Catalyst Media Group plc

Report and financial statements for the year ended 30 June 2013

Contents

Directors

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

Secretary

CETC (Nominees) Limited
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

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5 Chancery Lane
Clifford's Inn
London EC4A 1BL

Nominated Adviser & Broker

Strand Hanson Ltd
26 Mount Row
London W1K 3SQ

Registrars

Neville Registrars
Neville House
18 Laurel Lane
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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

The Board of CMG report that for the 12 month period ended 30 June 2013 the audited accounts show a profit before tax and impairment charges of £4.7 million (2012 £4.3 million) after including its 20.54% equity share of profits in Satellite Information Services (Holdings) Ltd (SIS) for its year ended 31 March 2013, of £4.9 million (2012: £4.5 million). After taking account of an impairment charge of £8.4 million, CMG recorded a loss of £3.7 million before taxation. The loss arises from the decision by the Board of CMG to make a provision of £8.4 million for the impairment of the value of the 20.54% share in SIS as a result of its review of its investment in SIS following the loss of the outside broadcasting contract with the BBC as detailed below. Net assets after that impairment review as at 30 June 2013 were £28.6 million (2012: £36.1 million) with net assets per share of 103.6p (2012: 128.4p). Net cash at 30 June 2013 was approximately £0.62 million, and as at 9 December 2013 CMG had net cash of £0.58 million.

For the year ended 31 March 2013, SIS generated turnover of £261 million (2012: £240 million) and a profit before taxation of £27.8 million (2012: £25.3 million). Dividends totalling £15million were declared during the year (2012: £12million). Net cash inflow from operating activities was £52.5million (2012: £51.6million).

The principal activities of SIS during the period under review were:

The long established business of providing integrated television and information services delivered via satellite to licensed betting offices in the United Kingdom, Ireland and overseas and the production of television services for other broadcasters of racing (SIS Betting).

The provision of satellite news-gathering and associated transmission services and outside broadcast television production units, including sound, support and communication (together branded as SIS LIVE); and

The services provided by SIS to the betting industry are supported in the main by fixed term contracts both with the retail owners of betting shops and with the racecourses that enable pictures to be delivered to those shops. SIS now holds media rights representing in excess of 50% of all UK horse racing fixtures. This ensures the supply of images and data from the coverage of horseracing fixtures at various racecourses and also has rights covering dog track racing expiring at various dates between now and 2018. The number of betting shops has remained stable and the racing services business is trading in line with budget.

SIS provides more than 45,000 betting opportunities per year to its customers including exclusive racing from 26 UK and 26 Irish tracks and greyhound racing, together with international racing from South Africa, France, Germany and the UAE. Services also include football and the exclusive rights to distribute official English and Scottish FA and FIFA football data. Virtual content includes numbers games, football and racing with up to 40 new virtual events every day.

The SIS uplink division owns and operates the largest uplink fleet in Europe, with over 500 MHz of permanently leased satellite capacity and a comprehensive connectivity infrastructure which includes two large broadcast teleports/MCRs and a national fibre network. A new seven year agreement has recently been signed with ITV and ITN which includes the provision of a highly-specified fleet of 18 HD SNG vehicles, downlinks, IP systems and satellite capacity, to facilitate ITV and ITN's satellite news gathering requirements in the UK

During 2012 SIS underwent one of the biggest developments in its history with the move out of its head offices in Corsham St, London where it had been based since 1986. The operations have now been successfully moved to the expanded Milton Keynes facility and the new base in MediaCityUK in Salford. Operating exceptional costs relating to the relocation of £3.8million (2012: £2.4million) have been charged to the Profit and Loss account for the year ended 31 March 2013.

The outside broadcast division achieved an exceptional performance in the year, mainly due to a large number of major events occurring in the same year including the London 2012 Olympics, the Euros and the Queen's Jubilee alongside the many recurring events for the major broadcasters.

However, the contract with the BBC, which was entered into in 2008, under which SIS provided certain outside broadcasting services, was put out to tender following the year end and in September 2013 the BBC announced that despite efforts to renew it by SIS, it had awarded these contracts to a number of other service providers due to a failure to reach satisfactory commercial terms with SIS. Accordingly, the present contract is to be terminated at the end of its period in March 2014.

As a result of this decision, the Board of SIS undertook a strategic review of its Outside Broadcasting Division and its future. It concluded that the return on capital employed did not justify continuing this business given the increasing competitive nature of the sector and announced in October 2013 that it intends to close this division. This decision will involve exceptional closure costs that will impact the profits for the year to 31 March 2014 and to a lesser extent the following two years.

The full extent of these costs is still to be determined but in the light of this decision, the Board of CMG has reviewed the valuation of its investment in SIS, which as at 30 June 2012 was £34.6 million. It has concluded that a fair value for this investment is currently £28.0 million. In arriving at this value it has noted that the ongoing contribution to the profits of SIS of the Outside Broadcasting division was relatively small (with the exception of the year ended March 2013 which was unusually active) and the remainder of the core business of SIS continues to trade profitably and in line with budget expectations with strong cash generation.

The results of SIS for the year ended 31 March 2013 are as follows:

	31 March 2013 £'000	31 March 2012 £'000
Turnover	260,758	239,583
	---------	-----------
Operating expenses	(231,368)	(211,970)
Operating profit	29,390	27,613
Ongoing operations	33,144	30,054
Exceptional items	(3,754)	(2,441)
Share of operating profit/(loss) of joint venture	251	(53)
Profit on disposal of fixed asset	424	49
Net interest payable	(2,345)	(2,281)
Profit on ordinary activities before tax	27,720	25,328
Tax on profit on ordinary activities	(7,273)	(6,723)
Retained profit transferred to reserves	*20,447*	*18,605*

Dividends

During the year under review SIS paid dividends to its shareholders totalling £15 million and in turn CMG has distributed approximately £3.9 million of dividends to its shareholders. It is the policy of SIS to continue the distribution of dividends subject always to cash requirements for the business. However, in light of the closure of the outside broadcast division and the costs associated with this process, the timing of any future dividends from SIS is uncertain pending clarification of the related costs of that closure. As a result, the Company does not propose to pay a final dividend.

CMG overheads

The current rate of overheads per annum is approximately £150,000 and is not expected to change in the near future.

AGM

A Notice of the Annual General Meeting of CMG is attached. This will be held on 17 January 2014 at 10.00 a.m. at 6 Stratton Street, London W1J 8LD. It is proposed to renew the special authority to enable the company to repurchase shares by way of a Special Resolution. No shares were purchased during the period under review.

Michael Rosenberg OBE
Chairman

11 December 2013

The Directors present their annual report and the audited financial statements for the year ended 30 June 2013.

Financial reporting

The financial statements for 2013 have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Results and dividends

The Group sustained a loss (including its share of other comprehensive income of associate) after taxation of £3.6 million (2012: £4.3 million). Further details are shown in the Group Consolidated statement of comprehensive income on page 13.

Dividends totalling £3,870,394 were declared and paid during the period.

Principal activities and review of the business

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

Principal risks and uncertainties

Investment in SIS

The principal strategic investment of the Group is its 20.54% holding in Satellite Information Services (Holdings) Limited (SIS). The Group is entitled to appoint one director to the board of SIS which currently comprises nine directors, of which six 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.

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

There are a number of risks and uncertainties associated with the business of SIS which could potentially have an adverse impact on the value of the Group's investment.

- SIS operates in competitive markets and, as can be evidenced by the loss of the outside broadcasting contract with the BBC, this can result in downward pressure on prices and loss of customers. SIS aims to mitigate this risk by expanding the range of products and services it offers.

- The customers of SIS rely upon real time data and uninterrupted content delivery. Loss of content would result in reduced quality of services and potentially reduced income. Therefore SIS has adopted advanced disaster recovery solutions and has built back up facilities which are located around the country.

Financial risk

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

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

Credit risk

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

Liquidity risk

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

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group and Company arise in respect of administrative expenditure 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.

Interest rate risk

The Group and Company are exposed to interest rate risk in respect of surplus funds held on deposit. The Board does not currently undertake hedging arrangements.

Key Performance Indicators (KPIs)

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

Earnings per share (EPS)

EPS shows the relative performance year-on-year of the Group's profitability measured as an amount of profit or loss attributable to one 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 13.

Net asset value per share

The net asset value per share of the Group is 103.6 pence (2012: 128.4 pence). The net asset value per share has decreased over the year to 30 June 2013 mainly due to the impairment of the value of the Group's associate, SIS. The net asset value of the Group at 30 June 2013 and 30 June 2012 is shown in the Group's consolidated statement of financial position on page 15.

Key Performance Indicators of Associate

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

Directors

The Directors of the Company during the period were:

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

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

Employees

The Group had no other employees other than the Directors as at 30 June 2013.

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

Cancellation of Treasury shares

On 15 October 2012, the Group cancelled, from Treasury, 497,524 ordinary shares.

Policy and practice on the payment of creditors

The policy of the Group is to settle supplier invoices within the terms and conditions of trade agreed with individual suppliers. At the year end the Group had an average of 11 days (2012: 10 days) purchases outstanding.

Political and charitable donations

The Group made no political or charitable donations during the year (2012: £nil).

Going concern

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

Auditors

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

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director has taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

UHY Hacker Young LLP were appointed auditors to the Company in accordance with section 485 of the Companies Act 2006, a resolution proposing they be re-appointed will be put at the General Meeting, notice of which is set out at the end of the accounts.

Corporate governance

Internal financial control

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

Directors' responsibilities

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

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

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

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

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether they have been prepared in accordance with IFRS as adopted by the EU; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

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

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

Annual General Meeting

Notice of the Annual General Meeting of the Company for 2013 is on page 41.

On behalf of the Board

Michael Rosenberg OBE
Chairman

11 December 2013

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 2013

We have audited the Group and Parent Company financial statements (the 'financial statements') of Catalyst Media Group plc for the year ended 30 June 2013 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 10 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 2013 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
Chartered Accountants

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 2013

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Colin Jones (Senior Statutory Auditor)

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

11 December 2013

Consolidated statement of comprehensive income

	Note	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Revenue	**2**	25,000	25,000
Cost of sales		-	-
Gross profit		25,000	25,000
Administrative expenses		(147,698)	(166,682)
Operating loss		(122,698)	(141,682)
Financial income	**8**	10,763	3,069
Financial costs	**9**	(20)	(27,846)
Net financial costs		10,743	(24,777)
Share of profit of equity-accounted associate, net of tax	**1**	4,854,420	4,466,218
Impairment of equity-accounted associate	**1**	(8,400,767)	-
(Loss)/profit before taxation		(3,658,302)	4,299,759
Taxation	**10**	25,836	41,700
(Loss)/profit for the year		(3,632,466)	4,341,459
Share of other comprehensive income/(loss) of associate	**1**	8,832	(46,420)
Total comprehensive (loss)/income for the year		(3,623,634)	4,295,039
Attributable to equity holders of the Company		(3,623,634)	4,295,039
(Loss)/earnings per share:			
Basic	**11**	(13.07p)	15.43p
Diluted	**11**	(13.07p)	15.43p

The notes on pages 18 to 36 form part of these financial statements.

Consolidated statement of financial position

	Note	30 June 2013 £	30 June 2012 £
Assets			
Non-current assets			
Intangible assets	**12**	**-**	**-**
Investment in associate	**1**	28,000,000	34,618,166
		28,000,000	34,618,166
Current assets			
Trade and other receivables	**14**	9,493	14,512
Corporation tax receivable	**15**	192	10,927
Cash and cash equivalents	**16**	622,763	1,481,309
		632,448	1,506,748
Total assets		28,632,448	36,124,914
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital	**17**	2,764,567	2,814,319
Capital redemption reserve	**17**	49,752	-
Merger reserve		2,402,674	2,402,674
Retained profits		23,374,056	30,868,084
Total equity		28,591,049	36,085,077
Current liabilities			
Trade and other payables	**19**	41,399	39,837
		41,399	39,837
Total equity and liabilities		28,632,448	36,124,914

The financial statements were approved by the Board of Directors and authorised for issue on 11 December 2013.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 18 to 36 form part of these financial statements.

Consolidated statement of cash flows

	Note	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Cash flow from operating activities			
(Loss) / profit before taxation		(3,658,302)	4,299,759
Adjustments for:			
Share of profit from associate		(4,854,420)	(4,466,218)
Impairment of associate		8,400,767	-
Finance income		(10,763)	(3,069)
Finance expense		20	27,846
Corporation taxes recovered		36,572	41,659
Net cash flow used in operating activities before changes in working capital		(86,126)	(100,023)
Decrease in trade and other receivables		2,024	2,965
Increase / (decrease) in trade and other payables		1,561	(9,373)
Net cash flow used in operating activities		(82,541)	(106,431)
Investing activities			
Dividend received		3,080,651	2,464,357
Interest received		13,758	74
Net cash flow from investing activities		3,094,409	2,464,431
Financing activities			
Shares purchased into Treasury		-	(253,737)
Repayment of long-term borrowings		-	(634,635)
Dividends paid		(3,870,394)	-
Interest paid		(20)	(15,901)
Net cash flow used in financing activities		(3,870,414)	(904,273)
Net (decrease) / increase in cash and cash equivalents in the year		(858,546)	1,453,727
Cash and cash equivalents at the beginning of the year		1,481,309	27,582
Cash and cash equivalents at the end of the year	16	622,763	1,481,309

The notes on pages 18 to 36 form part of these financial statements.

Company statement of financial position

	Note	30 June 2013 £	30 June 2012 £
Assets			
Non-current assets			
Intangible assets	**12**	-	-
Investments	**13**	16,750,001	16,750,001
		16,750,001	16,750,001
Current assets			
Trade and other receivables	**14**	3,037,819	3,042,854
Corporation tax receivable	**15**	192	10,927
Cash and cash equivalents	**16**	622,773	1,481,284
		3,660,784	4,535,065
Total assets		20,410,785	21,285,066
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	**17**	2,764,567	2,814,319
Capital redemption reserve	**17**	49,752	-
Merger reserve		2,912,060	2,912,060
Retained profit		14,642,457	15,518,300
Total equity		20,368,836	21,244,679
Current liabilities			
Trade and other payables	**19**	41,949	40,387
		41,949	40,387
Total equity and liabilities		20,410,785	21,285,066

The financial statements were approved by the Board of Directors and authorised for issue on 11 December 2013.

Michael Rosenberg OBE
Director

Company registration number: 03955206

The notes on pages 18 to 36 form part of these financial statements

Company statement of cash flows

	Note	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Cash flow from operating activities			
Profit before taxation		2,968,713	1,679,512
Adjustments for:			
Finance income		(10,763)	(3,069)
Dividend received		(3,080,651)	-
Corporation taxes recovered		36,571	34,859
Net cash flow (used in) / from operating activities before changes in working capital		(86,130)	1,711,302
Decrease in trade and other receivables		2,042	5,465
Increase / (decrease) in trade and other payables		1,562	(9,372)
Net cash flow (used in) / from operating activities		(82,526)	1,707,395
Investing activities			
Interest received		13,758	74
Dividend received		3,080,651	-
Net cash flow from investing activities		3,094,409	74
Financing activities			
Shares purchased into Treasury		-	(253,737)
Dividend paid		(3,870,394)	-
Net cash flow used in financing activities		(3,870,394)	(253,737)
Net (decrease) / increase in cash and cash equivalents in the year		(858,511)	1,453,732
Cash and cash equivalents at the beginning of the year		1,481,284	27,552
Cash and cash equivalents at the end of the year	**16**	622,773	1,481,284

The notes on pages 18 to 36 form part of these financial statements.

1 Investment in associate	**Share of net assets**	**Fair Value of Intangibles**	**Total**
Year Ended 30 June 2013			
	Group	**Group**	**Group**
	£	**£**	**£**
Cost			
At 1 July 2012	13,440,125	21,178,041	34,618,166
Share of profit	4,854,420	-	4,854,420
Share of other comprehensive income	8,832	-	8,832
Dividend received	(3,080,651)		(3,080,651)
Impairment	-	(8,400,767)	(8,400,767)
At 30 June 2013	15,222,726	12,777,274	28,000,000

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

Following an announcement in October 2013 that SIS would be closing one of its divisions and that exceptional closure costs would arise, the Board of CMG has reviewed the valuation of its investment and concluded that the fair value of the investment is currently £28,000,000 resulting in an impairment of £8,400,767. The recoverable amount of the investment has been calculated at its value in use, with a discount rate of 5% (2012: 5.35%).

Share of profit of associate	**2013**	**2013**	**2012**
	SIS Total £'000	**CMG share £'000**	**CMG share £'000**
Revenue:			
SIS Betting Services	183,261	37,642	34,635
SIS LIVE Services	77,497	15,918	14,575
Total revenue	260,758	53,560	49,210
Operating profit (i)	32,828	6,743	6,306
Net interest payable	(2,345)	(482)	(467)
Profit on disposal of fixed asset	424	87	10
Profit before tax	30,907	6,348	5,849
Taxation	(7,273)	(1,494)	(1,381)
Share of profit after taxation	23,634	4,854	4,468
Net income from associate	23,634	4,854	4,468
Other comprehensive income:			
Actuarial gain/(loss)	58	12	(63)
Deferred tax	(15)	(3)	16
	43	9	(47)
Share of net assets and liabilities of associate			
Net assets (i)	202,172	41,526	42,426
Net liabilities (i)	(128,058)	(26,303)	(28,986)
Net equity	74,114	15,223	13,440

1 Investment in associate (continued)

(i) The financial results for SIS are taken from its latest accounts to 31 March 2013, adjusted in order to align the accounting policies of SIS (whose accounts are prepared under UK GAAP) and CMG (whose accounts are prepared under International Financial Reporting Standards). Adjustments have been made in respect of the amortisation of goodwill and the recognition of the fair value of derivatives held by SIS as at the balance sheet date. The net cumulative effect of these adjustments is to increase the value of the investment in associate in the Group's financial statements by £2,697,000 (2012: £2,043,000).

Year Ended 30 June 2012	**Share of net assets Group £**	**Fair Value of Intangibles Group £**	**Total Group £**
Cost			
At 1 July 2011	11,484,684	21,178,041	32,662,725
Share of profit	4,466,218	-	4,466,218
Share of other comprehensive income	(46,420)	-	(46,420)
Dividend received	(2,464,357)	-	(2,464,357)
At 30 June 2012	13,440,125	21,178,041	34,618,166

2 Revenue

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

	2013 £	**2012 £**
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 Satellite Information Services (Holdings) Limited (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.

The Company derives more than 10% of its revenues from SIS. All segmental revenues, profits or losses, assets and liabilities are attributable to UK operations.

3 Segmental analysis (continued)

Year ended 30 June 2013	**Business administrative services (including SIS investment)**	**Total (per consolidated financial statements)**
	£	**£**
Segment revenue	25,000	25,000
Operating loss	(122,698)	(122,698)
Financial income	10,763	10,763
Financial costs	(20)	(20)
Share of profit of associate (note 1)	4,854,420	4,854,420
Impairment of associate	(8,400,767)	(8,400,767)
Segment loss	(3,658,302)	(3,658,302)
Tax	25,836	25,836
Share of other comprehensive income of associate	8,832	8,832
Consolidated loss for the year	(3,623,634)	(3,623,634)
Segment assets	28,632,448	28,632,448
Segment liabilities	(41,399)	(41,399)
Net assets	28,591,049	28,591,049

Year ended 30 June 2012	**Business administrative services (including SIS investment)**	**Total (per consolidated financial statements)**
	£	**£**
Segment revenue	25,000	25,000
Operating loss	(141,682)	(141,682)
Financial income	3,069	3,069
Financial costs	(27,846)	(27,846)
Share of profit of associate (note 1)	4,466,218	4,466,218
Segment profit / (loss)	4,299,759	4,299,759
Tax	41,700	41,700
Share of other comprehensive income of associate	(46,420)	(46,420)
Consolidated profit for the year	4,295,039	4,295,039
Segment assets	36,124,914	36,124,914
Segment liabilities	(39,837)	(39,837)
Net assets	36,085,077	36,085,077

4 Operating loss (Group)

	2013 £	2012 £
Operating loss for the year is stated after charging:		
Auditors' remuneration (note 7)	9,500	24,981

Operating loss (Company)

	2013 £	2012 £
Operating loss for the year is stated after charging:		
Auditors remuneration (note 7)	5,000	5,000

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:

	2013 £	2012 £
Salaries and fees	46,531	47,500

7 Auditors' remuneration

	2013 £	2012 £
Fees payable for the audit of the Group's financial statements	7,000	19,981
Fees payable for the audit of the Company's financial statements	2,500	5,000
	9,500	24,981

8 Financial income	**2013 Group £**	**2012 Group £**	**2013 Company £**	**2012 Company £**
Interest receivable	10,763	3,069	10,763	3,069

9 Financial costs	**2013 Group £**	**2012 Group £**	**2013 Company £**	**2012 Company £**
Interest payable	20	11,647	20	430
Amortisation of borrowing costs	-	16,199	-	-
	20	27,846	20	430

10 Taxation (Group)	**2013 £**	**2012 £**
Current tax	25,600	41,550
Over provision in respect of prior periods	236	150
Total tax credit for the year	25,836	41,700

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 lower than the standard rate of corporation tax in the UK of 23.75% (2012 – 25.4%). The standard tax rate reduced from 24% to 23% as of April 2013.

	2013 £	**2012 £**
(Loss) / profit before tax	(3,658,302)	4,299,759
Tax on loss at standard rate of 23.75% (2012 – 25.4%)	(868,847)	1,092,139
Expenses not deductible for tax purposes	1,996,412	738
Income not taxable	(1,152,918)	(1,134,419)
(Over) / under provision in respect of prior periods	236	150
Other items	(719)	(308)
Current tax credit	(25,836)	(41,700)

Factors that may affect the future tax charge

Deferred tax has not been provided in respect of timing differences relating primarily to revenue losses and management expenses as there is insufficient evidence that the benefit of the losses will be recovered. The amount of the asset not recognised is £1,025,900 (2012: £1,026,100). The above deferred tax asset has been calculated based on a UK tax rate of 23% (2012: 23%) as applicable at 30 June 2013.

11 Loss / earnings per share (diluted and undiluted)

The calculation of the basic and diluted loss/earnings per share is based upon the net (loss)/profit after tax and minority interests attributable to ordinary shareholders of (£3,632,466) (2012: profit £4,341,459) and a weighted average number of shares in issue for the period of 27,790,159 (2012: 28,143,197).

Reconciliation of shares in issue:

	Year ended 30 June 2013	**Year ended 30 June 2012**
Issued ordinary shares at 1 July 2012	28,143,197	28,143,197
Effect of cancelled ordinary shares (**note 17**)	(353,038)	-
Weighted average number of ordinary shares	27,790,159	28,143,197

12 Intangible assets

Year Ended 30 June 2013 **Group**	**Development expenditure 2013 £**	**Licences 2013 £**	**Total 2013 £**
Cost			
At 1 July 2012 and 30 June 2013	152,747	350,000	502,747
Amortisation			
At 1 July 2012 and 30 June 2013	(152,747)	(350,000)	(502,747)
Net book value			
At 30 June 2012 and 30 June 2013	-	-	-

Year Ended 30 June 2013 **Company**	**Licences 2013 £**
Cost	
At 1 July 2012 and 30 June 2013	350,000
Amortisation	
At 1 July 2012 and 30 June 2013	(350,000)
Net book value	
At 30 June 2012 and 30 June 2013	-

In accordance with IAS 38 and as described in note 24 to financial statements the Directors assess intangible assets at each reporting date for impairment.

12 Intangible assets (continued)

Year Ended 30 June 2012 **Group**	**Development expenditure 2012 £**	**Licences 2012 £**	**Total 2012 £**
Cost			
At 1 July 2011	152,747	950,000	1,102,747
Disposal	-	(600,000)	(600,000)
At 30 June 2012	152,747	350,000	502,747
Amortisation			
At 1 July 2011	(152,747)	(950,000)	(1,102,747)
Disposal	-	600,000	600,000
At 30 June 2012	(152,747)	(350,000)	(502,747)
Net book value			
At 30 June 2012	-	-	-

Year Ended 30 June 2012 **Company**	**Licences 2012 £**
Cost	
At 1 July 2011	950,000
Disposal	(600,000)
At 30 June 2012	350,000
Amortisation	
At 1 July 2011	(950,000)
Disposal	600,000
At 30 June 2012	(350,000)
Net book value	
At 30 June 2012	-

13 Investments

Company **Year Ended 30 June 2013**	**Shares in subsidiaries** **£**
Cost	
At 30 June 2012 and 30 June 2013	17,908,626
Provision for diminution in value	
At 30 June 2012 and 30 June 2013	(1,158,625)
Net book value	
At 30 June 2012 and 30 June 2013	16,750,001

Details of the investments are as follows:

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

* A subsidiary of Catalyst Media Holdings Limited

Year Ended 30 June 2012	**Shares in subsidiaries Company** **£**
Cost	
At 30 June 2011 and 30 June 2012	17,908,626
Provision for diminution in value	
At 30 June 2011 and 30 June 2012	(1,158,625)
Net book value	
At 30 June 2011 and 30 June 2012	16,750,001

14 Trade and other receivables	**2013 Group £**	**2012 Group £**	**2013 Company £**	**2012 Company £**
Amounts owed by Group companies	-	-	3,028,326	3,028,341
Prepayments	6,250	9,245	6,250	9,245
Other debtors	3,243	5,267	3,243	5,268
	9,493	14,512	3,037,819	3,042,854

15 Corporation tax receivable	**2013 Group £**	**2012 Group £**	**2013 Company £**	**2012 Company £**
Consortium relief receivable	192	10,927	192	10,927

16 Cash and cash equivalents	**2013 Group £**	**2012 Group £**	**2013 Company £**	**2012 Company £**
Cash at bank	622,763	1,481,309	622,773	1,481,284
Cash and cash equivalents	622,763	1,481,309	622,773	1,481,284

Cash and cash equivalents comprise cash only.

17 Share capital	**2013 Group and Company £**	**2012 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:		
27,645,673 ordinary shares of 10 pence each	2,764,567	2,814,319
	2,764,567	2,814,319

On 15 October 2012, the Group cancelled, from Treasury, 497,524 ordinary shares with a nominal value of £49,752. An amount equivalent to the nominal value of the shares cancelled has been credited to the capital redemption reserve.

18 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 2013.

	Effective interest rate	Group Total £ 2013	Group Current £ 2013
Cash at bank and other deposits	0.9%	622,763	622,763

	Effective interest rate	Company Total £ 2013	Company Current £ 2013
Cash at bank and other deposits	0.9%	622,773	622,773

19 Trade and other payables	2013 Group £	2012 Group £	2013 Company £	2012 Company £
Trade payables	4,524	4,628	4,524	4,628
Amounts due to Group companies	-	-	550	550
Accruals and deferred income	36,875	35,209	36,875	35,209
	41,399	39,837	41,949	40,387

Trade payables are all due within one year.

20 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	**2013** **£**	**2012** **£**
Financial assets		
Loans and receivables		
Trade and other receivables	9,493	14,512
Cash and cash equivalents	622,763	1,481,309
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(41,399)	(39,837)

Company	**2013** **£**	**2012** **£**
Financial assets		
Loans and receivables		
Trade and other receivables	9,493	14,513
Cash and cash equivalents	622,773	1,481,284
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(41,949)	(40,387)

20 Financial instruments (continued)

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.

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	**2013**	**2012**
	£	**£**
Trade and other payables	41,399	39,837
	41,399	39,837

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 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.

21 Capital commitments

There were no capital commitments outstanding at 30 June 2013 for the Group or the Company.

22 Ultimate Controlling party

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

23 Related party transactions

During the year, SIS paid the Group £25,000 (2012: £25,000) in respect of fees for the services of the directors. In addition SIS paid the Group £33,687 (2012: £41,659) in respect of consortium relief payments.

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

Melvin Lawson, and his associated companies, has an interest in 3,615,486 ordinary shares of the company, representing 12.85% of the total issued share capital of the Company.

Mark Hawtin has an interest in 2,010,117 ordinary shares of the company, representing 7.14% of the total issued share capital of the Company.

Michael Rosenberg has an interest in 10,520 ordinary shares of the company, representing 0.04% of the total issued share capital of the Company.

	Salary and fees 2013 £	Other benefits 2013 £	Compensation for loss of office 2013 £	Total 2013 £
M Rosenberg OBE	16,531	-	-	16,531
M Hawtin	10,000	-	-	10,000
C Mills	10,000	-	-	10,000
M Lawson	10,000	-	-	10,000
	46,531	-	-	46,531

	Salary and fees 2012 £	Other benefits 2012 £	Compensation for loss of office 2012 £	Total 2012 £
M Rosenberg OBE	17,500	-	-	17,500
M Hawtin	10,000	-	-	10,000
C Mills	10,000	-	-	10,000
M Lawson	10,000	-	-	10,000
	47,500	-	-	47,500

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 profit for the year included a profit on ordinary activities after tax of £2,994,551 (2012: £1,714,413) 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 2013. The impact on the Group financial statements is set out below:

IAS 1 is effective for financial periods beginning on or after 1 July 2012. This amendment revises the way other comprehensive income is presented.

IAS 12 is effective for financial periods beginning on or after 1 January 2012. This amendment provides a presumption in relation to deferred tax that the recovery of the carrying amount of an asset measured at fair value will, normally, be through sale.

24 Basis of preparation and significant accounting policies (continued)

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 Disclosures (Amended 2011) (Revised 2010) (effective as of 1 January 2013 and 1 January 2015)
- IFRS 9: Financial Instruments (effective as of 1 January 2015)
- IFRS 10: Consolidated Financial Statements (effective as of 1 January 2013)
- IFRS 11: Joint Arrangements (effective as of 1 January 2013)
- IFRS 12: Disclosure of Interests in Other Entities (effective as of 1 January 2013)
- IFRS 13: Fair Value Measurement (effective as of 1 January 2013)
- IAS 19: Employee Benefits (effective as of 1 January 2013)
- IAS 27: Separate Financial Statements (2011) (effective as of 1 January 2013)
- IAS 28: Investments in Associates and Joint Ventures (effective as of 1 January 2013)
- IAS 32: Financial Instrument: Presentation (effective as of 1 January 2014)

The Directors anticipate that the adoption of these standards and interpretations will not have a material impact on the Group's financial statements in the period of initial adoption.

Basis of consolidation

The consolidated financial statements include the results of the Company and all of its subsidiary undertakings. A subsidiary is an entity controlled, directly or indirectly, by the 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.

24 Basis of preparation and significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets have useful lives that are finite and are subject to an annual impairment review.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Development expenditure

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Licences

Licence rights acquired are amortised over the period of the licence to exploit such rights, typically five to ten years. Licences acquired during the period do not start to run until the products to which they relate to are used. Provision is made for any impairment in value, and that is reviewed on an annual basis.

Investment in associate

The Group’s investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Group’s share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The 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.

24 Basis of preparation and significant accounting policies (continued)

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

Impairment of non-financial assets

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

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

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

Associates

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the 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.

24 Basis of preparation and significant accounting policies (continued)

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.

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 balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

24 Basis of preparation and significant accounting policies (continued)

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.

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 intangible assets

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

Attributable to equity holders of the Group

30 June 2013	**Share Capital**	**Share Premium**	**Capital Redemption reserve**	**Merger Reserve**	**Retained Profits**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**	**£**
At 1 July 2012	2,814,319	-	-	2,402,674	30,868,084	36,085,077
Loss for the year	-	-	-	-	(3,632,466)	(3,632,466)
Other comprehensive income:						
Share of other comprehensive income of associate	-	-	-	-	8,832	8,832
Total comprehensive loss for the period	-	-	-	-	(3,623,634)	(3,623,634)
Dividends paid during the year	-	-	-	-	(3,870,394)	(3,870,394)
Cancellation of Treasury shares	(49,752)	-	49,752	-	-	-
At 30 June 2013	2,764,567	-	49,752	2,402,674	23,374,056	28,591,049

On 12 October 2012 the Group paid a dividend to shareholders of £1,935,197 which amounted to 7 pence per ordinary share. This was followed by a further dividend paid on 3 May 2013 of £1,935,197 which amounted to 7 pence per ordinary share.

On 15 October 2012, the Group cancelled, from Treasury, 497,524 ordinary shares.

The notes on pages 18 to 36 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 2012	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained Profits**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 July 2011	2,814,319	-	2,402,674	26,826,782	32,043,775
Shares repurchase	-	-	-	(253,737)	(253,737)
Profit for the year	-	-	-	4,341,459	4,341,459
Other comprehensive income:					
Share of other comprehensive income of associate	-	-	-	(46,420)	(46,420)
Total comprehensive income for the period	-	-	-	4,041,302	4,041,302
At 30 June 2012	2,814,319	-	2,402,674	30,868,084	36,085,077

On 23 December 2011, the Group purchased in the market 497,524 ordinary shares at a price of 51p per ordinary share. The purchase was made out of distributable reserves and the shares were held in Treasury by the Group.

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

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

Company statement of changes in equity

Attributable to equity holders of the Company

30 June 2013	**Share Capital**	**Share Premium**	**Capital redemption Reserve**	**Merger Reserve**	**Retained Profits**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**	**£**
At 1 July 2012	2,814,319	-	-	2,912,060	15,518,300	21,244,679
Profit for the year	-	-	-	-	2,994,551	2,994,551
Total comprehensive income for the year	-	-	-	-	2,994,551	2,994,551
Dividends paid during the year	-	-	-	-	(3,870,394)	(3,870,394)
Cancellation of Treasury shares	(49,752)	-	49,752	-	-	-
At 30 June 2013	2,764,567	-	49,752	2,912,060	14,642,457	20,368,836

On 12 October 2012, the Company paid a dividend of £1,935,197 to shareholders which amounted to 7 pence per ordinary share. This was followed by a further dividend paid on 3 May 2013 of £1,935,197 which amounted to 7 pence per share.

On 15 October 2012, the Company cancelled, from Treasury, 497,524 ordinary shares.

The notes on pages 18 to 36 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 2012	**Share Capital**	**Share Premium**	**Merger Reserve**	**Retained Profits**	**Total shareholders equity**
	£	**£**	**£**	**£**	**£**
At 1 July 2011	2,814,319	-	2,912,060	14,057,624	19,784,003
Profit for the year	-	-	-	1,714,413	1,714,413
Share repurchase	-	-	-	(253,737)	(253,737)
Total comprehensive income for the year	-	-	-	1,460,676	1,460,676
At 30 June 2012	2,814,319	-	2,912,060	15,518,300	21,244,679

On 23 December 2011 the Company repurchased 497,524 of its ordinary shares at £0.51 per ordinary share and £253,737 was credited to the profit and loss account reserve.

The notes on pages 18 to 36 form part of these financial statements.

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

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

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 Friday 17 January 2014 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 2013.			
2. To approve the directors' remuneration report for the Company for the year ended 30 June 2013.			
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 Christopher Mills 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 this ……………...day of………………2013

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.

   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.

3. 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.