

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

Interim Results for Six Months Ended 31 December 2015 and Loan Facility

Catalyst Media Group Plc announces its interim results for the six months ended 31 December 2015.

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 2015

- CMG profit after taxation and before adjustment to investment valuation of £1.22m (2014: £0.33m)
- Valuation adjustment of £1.25m (2014: £0.36m) resulting in a loss after taxation of £24,449 (2014: £28,655)
- Earnings per share (before valuation adjustment) 5.02p (2014: 1.23p)
- Loss per share (after valuation adjustment) 0.10p (2014: 0.11p)
- Net asset value per share (excluding shares held in treasury) of 102.3p (2014: 98.3p)
- SIS revenues for six months to 30 September 2015 £111.6m (2014: £106.9m)
- SIS EBITDA for six months to 30 September 2015 of £20.1m (2014: £16.0m)
- SIS profit after tax on ordinary activities for the six months to 30 September 2015 of £6.1m (2014: £1.8m)
- Arrangement with Racecourse Media Group (“RMG”) ensures media rights extended to 2022
- Post period end, agreement with Horse Racing Ireland (“HRI”) and the Association of Irish Racecourses (“AIR”) to extend Irish horse racing media right to 2023
- Following closure of Outside Broadcasting during 2013, as previously indicated, SIS’s profits going forward will be weighted towards the second half

In addition, the Company announces that it has entered into a loan agreement with AB Group Ltd and Harwood Holdco Limited, companies in which two of the Company’s Non-executive Directors, Melvin Lawson and Christopher Mills are associated respectively, to provide a loan through to 31 March 2017 for, in aggregate, up to £100,000 to provide funds to CMG (the “Loan”). The Loan will be unsecured and will accrue interest at a rate of 5.0% per annum on outstanding amounts.

Michael Rosenberg, Chairman of Catalyst commented:

“The recent announcement by SIS of an agreement with HRI and ARI together with the successful conclusion by SIS of an arrangement with RMG during the period under review, were significant steps for SIS as they have secured ongoing media rights through to 2023 and 2022 respectively. Although the new agreements will result in lower margins from 2018, when they come into effect, SIS has already undertaken a number of initiatives to create new revenue streams including mobile games, streaming technology and in-running betting. SIS continues to perform in line with SIS’s management expectations, with strong cash flow generation, and SIS’s full year results are expected to be broadly in line with those achieved last year.”

Enquiries:

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Chairman's Statement

For the six month period ended 31 December 2015 the Group has generated a net profit after taxation but before adjustment to investment valuation charges of £1.22m (2014: £0.33m). After taking account of the adjustment to valuation charge of £1.25m as referred to below, the Group recorded a loss of £24,449 for the period.

Net assets as at 31 December 2015 were £25.0m (30 June 2015: £25.0m). Net cash as at 31 December 2015 was £13,688 (2014: £89,327). Excluding the shares held in treasury, the net assets per share as at 31 December 2015 was 102.3p (2014: 98.3p).

The Group's main asset remains its 20.54% stake in SIS. The value of this investment has been maintained at £25.0m by deducting the amount of CMG's profit share for the period being £1.25m.

CMG equity accounts for its share in the profits of SIS which were £6.1m after tax for the six month period to 30 September 2015 (2014: £1.8m). Total revenues of SIS for the period were £111.6m (2014: £106.9m) of which £102.3m (2014: £96.4m) 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 £9.3m (2014: £10.5m) was contributed by SIS Live services, which provides satellite news gathering and associated transmission services to its customers. Operating profits of SIS for the period were £7.8m compared to £3.4m, in the comparable period for 2014.

SIS BETTING

SIS is a leading supplier of data, pictures and pricing across a range of sports enabling more than 100,000 betting opportunities a year. The new arrangements recently announced with RMG and with HRI and the AIR have secured ongoing media rights for SIS through to 2022 and 2023 respectively, thereby removing one of major risks faced by SIS and ensuring SIS will continue to be an important provider of both UK and Irish horseracing media and data going forward, albeit at lower margins when the new agreements start during the course 2018. The Irish deal ensures that retail bookmakers across the UK and Ireland and internationally will have access to Irish horseracing as part of a comprehensive package of content.

SIS has at the same time been focussing on how to enhance the profitability of the company in the light of the reduced margins from the traditional sources. Several initiatives are under way including mobile games, streaming technology, in-running betting and trading services all of which are beginning to show positive results.

MOBILE GAMES

SIS has created some innovative on-demand racing games which merge the excitement of sports betting with a casino mechanic so that customers can play whenever they want. These games can be played across a range of platforms including desktop, mobile and tablet and the current portfolio of games includes horseracing, greyhounds, cycling as well as some seasonal specials. SIS provides these games direct to gaming providers, such as betting companies, who then sell them on to the end consumer.

IN-RUNNING BETTING

SIS has devised a low cost transmitter using GPS transmission technology, the size of a smart phone which is inserted into the saddlecloth and carried on the horse. This relays real time data on the horses, providing greater insight into the respective performance of each horse and it is believed that this will provide additional betting opportunities that could revolutionise in-running horseracing betting.

SIS STREAMING PLATFORM

SIS has delivered a technology solution suited to live sports for the betting industry with a tuned, secure, low latency streaming product which can stream both own and third party content from any source to any destination. SIS has already launched IPTV streaming services in the UK and Internationally together with live racing streaming with Bet and Watch and Watch and Bet capabilities.

SIS TRADING SERVICES

SIS compiles odds for a range of sporting events, thereby offering an outsourced trading service providing price and price derivatives for betting operators. The range of markets covered by the trading services

currently include Ante Post, Early Prices, Board Prices and Starting Prices for both horse and greyhound racing and SIS expects to extend the service to other sports in due course.

SIS LIVE

SIS Live provides satellite uplinks, SNG and satellite internet services. It also is engaged in media fibre, teleports, distribution and satellite capacity provision. It is becoming the connectivity provider of choice for critical media content in the UK, having recently provided the media connectivity for the Rugby World Cup in England in 2015.

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

It provides innovative cost effective and reliable end to end high quality streaming solutions for live webcasts, social streaming, brands and marketing initiatives for premium providers.

INDIA

SIS continues to progress the outstanding amounts due and the associates tax liabilities relating to the India Commonwealth Games in 2012. Progress has been made in recent months and SIS expects to be in a position to successfully resolve the outstanding items in the next 12 to 18 months.

OUTLOOK

SIS continues to trade in line with SIS's management expectations and revenues and profit after tax for SIS's year ending 31 March 2016 are expected to be broadly in line with those of the previous year. However cash generation continues to be strong and the year end balance should significantly exceed that of the prior year.

No decision has yet been made by the Board of SIS with regard to any dividend payments but the situation remains under review. As a result, although the overheads of CMG are very low, CMG will need access to funding going forward. The Company has therefore entered into a loan agreement with AB Group Ltd and Harwood Holdco Limited, companies in which two of the Company's Non-executive Directors, Melvin Lawson and Christopher Mills are associated respectively, to provide the Loan through to 31 March 2017 for, in aggregate, up to £100,000 to provide funds to CMG. The Loan, which is unsecured, will accrue interest at a rate of 5.0% per annum on outstanding amounts.

Consolidated interim statement of comprehensive income

| | <i>Notes</i> | 6 months to 31 December 2015 | 6 months to 31 December 2014 | 12 months to 30 June 2015 |
|--|--------------|---|---|--------------------------------------|
| | | £ 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 | | (46,446) | (46,242) | (119,991) |
| Other operating income | | - | - | - |
| Operating loss | | <u>(33,946)</u> | <u>(33,742)</u> | <u>(94,991)</u> |
| Financial income | | 6 | 914 | 1,012 |
| Financial costs | | (26) | - | 160 |
| Net financial income | | <u>(20)</u> | <u>914</u> | <u>1,172</u> |
| Share of profit of equity-accounted associate | <i>1</i> | 1,248,832 | 359,450 | 4,352,427 |
| Valuation adjustment of equity-accounted associate | | (1,248,832) | (359,450) | (2,836,073) |
| Loss before taxation | | <u>(33,966)</u> | <u>(32,828)</u> | <u>1,422,535</u> |
| Taxation | | 9,517 | 4,173 | 22,866 |
| Profit / (loss) for the period | | <u>(24,449)</u> | <u>(28,655)</u> | <u>1,445,401</u> |
| Share of other comprehensive income of associate | | - | - | (489,469) |
| Total comprehensive income loss for the period | | <u>(24,449)</u> | <u>(28,655)</u> | <u>955,932</u> |
| Attributable to equity holders of the company | | <u>(24,449)</u> | <u>(28,655)</u> | <u>955,932</u> |
| Earnings / (loss) per share: | <i>4</i> | | | |
| Basic | | (0.10p) | (0.11p) | 5.62p |
| Diluted | | (0.10p) | (0.11p) | 5.62p |
| Pre valuation adjustment | | <u>5.02p</u> | <u>1.23p</u> | <u>16.66p</u> |

Consolidated interim statement of financial position

| | <i>Notes</i> | 31 December 2015 | 31 December 2014 | 30 June 2015 |
|--|--------------|-----------------------------|-----------------------------|-------------------------|
| | | £ Unaudited | £ Unaudited | £ Audited |
| Assets | | | | |
| Non-current assets | | | | |
| Investment in associate | 1 | 25,000,000 | 23,973,116 | 25,000,000 |
| | | <u>25,000,000</u> | <u>23,973,116</u> | <u>25,000,000</u> |
| Current assets | | | | |
| Trade and other receivables | | 18,692 | 12,879 | 30,660 |
| Cash and cash equivalents | | 13,688 | 89,327 | 16,969 |
| | | <u>32,380</u> | <u>102,206</u> | <u>47,629</u> |
| Total assets | | <u>25,032,380</u> | <u>24,075,322</u> | <u>25,047,629</u> |
| Equity and liabilities | | | | |
| Capital and reserves attributable to equity holders of the parent | | | | |
| Share capital | | 2,541,136 | 2,764,567 | 2,541,136 |
| Capital redemption reserve | | 273,183 | 49,752 | 273,183 |
| Merger reserve | | 2,402,674 | 2,402,674 | 2,402,674 |
| Retained surplus | | 19,764,245 | 18,813,794 | 19,788,694 |
| | | <u>24,981,238</u> | <u>24,030,787</u> | <u>25,005,687</u> |
| Current liabilities | | | | |
| Trade and other payables | | 51,142 | 32,726 | 40,480 |
| Corporation tax payable | | - | 11,809 | 1,462 |
| | | <u>51,142</u> | <u>44,535</u> | <u>41,942</u> |
| Total equity and liabilities | | <u>25,032,380</u> | <u>24,075,322</u> | <u>25,047,629</u> |

Consolidated interim cash flow statement

| | 6 months to 31 December 2015 | 6 months to 31 December 2014 | 12 months to 30 June 2015 |
|--|---------------------------------------|---------------------------------------|------------------------------------|
| | £ Unaudited | £ Unaudited | £ Audited |
| Cash flow from operating activities | | | |
| Profit / (loss) before taxation | (33,966) | (32,828) | 1,422,535 |
| Adjustments for: | | | |
| Depreciation, amortisation and valuation adjustment | 1,248,832 | 359,450 | (4,352,427) |
| Share of profit from associate | (1,248,832) | (359,450) | 2,836,073 |
| Finance income | (6) | (914) | (1,012) |
| Finance expense | 26 | - | (160) |
| Corporation taxes recovered | 4,173 | 6,626 | 14,962 |
| | <hr/> | <hr/> | <hr/> |
| Net cash outflow from operating activities before changes in working capital | (29,773) | (27,116) | (80,029) |
| Decrease / (increase) in trade and other receivables | 15,850 | 18,217 | 439 |
| Increase / (decrease) in trade and other payables | 10,662 | 1,318 | 9,080 |
| | <hr/> | <hr/> | <hr/> |
| Net cash outflow used in operating activities | (3,261) | (7,581) | (70,510) |
| Investing activities | | | |
| Dividend received | - | 1,026,884 | 1,026,884 |
| Interest received | 6 | 914 | 1,012 |
| | <hr/> | <hr/> | <hr/> |
| Net cash inflow from investing activities | 6 | 1,027,798 | 1,027,896 |
| Financing activities | | | |
| Shares purchased into treasury | - | (1,469,306) | (1,478,993) |
| Interest paid | (26) | - | 160 |
| | <hr/> | <hr/> | <hr/> |
| Net cash outflow from financing activities | (26) | (1,469,306) | (1,478,833) |
| Net decrease in cash and cash equivalents in the period | (3,281) | (449,089) | (521,447) |
| Cash and cash equivalents at the beginning of the period | 16,969 | 538,416 | 538,416 |
| | <hr/> | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the period | 13,688 | 89,327 | 16,969 |

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 2014 - restated | 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 |
| Profit for the 6 month period to 30 June 2015 | - | - | - | 1,474,056 | 1,474,056 |
| Share of other comprehensive loss of associate | - | - | - | (489,469) | (489,469) |
| Share repurchase | - | - | - | (9,687) | (9,687) |
| Cancellation of Treasury shares | (223,431) | 223,431 | - | - | - |
| Total comprehensive profit for the period | (223,431) | 223,431 | - | 974,900 | 974,900 |
| At 30 June 2015 | 2,541,136 | 273,183 | 2,402,674 | 19,788,694 | 25,005,687 |
| | Share capital | Capital redemption reserve | Merger reserve | Retained surplus/ (deficit) | Total shareholders equity |
| | £ | £ | £ | £ | £ |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| At 1 July 2015 | 2,541,136 | 273,183 | 2,402,674 | 19,788,694 | 25,005,687 |
| Loss for the 6 month period to 31 December 2015 | - | - | - | (24,449) | (24,449) |
| Share repurchase | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | (24,449) | (24,449) |
| At 31 December 2015 | 2,541,136 | 273,183 | 2,402,674 | 19,764,245 | 24,981,238 |

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 2015 | 16,557,120 | 8,442,880 | 25,000,000 |
| Additions – share of profit | 1,248,832 | - | 1,248,832 |
| Dividend received | - | - | - |
| Valuation adjustment | - | (1,248,832) | (1,248,832) |
| At 31 December 2015 | <u>17,805,952</u> | <u>7,194,048</u> | <u>25,000,000</u> |

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 2015 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 £25,000,000.

| Share of profit of associate* | 30 September 2015 SIS Total £'000 | 31 December 2015 CMG share £'000 | 31 December 2014 CMG share £'000 | 30 June 2015 CMG share £'000 |
|---|--|---|---|---------------------------------------|
| Revenue: | | | | |
| SIS Betting Services | 102,299 | 21,012 | 19,803 | 42,591 |
| SIS LIVE services | 9,300 | 1,910 | 2,151 | 4,453 |
| Total revenue | <u>111,599</u> | <u>22,922</u> | <u>21,954</u> | <u>47,044</u> |
| Operating profit from ongoing operations | 7,800 | 1,602 | 687 | 5,270 |
| Net interest payable | 61 | 13 | (128) | (121) |
| Profit on disposal of associate | - | - | - | 8 |
| Profit on disposal of fixed asset | - | - | - | 1 |
| Exceptional items | (261) | (54) | (107) | 218 |
| Profit before tax | 7,600 | 1,561 | 452 | 5,376 |
| Taxation | (1,520) | (312) | (93) | (1,024) |
| Share of profit after taxation | 6,080 | 1,249 | 359 | 4,352 |
| Net income from associate | 6,080 | 1,249 | 359 | 4,352 |
| Other comprehensive income | | | | |
| Actuarial (loss) /gain | - | - | - | (610) |
| Deferred tax | - | - | - | 121 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(489)</u> |
| Share of gross assets and liabilities of associate | | | | |
| Gross assets | 145,622 | 29,911 | 29,601 | 30,077 |
| Gross liabilities | (58,933) | (12,105) | (16,482) | (13,520) |
| Net equity | <u>86,689</u> | <u>17,806</u> | <u>13,119</u> | <u>16,557</u> |

*The period covered by the associate's accounts is the six months to 30 September 2015. The revenues have been stated excluding internal revenues.

The financial results for SIS are taken from SIS's management accounts to 30 September 2015, 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 decrease the value of the investment in associate in the financial statements by £140k (2014: £97k).

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 2015 to 31 December 2015 including the financial results of SIS for the six month period to 30 September 2015.

These consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2015 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 to be adopted in the financial statements for the year ended 30 June 2016.

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 2015, 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 2015 £ | 6 months to 31 December 2014 £ | 12 months to 30 June 2015 £ |
|--|---|---|--|
| Basic and Diluted | | | |
| Earnings per Share pre valuation adjustment – pence | 5.02p | 1.23p | 16.66p |
| (Loss) / profit per Share – pence | (0.10p) | (0.11p) | 5.62p |
| Profit attributable to equity shareholders (before valuation adjustment) | 1,224,383 | 330,795 | 4,281,474 |
| (Loss) / profit attributable to equity shareholders | (24,449) | (28,655) | 1,445,401 |
| Weighted average number of Shares in issue | 24,411,357 | 26,960,934 | 25,705,802 |

5. Share repurchases

There were no Shares repurchased during the six month period ended 31 December 2015.