

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

**Interim Results for Six Months Ended 31 December 2013**

Catalyst Media Group Plc announces its interim results for the six months ended 31 December 2013.

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

**Financial Highlights for the six months to 31 December 2013**

- CMG profit after taxation and before impairment charges of £2.2m (2012: £2.0m)
- Impairment charge of £2.2m resulting in a loss after taxation of £7,770
- Earnings per share (before impairment) 7.91p (2012: 7.18p)
- Loss per share (after impairment) 0.03p
- Net asset value per share of 103.5p (2012: 131.0p)
- SIS revenues for 6 months to 30 September 2013 £138.6m (2012: £131.0m)
- SIS EBITDA for 6 months to 30 September 2013 of £22.3m (2012: £25.0m)
- SIS profit after tax on ordinary activities for the six months to 30 September 2013 of £10.7m (2012: £9.9m)

Michael Rosenberg, Chairman of Catalyst commented:

“The core business of SIS continues to perform in line with management expectations. The closure of the outside broadcast division will impact the overall results for the year ending 31 March 2014 although the final costs of that closure are still to be determined. No dividends have been declared”

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## Chairman's Statement

For the six month period ended 31 December 2013, the Group has generated a net profit after taxation before impairment charges of £2.2m (2012: £2.0m). After taking account of an impairment charge of £2.2m as detailed below, the Group recorded a loss of £7,770 for the period. Net assets as at 31 December 2013 were £28.6m (30 June 2013: £28.6m) equivalent to 103.5p per share. Net cash at the period end was £571,596.

The main asset of the Group remains the 20.54% stake in SIS. CMG equity accounts for its share in the profits of SIS.

The revenues of SIS during the period included £90.6m derived from the long established business of providing integrated television and data services to licensed betting offices in the UK, Ireland and overseas. A further £48.0m was contributed by the business of SISLIVE which provides satellite news gathering and associated transmission services to its customers.

During the period under review, a decision was taken to cease the activities of the SIS Outside Broadcast Division following upon the termination of its contract with the BBC. The impact of this closure is still under review as the business is undergoing an orderly managed winding down.

As reported in the annual accounts of CMG for the year to 30 June 2013, the board of CMG decided that it would be prudent to reduce the carrying value of the investment in SIS in its books to £28.0m from its previous level of £35.6m. This decision reflects, *inter alia*, the loss of the BBC contract. Despite SIS's profitability which would have increased the Company's carrying value of the SIS investment, it has been decided to maintain the investment at a value of £28.0m as at 31 December 2013 and this will, as is standard, be reviewed again by the Board at the Company's financial year end. Accordingly, a further impairment of £2.2m has been accounted for in the CMG interim accounts which equals CMG's share of SIS's profits for the period.

The services to the betting industry are supported in the main by fixed term contracts with the retail owners of the betting shops and with the racecourses that enable pictures to be delivered to those shops. SIS now holds media rights for in excess of 50 per cent of horse racing fixtures from the UK and Ireland as well as dog track racing with rights expiring at various dates between now and 2018. SIS has acquired a stake in the Chelmsford City racecourse with a view to securing ongoing rights to all weather racing in the future. It is examining other initiatives to ensure continuity of the core business, as the termination dates of media rights draw closer, though none are under active discussion at this stage.

SISLIVE signed new contracts with ITV and ITN for the supply of satellite news gathering (SNG) services in November 2013. This new seven year agreement 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.

In addition SISLIVE entered into a new four year agreement with Sky Sports News for the provision of satellite capacity for its news gathering services. It recently announced an agreement for the delivery of six new satellite news gathering vehicles to Sky News to deliver HD contribution feeds from breaking news events around the UK. SISLIVE now provides satellite news gathering capacity for every single news and sports news broadcaster in the UK.

## Outlook

The business of SIS continues to be cash generative and profitable. However the board of SIS is aware that as the termination dates of the media rights draw closer it needs to focus on the most effective way to ensure continuity of the core business. The investment in the Chelmsford City racecourse is one step towards securing the future and other strategic initiatives are under discussion. At the same time it is aware that changes are occurring in the betting industry as new technologies emerge and there are signs that some shrinkage of the numbers of retail outlets may be occurring. Accordingly, no interim dividend has been declared by SIS and it is uncertain as to when dividends may resume since the aim of the Board of SIS is to conserve cash resources to enable it to embark on new initiatives as and when they may arise. As a consequence, CMG has not declared an interim dividend.

Meanwhile CMG now operates at a very low cost base and has adequate cash reserves for its needs for the foreseeable future.

## Consolidated interim statement of comprehensive income

	Notes	6 months to 31 December 2013	6 months to 31 December 2012	12 months to 30 June 2013
		£ Unaudited	£ Unaudited	£ Audited
Revenue		12,500	12,500	25,000
Cost of sales		-	-	-
Gross profit / (loss)		12,500	12,500	25,000
Administrative expenses		(34,289)	(55,912)	(147,698)
Operating loss		(21,789)	(43,412)	(122,698)
Financial income		787	7,883	10,763
Financial costs	4	-	(294)	(20)
Net financial costs		787	7,589	10,743
Share of profit of equity-accounted associate	1	2,195,315	2,025,449	4,854,420
Impairment of equity-accounted associate		(2,195,315)	-	(8,400,767)
(Loss) / profit before taxation		(21,002)	1,989,626	(3,658,302)
Taxation		13,232	14,973	25,836
(Loss) / profit for the period		(7,770)	2,004,599	(3,632,466)
Share of other comprehensive income of associate		-	-	8,832
Total comprehensive (loss) / income for the period		(7,770)	2,004,599	(3,623,634)
Attributable to equity holders of the company		(7,770)	2,004,599	(3,623,634)
(Loss) / earnings per share:	5			
Basic		(0.03p)	7.18p	(13.07p)
Diluted		(0.03p)	7.18p	(13.07p)

## Consolidated interim statement of financial position

	31 December 2013	31 December 2012	30 June 2013
	£ Unaudited	£ Unaudited	£ Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in associate	1 28,000,000	35,616,731	28,000,000
	<u>28,000,000</u>	<u>35,616,731</u>	<u>28,000,000</u>
<b>Current assets</b>			
Trade and other receivables	35,158	22,238	9,493
Corporation tax receivable	-	-	192
Cash and cash equivalents	571,596	528,989	622,763
	<u>606,754</u>	<u>551,227</u>	<u>632,448</u>
<b>Total assets</b>	<u>28,606,754</u>	<u>36,167,958</u>	<u>28,632,448</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to equity holders of the parent</b>			
Share capital	2,764,567	2,764,567	2,764,567
Capital redemption reserve	49,752	49,752	49,752
Merger reserve	2,402,674	2,402,674	2,402,674
Retained surplus	23,366,286	30,937,486	23,374,056
	<u>28,583,279</u>	<u>36,154,479</u>	<u>28,591,049</u>
<b>Current liabilities</b>			
Trade and other payables	23,475	13,479	41,399
	<u>23,475</u>	<u>13,479</u>	<u>41,399</u>
<b>Total equity and liabilities</b>	<u>28,606,754</u>	<u>36,167,958</u>	<u>28,632,448</u>

## Notes to the interim financial statements

### 1. Investment in associate

	Share of net assets Group £	Fair Value of Intangibles Group £	Total Group £
<b>Cost</b>			
<b>At 1 July 2013</b>	15,222,726	12,777,274	28,000,000
Additions – share of profit	2,195,315	-	2,195,315
Impairment	-	(2,195,315)	(2,195,315)
<b>At 31 December 2013</b>	17,418,041	10,581,959	28,000,000

The Group's interest in the associate, Satellite Information Services (Holdings) Limited, ("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 the Company. The intangible assets represent the value attributable to the ongoing business activities of SIS. These are subject to an annual impairment review.

#### Share of profit of associate\*

	30 September 2013 SIS Total £'000	31 December 2013 CMG share £'000	31 December 2012 CMG share £'000	30 June 2013 CMG share £'000
Revenue:				
SIS Betting Services	90,595	18,608	17,109	37,642
SIS LIVE services	48,002	9,860	9,792	15,918
<b>Total revenue</b>	<b>138,597</b>	<b>28,468</b>	<b>26,901</b>	<b>53,560</b>
Operating profit from ongoing operations	13,739	2,822	2,841	6,743
Net interest payable	(1,155)	(237)	(269)	(482)
Profit on disposal of fixed asset	779	160	-	87
Exceptional items	(1,064)	(219)	-	-
Profit before tax	12,299	2,526	2,572	6,348
Taxation	(1,611)	(331)	(546)	(1,494)
Share of profit after taxation	10,688	2,195	2,026	4,854
Net income from associate	10,688	2,195	2,026	4,854
Other comprehensive income				
Actuarial (loss) /gain	-	-	-	(12)
Deferred tax	-	-	-	3
	-	-	-	(9)
<b>Share of gross assets and liabilities of associate</b>				
Gross assets	154,196	31,672	33,760	41,526
Gross liabilities	(69,395)	(14,254)	(19,321)	(26,303)
Net equity	84,801	17,418	14,439	15,223

\*The period covered by the associate's accounts is six months to 30 September 2013.

The financial results for SIS are taken from SIS's management accounts to 30 September 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 effect of these adjustments is to increase the value of the investment in associate in the financial statements by £3,785k (2012: £2,094k).

The Board of CMG has reviewed the valuation of its investment in SIS following, *inter alia*, the announcement of the planned closure of one of its divisions and concluded that, despite SIS's profitability which would have increased the Company's carrying value of the SIS investment, the fair value of the investment is currently £28,000,000, the same as at 30 June 2013 resulting in an impairment during the period of £2,195,315 which equals CMG's share of SIS's profits for the period.

## 2. Corporate information

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

## 3. Basis of preparation

These unaudited interim financial statements cover the six month period from 1 July 2013 to 31 December 2013 including the financial results of SIS for the six month period to 30 September 2013.

These interim financial statements of the Company and its subsidiaries ("the Group") for the six months ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union and also in accordance with the Companies Act 2006.

The accounting policies adopted for the preparation of this interim statement are consistent with the accounting policies adopted in the financial statements for the year ended 30 June 2013.

The financial information set out above does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2013, on which the report of the auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006, have been filed with the Registrar of Companies.

## 4. Finance expenses

	6 months to 31 December 2013 £	6 months to 31 December 2012 £	12 months to 30 June 2013 £
Interest payable	-	-	20
Amortisation of transaction costs and other loan redemption fees	-	294	-
	-	294	20

## 5. Earnings per share

The calculation of the basic earnings per share is based upon the following:

	6 months to 31 December 2013 £	6 months to 31 December 2012 £	12 months to 30 June 2013 £
<b>Basic and Diluted</b>			
Earnings per share pre impairment – pence	7.91p	7.18p	17.16p
(Loss) / earnings per share – pence	(0.03p)	7.18p	(13.07p)
Loss / (profit) attributable to equity shareholders	(7,770)	2,004,599	(3,623,634)
Weighted average number of shares in issue	27,645,673	27,933,856	27,790,159

## 6. Dividend

The Directors have paid a dividend of £nil (2012: £1,935,197) for the interim period ended 31 December 2013.

## 7. Share cancellation

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

### Consolidated interim cash flow statement

	<b>6 months to 31 December 2013 £ Unaudited</b>	<b>6 months to 31 December 2012 £ Unaudited</b>	<b>12 months to 30 June 2013 £ Audited</b>
<b>Cash flow from operating activities</b>			
(Loss) /profit before taxation	(21,002)	1,989,626	(3,658,302)
Adjustments for:			
Depreciation, amortisation and impairment	2,195,315	-	8,400,767
Share of profit from associate	(2,195,315)	(2,025,449)	(4,854,420)
Finance income	(787)	(7,883)	(10,763)
Finance expense	-	294	20
Corporation taxes recovered	14,214	25,900	36,572
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities before changes in working capital	(7,575)	(17,512)	(86,126)
(Increase)/decrease in trade and other receivables	(25,665)	(7,726)	2,024
(Decrease)/increase in trade and other payables	(18,714)	(26,358)	1,561
	<hr/>	<hr/>	<hr/>
Net cash outflow used in operating activities	(51,954)	(51,596)	(82,541)
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<b>Investing activities</b>			
Dividend received	-	1,026,884	3,080,651
Interest received	787	7,883	13,758
	<hr/>	<hr/>	<hr/>
Net cash inflow from investing activities	787	1,034,767	3,094,409
	<hr/>	<hr/>	<hr/>
<b>Financing activities</b>			
Dividends paid	-	(1,935,197)	(3,870,394)
Repayment of long-term borrowings	-	-	-
Interest and early redemption fees paid	-	(294)	(20)
	<hr/>	<hr/>	<hr/>
Net cash outflow from financing activities	-	(1,935,491)	(3,870,414)
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Net decrease in cash and cash equivalents in the period	(51,167)	(952,320)	(858,546)
Cash and cash equivalents at the beginning of the period	622,763	1,481,309	1,481,309
<b>Cash and cash equivalents at the end of the period</b>	<hr/> <b>571,596</b>	<hr/> <b>528,989</b>	<hr/> <b>622,763</b>

## Consolidated interim statement of changes in equity

	Share capital	Capital redemption reserve	Merger reserve	Retained surplus/ (deficit)	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2012	2,814,319	-	2,402,674	30,868,084	36,085,077
Profit for the 6 month period to 31 December 2012	-	-	-	2,004,599	2,004,599
Total comprehensive income for the period	-	-	-	2,004,599	2,004,599
Dividends paid	-	-	-	(1,935,197)	(1,935,197)
Cancellation of treasury shares	(49,752)	49,752	-	-	-
At 31 December 2012	<u>2,764,567</u>	<u>49,752</u>	<u>2,402,674</u>	<u>30,937,486</u>	<u>36,154,479</u>
(Loss)/profit for the 6 month period to 30 June 2013	-	-	-	(5,637,065)	(5,637,065)
Share of other comprehensive income of associate	-	-	-	8,832	8,832
Dividends paid	-	-	-	(1,935,197)	(1,935,197)
Total comprehensive loss for the period	-	-	-	(7,563,430)	(7,563,430)
At 30 June 2013	<u>2,764,567</u>	<u>49,752</u>	<u>2,402,674</u>	<u>23,374,056</u>	<u>28,591,049</u>

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

	<b>Share capital</b>	<b>Capital redemption reserve</b>	<b>Merger reserve</b>	<b>Retained surplus/ (deficit)</b>	<b>Total shareholders equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
At 1 July 2013	2,764,567	49,752	2,402,674	23,374,056	28,591,049
(Loss) / profit for the 6 month period to 31 December 2013	-	-	-	(7,770)	(7,770)
Total comprehensive (loss)/ income for the period	-	-	-	(7,770)	(7,770)
At 31 December 2013	2,764,567	49,752	2,402,674	23,366,286	28,583,279