

Catalyst Media Group Plc
('CMG' or the 'Group')

Interim Results for Six Months Ended 31 December 2012

Catalyst Media Group Plc ("CMG") announces its interim results for the six months ended 31 December 2012.

CMG is a 20.54% shareholder in Satellite Information Services (Holdings) Ltd ("SIS") and the results include its share in the profits of SIS for its period ended 30 September 2012 as an equity accounted associate.

Financial Highlights for the six months to 31 December 2012

- CMG profits after taxation of £2m (2011: £1.9m), an increase of 3.6% over prior period
- Earnings per share 7.18p (2011: 6.88p)
- Net asset value per share of 131p (2011:122p) an increase of 7.4% over prior year
- Overheads further reduced
- CMG dividend of 7p per share paid in October 2012
- SIS revenues to 30 September 2012 of £131m (2011: £116m), an increase of 13.4% over prior period
- SIS EBITDA of £25m (2011: £23.4m), an increase of 6.6% over prior year.
- SIS profit on ordinary activities before interest and tax of £13.8m (2011:£13.8)
- CMG interim dividend of 7p to be paid in May 2013

Michael Rosenberg, Chairman of Catalyst commented:

"Once again SIS has shown improving results compared with the previous comparative period with a 13 per cent. increase in revenues and nearly 7 per cent. increase in EBITDA. The Board of SIS has adopted a progressive policy on dividends. We received £1,027,000 in October 2012 and, as has already been announced, a further £2,054,000 dividend in respect of the SIS year ended 31 March 2012 was received in March this year, thus enabling CMG to declare an interim dividend for the current year of 7p per share."

Enquiries

Michael Rosenberg, Non-executive Chairman: 07785 727595
Melvin Lawson, Non-executive Director: 020 7637 8412

Strand Hanson Limited: +44 20 7409 3494
James Harris
Angela Hallett

Chairman's Statement

For the six month period ended 31 December 2012, the Group has generated a net profit after taxation of £2,004,599 (2011 - £1,935,077). Net assets were £36,154,479 (2011 - £33,725,115) equivalent to 131p per share. All debt has been eliminated and the Group ended the period with a cash surplus of £529,000. A dividend of 7p per share was paid in October 2012 and an interim dividend of 7p per share will be paid in respect of this financial year on 3 May 2013.

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 its six month period to 30 September 2012 included £78 million 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 million was generated from the business of SIS LIVE which provides satellite news-gathering and associated transmission services to its customers and also provides outside broadcast television production units including sound support and communication.

The services 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 long term 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 horse racing fixtures at these racecourses until 2016 and 2017 respectively and 2018 in respect of the Republic of Ireland.

In February 2013, a multi-channel production and distribution agreement was signed with Ladbrokes plc ("Ladbrokes") covering its 2,490 shops in the UK and Ireland. An additional third channel will be produced from the HD studio in Milton Keynes. This contract is for five years covering all Ladbrokes sites in the British Isles. Ladbrokes will retain full editorial control of the channels, with SIS providing facilities, content, production and distribution.

SIS has signed an exclusive agreement with Betfred to distribute all three of its shop TV channels. The SIS MediaCity Studios will become home for Betfred TV, with SIS providing full production, voice over booths, gallery with editing suite, and a two tier studio presentation.

It is interesting to note that the number of betting shops in the UK has remained relatively stable and, indeed, in some areas has increased. SIS2 was developed in early 2011 for the retail market outside the UK and Ireland, and features continuous betting opportunities throughout the day. In this respect SIS has a partnership with INTRALOT through which services have been rolled out into retail outlets in Greece, Russia, Bulgaria and Azerbaijan.

SIS Live

SIS Live is Europe's largest outside broadcast and satellite uplink provider. It offers a complete broadcasting solution including host broadcast and outside broadcast facilities, broadcast systems, integration services, wireless camera solutions, satellite uplinks and immediate satellite internet services anywhere. It operates the largest fleet of outside broadcast and satellite uplink trucks in Europe with bases throughout the UK and Europe. It holds contracts with leading broadcasters, including Sky, BBC and ITN delivering 80% of the UK's live news contribution feeds

During the period ended 30 September 2012, SIS Live delivered major events such as the Queen's Jubilee, The Olympics and the UEFA European Championships. The combination of these exceptional events all in one period made this its most successful year, with it being unusual for so many major events to occur in one single period.

In July 2012, SIS Live launched its new teleport facility and media suite in Salford, Manchester. This is the largest ever built in the north of the UK. This state-of-the-art facility has nine satellite dishes. In the period under review SIS delivered the first live high definition stream of a classical music concert at the Royal Albert Hall through YouTube.

A five year strategic partnership agreement was also entered into with BT Media and Broadcast under which both parties will be able to use each other's infrastructure to expand their presence in fibre services markets.

SIS Live has recently signed a new contract with European Tour Productions to provide worldwide satellite services for their golf coverage until the end of 2018.

Dividend

The interim dividend of 7p per share will be payable on 3 May 2013 to those shareholders on the register of members on 12 April 2013.

Conclusion

SIS continues to generate significant positive cash flow from its operations. As stated earlier, the board of SIS has agreed to pursue a progressive policy of dividend distributions subject, as always, to cash needs from time to time. It is the intention of the board of CMG to distribute the majority of the profits arising from these dividends. It should be noted that in the future dividends from SIS are likely to be only distributed on an annual basis. Overheads continue to be kept at a minimal level.

Notes to Editors

SIS principal activities are

- . the provision of satellite news-gathering and associated transmission services through its market-leading SISLink division (Uplink Services);
- . the provision of outside broadcast television production units, including sound, support and communication (Outside Broadcast);
- . its long-established business of providing integrated television and information

Consolidated interim statement of comprehensive income

	Notes	6 months to 31 December 2012	6 months to 31 December 2011	12 months to 30 June 2012
		£ Unaudited	£ Unaudited	£ Audited
Revenue		12,500	12,500	25,000
Cost of sales		-	-	-
Gross profit / (loss)		12,500	12,500	25,000
Administrative expenses		(55,912)	(60,958)	(166,682)
Operating loss		(43,412)	(48,458)	(141,682)
Financial income		7,883	13	3,069
Financial costs	4	(294)	(26,555)	(27,846)
Net financial costs		7,589	(26,542)	(24,777)
Share of profit of equity-accounted associate	1	2,025,449	1,982,521	4,466,218
Profit before taxation		1,989,626	1,907,521	4,299,759
Taxation		14,973	27,556	41,700
Profit for the period		2,004,599	1,935,077	4,341,459
Share of other comprehensive income of associate		-	-	(46,420)
Total comprehensive income for the period		2,004,599	1,935,077	4,295,039
Attributable to equity holders of the company		2,004,599	1,935,077	4,295,039
Earnings per share:	5			
Basic		7.18p	6.88p	15.43p
Diluted		7.18p	6.88p	15.43p

Consolidated interim statement of financial position

		31 December 2012	31 December 2011	30 June 2012
		£ Unaudited	£ Unaudited	£ Audited
Assets				
Non-current assets				
Investment in associate	1	35,616,731	33,207,773	34,618,166
		<u>35,616,731</u>	<u>33,207,773</u>	<u>34,618,166</u>
Current assets				
Trade and other receivables		22,238	19,475	14,512
Corporation tax receivable		-	11,618	10,927
Cash and cash equivalents		528,989	519,518	1,481,309
		<u>551,227</u>	<u>550,611</u>	<u>1,506,748</u>
Total assets		<u>36,167,958</u>	<u>33,758,384</u>	<u>36,124,914</u>
Equity and liabilities				
Capital and reserves attributable to equity holders of the parent				
Share capital		2,764,567	2,814,319	2,814,319
Capital redemption reserve		49,752	-	-
Merger reserve		2,402,674	2,402,674	2,402,674
Retained surplus		30,937,486	28,508,122	30,868,084
		<u>36,154,479</u>	<u>33,725,115</u>	<u>36,085,077</u>
Current liabilities				
Trade and other payables		13,479	33,269	39,837
		<u>13,479</u>	<u>33,269</u>	<u>39,837</u>
Total equity and liabilities		<u>36,167,958</u>	<u>33,758,384</u>	<u>36,124,914</u>

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 2012	13,440,125	21,178,041	34,618,166
Additions – share of profit	2,025,449	-	2,025,449
Dividend received	(1,026,884)	-	(1,026,884)
At 31 December 2012	<u>14,438,690</u>	<u>21,178,041</u>	<u>35,616,731</u>

The Group's interest in the associate, Satellite Information Services (Holdings) Limited, a company incorporated in Great Britain, ('SIS') 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 2012 SIS Total £'000	31 December 2012 CMG share £'000	31 December 2011 CMG share £'000	30 June 2012 CMG share £'000
Revenue:				
Racing services	78,678	16,160	14,489	28,330
SIS live services	47,674	9,792	8,322	14,566
Other services	4,622	949	914	6,314
Total revenue	<u>130,974</u>	<u>26,901</u>	<u>23,725</u>	<u>49,210</u>
Operating profit from ongoing operations	13,833	2,841	2,825	6,306
Net interest payable	(1,312)	(269)	(226)	(469)
Profit on disposal of fixed asset	-	-	-	10
Profit before tax	12,521	2,572	2,599	5,847
Taxation	(2,660)	(546)	(616)	(1,381)
Share of profit after taxation	9,861	2,026	1,983	4,466
Net income from associate	9,861	2,026	1,983	4,466
Other comprehensive income				
Actuarial (loss) /gain	-	-	-	(63)
Deferred tax	-	-	-	16
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47)</u>
Share of gross assets and liabilities of associate				
Gross assets	164,363	33,760	26,107	42,426
Gross liabilities	(94,066)	(19,321)	(14,077)	(28,986)
Net equity	<u>70,297</u>	<u>14,439</u>	<u>12,030</u>	<u>13,440</u>

*The period covered by the associate's accounts is 6 months to 30 September 2012.

Notes to the interim financial statements

1 Investment in associate (continued)

The financial results for SIS are taken from the management accounts to 30 September 2012, 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 £2,094k (2011: £1,719k).

2 Corporate information

Catalyst Media Group Plc (“the Company”) is a company incorporated in England and Wales and quoted on the London Stock Exchange’s Alternative Investment Market.

3 Basis of preparation

These interim financial statements cover the six month period from 1 July 2012 to 31 December 2012 including the financial results of SIS for the 6 month period to 30 September 2012.

These interim financial statements of the Company and its subsidiaries (“the Group”) for the six months ended 31 December 2012 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 2012.

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 2012, 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.

	6 months to 31 December 2012 £	6 months to 31 December 2011 £	12 months to 30 June 2012 £
4 Finance expenses			
Interest payable	-	11,217	11,647
Amortisation of transaction costs and other loan redemption fees	294	15,338	16,199
	<u>294</u>	<u>26,555</u>	<u>27,846</u>

Notes to the interim financial statements

5 Earnings per share

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

	6 months to 31 December 2012 £	6 months to 31 December 2011 £	12 months to 30 June 2012 £
Basic and Diluted			
Earnings per share – pence	7.18p	6.88p	15.43p
Profit attributable to equity shareholders	£2,004,599	£1,935,077	£4,341,459
Weighted average number of shares in issue	27,933,856	28,118,862	28,143,197

6 Dividend

The Directors have paid a dividend of £1,935,197 (2011: £nil) for the interim period ended 31 December 2012.

7 Share repurchase

On 23 December 2011, the Company purchased in the market 497,524 Ordinary shares of 10p each in Catalyst Media Group Plc at a price of 51p per Ordinary Share. The purchase was made out of distributable reserves and the shares were cancelled on 15 October 2012.

Consolidated interim cash flow statement

	6 months to 31 December 2012 £ Unaudited	6 months to 31 December 2011 £ Unaudited	12 months to 30 June 2012 £ Audited
Cash flow from operating activities			
Profit before taxation including discontinued operations	1,989,626	1,907,521	4,299,759
Adjustments for:			
Depreciation, amortisation and impairment	-	-	-
Share of profit from associate	(2,025,449)	(1,982,521)	(4,466,218)
Finance income	(7,883)	(13)	(3,069)
Finance expense	294	26,555	27,846
Corporation taxes recovered	25,900	26,824	41,659
Net cash flow from operating activities before changes in working capital	(17,512)	(21,634)	(100,023)
(Increase)/decrease in trade and other receivables	(7,726)	(4,994)	2,965
Increase/(decrease) in trade and other payables	(26,358)	(15,940)	(9,373)
Net cash flow used in operating activities	(51,596)	(42,568)	(106,431)
Investing activities			
Dividend received	1,026,884	1,437,473	2,464,357
Interest received	7,883	13	74
Net cash flow from investing activities	1,034,767	1,437,486	2,464,431
Financing activities			
Repurchase of shares	-	(253,737)	(253,737)
Dividends paid	(1,935,197)	-	-
Repayment of long-term borrowings	-	(634,635)	(634,635)
Interest and early redemption fees paid	(294)	(14,610)	(15,901)
Net cash outflow from financing activities	(1,935,491)	(902,982)	(904,273)
Net increase/(decrease) in cash and cash equivalents in the period	(952,320)	491,936	1,453,727
Cash and cash equivalents at the beginning of the period	1,481,309	27,582	27,582
Cash and cash equivalents at the end of the period	528,989	519,518	1,481,309

Consolidated interim cash flow statement

	Share capital	Capital redemption reserve	Merger reserve	Retained surplus/ (deficit)	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2011	2,814,319	-	2,402,674	26,826,782	32,043,775
Profit for the 6 month period to 31 December 2011	-	-	-	1,935,077	1,935,077
Total comprehensive income for the period	-	-	-	1,935,077	1,935,077
Share repurchase*	-	-	-	(253,737)	(253,737)
At 31 December 2011	2,814,319	-	2,402,674	28,508,122	33,725,115
Profit for the 6 month period to 30 June 2012	-	-	-	2,406,382	2,406,382
Share of other comprehensive income of associate	-	-	-	(46,420)	(46,420)
Total comprehensive income for the period	-	-	-	2,359,962	2,359,962
At 30 June 2012	2,814,319	-	2,402,674	30,868,084	36,085,077

*On 23 December 2011, the Company purchased in the market 497,524 Ordinary shares of 10p each in Catalyst Media Group Plc at a price of 51p per Ordinary Share. The purchase was made out of distributable reserves and the shares were cancelled on 15 October 2012.

Consolidated interim cash flow statement

	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	2,764,567	49,752	2,402,674	30,937,486	36,154,479