

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

Interim Results for Six Months Ended 31 December 2014

Catalyst Media Group Plc announces its interim results for the six months ended 31 December 2014.

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 2014

- CMG profit after taxation and before valuation adjustment of £331k (2013: £2.2m*)
- Valuation adjustment of £359k (2013: £2.2m) resulting in a loss after taxation of £28,655 (2013: £7,770*)
- Earnings per share (before valuation adjustment) 1.23p (2013: 7.91p*)
- Loss per share (after valuation adjustment) 0.11p (2013: 0.03p*)
- Net asset value per share (excluding shares held in treasury) of 98.3p (2013: 103.5p)
- SIS revenues for six months to 30 September 2014 £106.9m (2013: £123.2m (excluding Outside Broadcasting services £101.1m))
- SIS EBITDA for six months to 30 September 2014 of £16.0m (2013: £22.3m (excluding Outside Broadcasting services £18.1m))
- SIS profit after tax on ordinary activities for the six months to 30 September 2014 of £1.8m (2013: £10.7m (excluding Outside Broadcasting services £5.4m))
- Following closure of Outside Broadcasting during 2013, SIS’s profits going forward will be weighted towards the second half
- Dividend of £1.0m received from SIS on 5 December 2014

Notes:

* Comparative figures for the six months ended 30 September 2013 include the results for SIS’s Outside Broadcasting services which formed part of SIS Live and which have been discontinued.

Michael Rosenberg, Chairman of Catalyst commented:

“Although SIS’s first half profits were below the previous year, it is anticipated that the second half results will show an improvement as following the closure of Outside Broadcasting, the majority of SIS’s profits will now be generated in the second half of its financial year. Meanwhile SIS continues to generate significant free cashflow. Since the announcement of the final result, there has been no change in the expiration dates of the various fixed term contracts for the existing racecourse media rights.”

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Chairman's Statement

For the six month period ended 31 December 2014 the Group has generated a net profit after taxation but before adjustment to investment valuation charges of £330,795 (2013: £2.2m). After taking account of the adjustment to valuation charge of £359,450 as referred to below, the Group recorded a loss of £28,655 for the period.

Net assets as at 31 December 2014 were £24.0m (30 June 2014: £25.5m). Net cash as at 31 December 2014 was £89,237 following the repurchase by the Company of, in aggregate, 3,209,316 ordinary shares of 10p each in the capital of the Company ("Shares") for a total consideration of £1.5m equating to an average buyback price of 0.46p per Share. These Shares are currently held in treasury. Excluding the Shares held in treasury, the net assets per Share as at 31 December 2014 was 98.3p (2013: 103.5p).

The main asset of the Group remains the 20.54% stake in SIS and, in December 2014, the Company received a dividend of £1.0m from SIS. In line with previous policy, the Board has reduced the value of the investment by the amount of its profit share for the period being £359,450. Accordingly, the value of the investment in SIS has been reduced to £24.0m after taking account of the dividend receipt referred to above.

CMG equity accounts for its share in the profits of SIS which were £1.8m after tax for the period (2013: £10.7m). Total revenues of SIS for the period were £106.9m (2013: £123.2m) of which £96.4m (2013: £90.6m) were derived from the business of providing integrated television and data services to licensed betting offices in the UK, Ireland and overseas and a further £10.5m (£32.6m) was contributed by SIS Live services, which provides satellite news gathering and associated transmission services to its customers. The decrease in revenues of SIS Live was a result of the previously reported closure of Outside Broadcasting, which had revenues of £22.1m for the six month period to 30 September 2013.

SIS's EBITDA for the period to 30 September 2014 was £16.0m compared to £22.3m in 2013 (£18.1m excluding Outside Broadcasting). The major factors impacting the current period were the costs of renewing the media rights for Irish racing, a one off contribution in 2013 relating to a new studio facility for a client and additional costs relating to new growth initiatives during 2014. These initiatives included a new streaming platform and an investment in the La Liga football data services.

Following the closure of Outside Broadcasting services, whose profits were weighted towards the first half of SIS's financial year, SIS's profits will now be weighted towards the second half of its financial year when SIS Betting makes the majority of its profits. Accordingly, SIS's management anticipates that its full year outcome will be in line with internal budgets, with trading at the operating level prior to exceptional items expected to be marginally lower than that achieved in the year to March 2014. In addition, SIS's management anticipates that exceptional items will be significantly lower in the current financial year than in the previous year, as there will be no impact of the closure of Outside Broadcasting.

SIS BETTING

SIS provides 100,000 betting opportunities per year with live and virtual content beamed into shops via generic or bespoke channels text services and data feeds. Content includes UK and Irish horse and greyhound racing plus overseas racing from France, South Africa, United Arab Emirates and Latin America.

Since the last published Report and Accounts of CMG to 30 June 2014 there has been no change in the expiration dates of the various fixed term contracts for the existing racecourse media rights. However, SIS has now added two new media rights venues, and broadcasting has commenced from the all-weather floodlit track at Chelmsford City which will host 58 race fixtures during 2015 and the new greyhound track at Towcester.

SIS LIVE

SIS LIVE offers comprehensive connectivity solutions via a vast satellite and fibre infrastructure. SIS's rapidly growing fibre network connects the Company's established teleports in Milton Keynes and MediaCityUK in Manchester with key broadcasting locations around the UK, including major UK broadcasters, Premier League football grounds and horse and dog racing tracks. The Company has the largest mobile satellite uplink fleet in Europe and an award winning range of portable VSAT and uplink products. In November 2014 six new satellite news gathering vehicles, which are operated by SIS, were delivered to Sky News.

Outlook

The business of SIS continues to generate cash but its future direction will depend on the renewal of its various media rights agreements. It was encouraging to receive a dividend during 2014 but there can be no certainty as to the timing or quantum of future dividends. Meanwhile CMG continues to operate on a very low cost base.

Consolidated interim statement of comprehensive income

	<i>Notes</i>	6 months to 31 December 2014	6 months to 31 December 2013	12 months to 30 June 2014
		£ Unaudited	£ Unaudited	£ Audited
Revenue		12,500	12,500	25,000
Cost of sales		-	-	-
Gross profit		<u>12,500</u>	<u>12,500</u>	<u>25,000</u>
Administrative expenses		(46,242)	(34,289)	(111,259)
Other operating income		-	-	3,172
Operating loss		<u>(33,742)</u>	<u>(21,789)</u>	<u>(83,087)</u>
Financial income		914	787	2,898
Net financial income		<u>914</u>	<u>787</u>	<u>2,898</u>
Share of profit of equity-accounted associate	1	359,450	2,195,315	1,367,348
Valuation adjustment of equity-accounted associate		(359,450)	(2,195,315)	(4,298,334)
Loss before taxation		<u>(32,828)</u>	<u>(21,002)</u>	<u>(3,011,175)</u>
Taxation		4,173	13,232	17,888
Loss for the period		<u>(28,655)</u>	<u>(7,770)</u>	<u>(2,993,287)</u>
Share of other comprehensive income of associate		-	-	(69,014)
Total comprehensive income loss for the period		<u>(28,655)</u>	<u>(7,770)</u>	<u>(3,062,301)</u>
Attributable to equity holders of the company		<u>(28,655)</u>	<u>(7,770)</u>	<u>(3,062,301)</u>
Earnings / (loss) per share:	4			
Basic		(0.11p)	(0.03p)	(10.83p)
Diluted		(0.11p)	(0.03p)	(10.83p)
Pre valuation adjustment		<u>1.23p</u>	<u>7.91p</u>	<u>4.72p</u>

Consolidated interim statement of financial position

	<i>Notes</i>	31 December 2014	31 December 2013	30 June 2014
		£ Unaudited	£ Unaudited	£ Audited
Assets				
Non-current assets				
Investment in associate	1	23,973,116	28,000,000	25,000,000
		<u>23,973,116</u>	<u>28,000,000</u>	<u>25,000,000</u>
Current assets				
Trade and other receivables		12,879	35,158	31,097
Cash and cash equivalents		89,327	571,596	538,416
		<u>102,206</u>	<u>606,754</u>	<u>569,513</u>
Total assets		<u>24,075,322</u>	<u>28,606,754</u>	<u>25,569,513</u>
Equity and liabilities				
Capital and reserves attributable to equity holders of the parent				
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		18,813,794	23,366,286	20,311,755
		<u>24,030,787</u>	<u>28,583,279</u>	<u>25,528,748</u>
Current liabilities				
Trade and other payables		32,726	23,475	31,399
Corporation tax payable		11,809	-	9,366
		<u>44,535</u>	<u>23,475</u>	<u>40,765</u>
Total equity and liabilities		<u>24,075,322</u>	<u>28,606,754</u>	<u>25,569,513</u>

Consolidated interim cash flow statement

	6 months to 31 December 2014	6 months to 31 December 2013	12 months to 30 June 2014
	£ Unaudited	£ Unaudited	£ Audited
Cash flow from operating activities			
(Loss) before taxation	(32,828)	(21,002)	(3,011,175)
Adjustments for:			
Depreciation, amortisation and valuation adjustment	359,450	2,195,315	(1,367,348)
Share of profit from associate	(359,450)	(2,195,315)	4,298,334
Finance income	(914)	(787)	(2,898)
Corporation taxes recovered	6,626	14,214	27,446
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities before changes in working capital	(27,116)	(7,575)	(55,641)
Decrease / (increase) in trade and other receivables	18,217	(25,665)	(21,604)
Increase / (decrease) in trade and other payables	1,318	(18,714)	(10,000)
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Net cash outflow used in operating activities	(7,581)	(51,954)	(87,245)
Investing activities			
Dividend received	1,026,884	-	-
Interest received	914	787	2,898
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Net cash inflow from investing activities	1,027,798	787	2,898
Financing activities			
Shares purchased into treasury	(1,469,306)	-	-
	<hr/>	<hr/>	<hr/>
Net cash outflow from financing activities	(1,469,306)	-	-
	<hr/>	<hr/>	<hr/>
Net decrease in cash and cash equivalents in the period	(449,089)	(51,167)	(84,347)
Cash and cash equivalents at the beginning of the period	538,416	622,763	622,763
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Cash and cash equivalents at the end of the period	89,327	571,596	538,416

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 2013	2,764,567	49,752	2,402,674	23,374,056	28,591,049
Loss for the 6 month period to 31 December 2013	-	-	-	(7,770)	(7,770)
Total comprehensive loss 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
Loss for the 6 month period to 30 June 2014	-	-	-	(2,985,517)	(2,985,517)
Share of other comprehensive loss of associate	-	-	-	(69,014)	(69,014)
Total comprehensive loss for the period	-	-	-	(3,054,531)	(3,054,531)
At 30 June 2014	2,764,567	49,752	2,402,674	20,311,755	25,528,748
	Share capital	Capital redemption reserve	Merger reserve	Retained surplus/ (deficit)	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2014	2,764,567	49,752	2,402,674	20,311,755	25,528,748
Loss for the 6 month period to 31 December 2014	-	-	-	(28,655)	(28,655)
Share repurchase	-	-	-	(1,469,306)	(1,469,306)
Total comprehensive loss for the period	-	-	-	(1,497,961)	(1,497,961)
At 31 December 2014	2,764,567	49,752	2,402,674	18,813,794	24,030,787

On 15 July 2014 the Group purchased in the market 502,272 Shares of 50p per Share. On 17 December 2014 the Group purchased in the market a further 2,707,044 Shares at 45p per Share. The purchases were made out of distributable reserves and the Shares are being held in treasury by the Group.

Notes to the interim financial statements

1. Investment in associate	Share of net assets Group £	Fair Value of Intangibles Group £	Total Group £
Cost			
At 1 July 2014	13,786,364	11,213,636	25,000,000
Additions – share of profit	359,450	-	359,450
Dividend received	(1,026,884)	-	(1,026,884)
Valuation adjustment	-	(359,450)	(359,450)
At 31 December 2014	13,118,930	10,854,186	23,973,116

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"). Alternateport holds an investment of 20.54% in the equity share capital of SIS and is entitled to appoint a director and alternate director to the SIS board. This right has been exercised since acquisition. Alternateport is a wholly owned subsidiary of Catalyst Media Holdings Limited, a wholly-owned subsidiary of the Company. The intangible assets represent the value attributable to the ongoing business activities of SIS, which are subject to an annual valuation adjustment.

The Board has reviewed its valuation of the investment in SIS as at 31 December 2014 and has, in line with previous policy, reduced the value of the investment by the amount of its profit share for the period. As a result, it has concluded that the investment should be held at a value of £23,973,116.

Share of profit of associate*	30 September 2014 SIS Total £'000	31 December 2014 CMG share £'000	31 December 2013 CMG share £'000	30 June 2014 CMG share £'000
Revenue:				
SIS Betting Services	96,411	19,803	18,608	40,708
SIS LIVE services	10,471	2,151	6,700	11,416
Total revenue	106,882	21,954	25,308	52,124
Operating profit from ongoing operations	3,347	687	2,822	4,920
Net interest payable	(623)	(128)	(237)	(450)
Profit on disposal of fixed asset	-	-	160	(2,156)
Exceptional items	(520)	(107)	(219)	163
Profit before tax	2,204	452	2,526	2,477
Taxation	(454)	(93)	(331)	(1,110)
Share of profit after taxation	1,750	359	2,195	1,367
Net income from associate	1,750	359	2,195	1,367
Other comprehensive income				
Actuarial (loss) /gain	-	-	-	(90)
Deferred tax	-	-	-	21
	-	-	-	(69)
Share of gross assets and liabilities of associate				
Gross assets	144,115	29,601	31,672	36,722
Gross liabilities	(80,243)	(16,482)	(14,254)	(22,936)
Net equity	63,872	13,119	17,418	13,786

*The period covered by the associate's accounts is six months to 30 September 2014. The 2013 revenues have been restated to exclude internal revenues.

The financial results for SIS are taken from SIS's management accounts to 30 September 2014, 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 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 £97k (2013: increase of £3,785k).

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 consolidated interim financial statements cover the six month period from 1 July 2014 to 31 December 2014 including the financial results of SIS for the six month period to 30 September 2014.

These consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2014 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 2014.

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 2014, 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. Earnings/(loss) per share

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

	6 months to 31 December 2014 £	6 months to 31 December 2013 £	12 months to 30 June 2014 £
Basic and Diluted			
Earnings per Share pre valuation adjustment – pence	1.23p	7.91p	4.72p
(Loss) per Share – pence	(0.11p)	(0.03p)	(10.83p)
Profit attributable to equity shareholders (before valuation adjustment)	330,795	2,187,545	1,305,047
(Loss) attributable to equity shareholders	(28,655)	(7,770)	(2,993,287)
Weighted average number of Shares in issue	26,960,934	27,645,673	27,645,673

5. Share repurchases

On 15 July 2014, the Company purchased, in the market, 502,272 Shares at a price of 50p per Share.

On 17 December 2014, the Company purchased, in the market, a further 2,707,044 Shares at a price of 45p per Share.

The Shares repurchased during the period will be held in treasury by the Company.