholders through distributions and capital growth. Going forward the Group will seek to maintain a sufficient funding base to enable the Group to meet its working capital needs.

Details of the Group and Company capital are disclosed in the Group and Company statement of changes in equity.

There have been no other significant changes to the Group's management objectives, policies and processes in the period nor has there been any change in what the Group considers to be capital.

Currency risk

The Group and the Company are not exposed to any significant currency risk.

20 Capital commitments

There were no capital commitments outstanding at 30 June 2016 for the Group or the Company.

21 Ultimate Controlling party

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

22 Post balance sheet events

Following the year end, SIS declared a dividend of £20m and CMG received a total of £4,107,534 on 29 July 2016. Although SIS continues to be cash positive, there can be no certainty as to the timing and quantum of further dividends.

Subsequent to the year-end, the company has completed a share repurchase programme that was approved at the annual general meeting in January 2016. A total of 3,379,327 ordinary shares were purchased in the market by the company at a total cost of £2,514,495. The shares were taken into treasury together with the 1,000,000 ordinary shares held in treasury at the year-end and subsequently all treasury shares have been cancelled.

23 Related party transactions

During the year, SIS paid the Group £25,000 (2015: £25,000) in respect of fees for the services of the Directors. In addition SIS paid the Group £18,449 (2015: £14,962) in respect of consortium relief payments.

As at the balance sheet date, Melvin Lawson, and his associated companies, had an interest in 3,615,486 ordinary shares of the Company, representing 14.81% of the total issued share capital of the Company, excluding shares held in treasury.

During the year, AB Group Limited, a company of which Melvin Lawson is a director, advanced an amount of £10,000 to the Company. Interest at a rate of 5% per annum is charged on the loan and an amount of £109 is included in these financial statements. As at the balance sheet date, the Company owed £10,109 to AB Group Limited.

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

As at the balance sheet date, Michael Rosenberg had an interest in 10,520 ordinary shares of the Company, representing 0.04% of the total issued share capital of the Company, excluding shares held in treasury.

Harwood Capital LLP acts as the investment manager to Oryx International Growth Fund Limited which holds an interest of 3,125,000 Ordinary Shares representing 12.80% of the issued ordinary share capital, and accordingly Harwood Capital LLP is a substantial shareholder of the Company. Christopher Mills is the Chief Investment Officer of Harwood Capital LLP and holds 100% of the share capital of Harwood Capital Management Limited, a member of Harwood Capital LLP.

During the year, Harwood Holdco Limited, a company of which Christopher Mills is a director, advanced an amount of £10,000 to the Company. Interest at a rate of 5% per annum is charged on the loan and an amount of £77 is included in these financial statements. As at the balance sheet date, the Company owed £10,077 to Harwood Holdco Limited.

	Salary and fees 2016 £	**Total 2016 £**	**Total 2015 £**
M Rosenberg OBE	15,252	15,252	15,303
M Hawtin	10,000	10,000	10,000
C Mills	10,000	10,000	10,000

M Lawson	10,000	10,000	10,000
	45,252	45,252	45,303

24 Basis of preparation and significant accounting policies

These consolidated financial statements of Catalyst Media Group plc have been prepared in accordance with accepted International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively “IFRSs”) as adopted for use in the European Union and as issued by the International Accounting Standards Board and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies listed below include those applicable to SIS, given its materiality to the Group as a whole.

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

The financial statements are prepared under the historical cost convention.

Companies Act s408 exemption

The Company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group loss for the year included a loss on ordinary activities after tax of £70,671 (2015: profit £955,772) in respect of the Company which is dealt with in the financial statements of the Parent Company.

New financial reporting requirements

The Group has applied the following new financial reporting standards for the first time in preparing its financial statements for the period ended 30 June 2016. There has been no material impact on the Group’s financial statements.

- IFRS 7: Financial Instruments Disclosure (Amended 2011) (Revised 2010) (effective as of 1 January 2015)

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 7: Financial Instruments Disclosure (effective as of 1 January 2016)
- IFRS 9: Financial Instruments (effective as of 1 January 2018)
- IFRS 10, IFRS 12 & IAS 28: Investment Entities (effective as of 1 January 2016)
- IFRS 15: Revenue from Contracts with Customers (effective as of 1 January 2018)
- IAS 1: Presentation of Financial Statements (effective as of 1 January 2016)
- IAS 27: Separate Financial Statements (effective as of 1 January 2016)

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.

24 Basis of preparation and significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the results of the Company and all of its subsidiary undertakings. A subsidiary is an entity controlled, directly or indirectly, by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The results of subsidiaries have been included from the date of acquisition using the merger method of accounting or the acquisition method of accounting as appropriate.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Investments in subsidiaries

Fixed asset investments in subsidiary undertakings are shown at cost. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

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 consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared either for the same reporting period as the parent company or a period not greater than three months different to the reporting period. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Group.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

24 Basis of preparation and significant accounting policies (continued)

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Associates

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the recoverable amount (being the higher of fair value less costs to sell and value in use) and carrying amount of the associate and recognises the amount in profit or loss.

Financial instruments

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Loans and receivables

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

Trade and other receivables: These include amounts due to the group and prepayments and accrued income.

Financial liabilities

The Group classifies its financial liabilities as:

Financial liabilities measured at amortised cost. The Group's financial liabilities at amortised cost include trade payables and other financial liabilities.

Trade and other payables: These are initially recognised at fair-value and then carried at amortised cost. These arise from the receipt of goods and services.

24 Basis of preparation and significant accounting policies (continued)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. Revenue arising from the provision of services is recognised when and to the extent that the Group obtains the right to consideration in exchange for the performance of its contractual obligations.

Taxation

Tax expense or taxation recoverable represents the sum of the tax currently payable or recoverable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the 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. Operating profit and loss attributed to discontinued operations is included as part of the net result of these operations and is disclosed separately.

24 Basis of preparation and significant accounting policies (continued)

Pension scheme arrangements

The Group's associate operates a defined benefit pension scheme in accordance with the following accounting policy. However the Group itself does not operate a pension scheme.

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

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

(i) Impairment of non-curent assets

The value of non-current assets is considered by the Directors at the end of each reporting period. Impairments are recognised on the bases outlined in note 24 to the accounts.

Attributable to equity holders of the Group

30 June 2016	Share Capital	Share Premium	Capital Redemption Reserve	Merger Reserve	Retained Profits	Total Shareholders Equity
	£	£	£	£	£	£
At 1 July 2015	2,541,136	-	273,183	2,402,674	19,788,694	25,005,687
Loss for the year	-	-	-	-	(43,970)	(43,970)
Other comprehensive loss:						
Share of other comprehensive loss of associate	-	-	-	-	(26,702)	(26,702)
Total comprehensive profit / (loss) for the period	-	-	-	-	(70,672)	(70,672)
At 30 June 2016	2,541,136	-	273,183	2,402,674	19,718,022	24,935,015

The notes on pages 20 to 40 form part of these financial statements.

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	Amounts arising from the purchase by the group of its own shares.
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained profits	Cumulative profit of the Group attributable to equity shareholders.

Attributable to equity holders of the Group

30 June 2015 - Restated	**Share Capital**	**Share Premium**	**Capital Redemption Reserve**	**Merger Reserve**	**Retained Profits**	**Total Shareholders Equity**
	£	**£**	**£**	**£**	**£**	**£**
At 1 July 2014 - restated	2,764,567	-	49,752	2,402,674	20,311,755	25,528,748
Profit for the year - Restated	-	-	-	-	1,496,339	1,496,339
Other comprehensive loss:						
Share of other comprehensive loss of associate - Restated	-	-	-	-	(540,407)	(540,407)
Shares purchased into Treasury	-	-	-	-	(1,478,993)	(1,478,993)
Cancellation of Treasury shares	(223,431)	-	223,431	-	-	-
Total comprehensive profit / (loss) for the period	(223,431)	-	223,431	-	(523,061)	(523,061)
At 30 June 2015	2,541,136	-	273,183	2,402,674	19,788,694	25,005,687

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

The notes on pages 20 to 40 form part of these financial statements.

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	Amounts arising from the purchase by the group of its own shares.
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained profits	Cumulative profit of the Group attributable to equity shareholders.

Attributable to equity holders of the Company

30 June 2016	**Share Capital**	**Share Premium**	**Capital Redemption Reserve**	**Merger Reserve**	**Retained Profits**	**Total Shareholders Equity**
	£	**£**	**£**	**£**	**£**	**£**
At 1 July 2015	2,541,136	-	273,183	2,912,060	14,056,935	19,783,314
Loss for the year	-	-	-	-	(70,671)	(70,671)
Total comprehensive loss for the year	-	-	-	-	(70,671)	(70,671)
At 30 June 2016	2,541,136	-	273,183	2,912,060	13,986,264	19,712,643

The notes on pages 20 to 40 form part of these financial statements.

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	Amounts arising from the purchase by the group of its own shares
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained profits	Cumulative profit of the Company attributable to equity shareholders.

Attributable to equity holders of the Company

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

The notes on pages 20 to 40 form part of these financial statements.

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	Amounts arising from the purchase by the group of its own shares
Merger reserve	Amounts arising from the merger of subsidiary investments.
Retained profits	Cumulative profit of the Company attributable to equity shareholders.

NOTICE OF ANNUAL GENERAL MEETING

CATALYST MEDIA GROUP PLC

(Registered in England and Wales with number 03955206)

Notice is hereby given that the fifteenth Annual General Meeting (the "AGM") of Catalyst Media Group plc (the "Company") will be held on 13 January 2017 at 6 Stratton Street, London, W1J 8LD at 10.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 5 are ordinary resolutions and resolution 6 is a special resolution:

Ordinary Resolutions

1. **To receive the audited financial statements and the report of the directors and the auditors for the Company for the year ended 30 June 2016.**

2. **To approve the directors' remuneration report for the Company for the year ended 30 June 2016.**

3. **To reappoint UHY Hacker Young as auditors of the Company to hold office until the conclusion of the next Annual General Meeting.**

4. **To authorise the directors to fix the remuneration of the auditors.**

5. **To re-elect Mark Hawtin as a director.**

Special Resolution

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

   (a) **the maximum number of ordinary shares hereby authorised to be acquired is 3,154,804 (being fifteen per cent of the issued ordinary shares of the Company at the date of this resolution);**

   (b) **the minimum price which may be paid for an ordinary share is the nominal value of such share;**

   (c) **the maximum price which may be paid for an ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share in the Company as derived from the AIM Appendix to The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased;**

   (d) **the authority hereby conferred shall expire on the date which is 12 months from the date of the passing of this resolution;**

   (e) **the Company may make any purchase of its ordinary shares pursuant to a contract concluded before the authority hereby conferred expires and which will or may be executed wholly or partly after the expiry of such authority; and**

(f) **all ordinary shares purchased pursuant to the authority conferred by this resolution shall be cancelled immediately on completion of the purchase or held in treasury (provided that the aggregate nominal value of shares held as treasury shares shall not at any time exceed ten per cent. of the issued ordinary share capital of the Company at any time).**

By order of the Board

Michael Rosenberg OBE
Chairman

Registered Office:
Quadrant House,
4 Thomas More Square, London
E1W 1YW

Date: 12 December 2016

Notes:

1. Only the holders of ordinary shares are entitled to attend the meeting and vote, subject to note 4 below. A member entitled to attend and vote may appoint one or more proxies to attend, speak and vote on his behalf at the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. A member need not be a member of the Company but must attend the meeting to represent him.

2. A form of proxy is provided. To be effective, a form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority) must be completed, signed and lodged with the Company's registrar, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 48 hours before the time of the meeting. Depositing a completed form of proxy will not preclude a member from attending the meeting and voting in person.

3. A shareholder which is a corporation (including a company) (a "corporation") and which wishes to be represented at the meeting by a person with authority to speak, vote on a show of hands and vote on a poll (a "corporate representative") must submit a certified copy of the resolution giving the relevant authority to that corporate representative to the registered office (for the attention of the directors) by the same deadline as in note 2 above. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of the Company. Alternatively, a corporation may complete and return a form of proxy.

4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 10.00am on 13 January 2017. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy, but the vote of the senior (by order in the register of members) who tenders a vote will be accepted to the exclusion of the others.

6. Copies of the following documents will be available for inspection at the Company's registered office, during normal business hours, on any day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the day of the meeting and at the place of the meeting for 15 minutes prior to and during the meeting:

   (a) the register of directors' interests in the share capital of the Company; and

   (b) copies of the directors' service contracts

FORM OF PROXY

Catalyst Media Group plc
(registered in England and Wales with number 03955206)

FORM OF PROXY FOR USE AT AN ANNUAL GENERAL MEETING

IN BLOCK CAPITALS PLEASE

I/We,…… being (a) holder(s) of ordinary shares of 10p each in the capital of the Company HEREBY APPOINT the Chairman of the Meeting (see Note 1) or ………………………………………………………………………………..to be my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 6 Stratton Street, London W1J 8LD on 13 January 2017 at 10.00 a.m. or any adjournment thereof.

I/We request such proxy to vote on the following resolutions as mentioned below request such proxy to vote on the following resolutions as mentioned below as indicated by an X in the appropriate box below and otherwise as my/our proxy shall think fit (see Note 2)

	For	Against	Vote Withheld
ORDINARY RESOLUTIONS			
1. To receive the audited financial statements and the report of the directors and the auditors for the Company for the year ended 30 June 2015.			
2. To approve the directors' remuneration report for the Company for the year ended 30 June 2015.			
3. To reappoint UHY Hacker Young as auditors of the Company to hold office until the conclusion of the next Annual General meeting.			
4. To authorise the directors to fix the remuneration of the auditors.			
5. To re-elect Mark Hawtin as a director.			
SPECIAL RESOLUTIONS			
6. To grant the Company authority to make market purchases of its own ordinary shares			

Signature (see note 4)………………………………………… Dated ………………………………………………

Notes

1. To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. A proxy need not be a member of the Company. You can also appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. The following options are available:

   (a) To appoint the **Chairman** as your **sole proxy** in respect of all your shares, simply fill in any voting instructions in the appropriate box and sign and date the Form of Proxy

   (b) To appoint a **person other than the Chairman as your sole proxy** in respect of all your shares, delete the words 'the Chairman of the meeting (or)' and insert the name of your proxy in the spaces provided. Then fill in any voting instructions in the appropriate box and sign and date the Form of Proxy

   (c) To appoint **more than one proxy**, you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the Meeting'. All forms must be signed and should be returned together in the same envelope.

2. Unless otherwise indicated the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

3. The Form of Proxy below must arrive not later than 48 hours before the time set for the meeting at Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA during usual business hours accompanied by any Power of attorney under which it is executed (if applicable).

4. A corporation must execute the Form of Proxy under either its common seal or the hand of a duly authorised officer or attorney.

5. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you subsequently decide to do so.

6. If you prefer, you may return the proxy form to the Registrar in an envelope addressed to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.