

29th March 2017

Catalyst Media Group Plc
("CMG", "Catalyst" or the "Group")

Interim Results for Six Months Ended 31 December 2016

Catalyst Media Group Plc announces its interim results for the six months ended 31 December 2016.

CMG is a 20.54% shareholder in Sports Information Services (Holdings) Limited (formerly 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 2016

- CMG profit after taxation and before adjustment to investment valuation of £1.03 million (2015: £1.22 million)
- Valuation adjustment of £1.06 million (2015: £1.25 million) resulting in a loss after taxation of £32,526 (2015: £24,449)
- Earnings per share (before valuation adjustment) 4.44p (2015: 5.02p)
- Loss per share (after valuation adjustment) 0.14p (2015: 0.10p)
- Net asset value per share (excluding shares held in treasury) of 106.4p (2015: 102.3p)
- SIS revenues for six months to 30 September 2016 £110.1 million (2015: £111.6 million)
- SIS EBITDA for six months to 30 September 2016 of £18.3 million (2015: £20.1 million)
- SIS profit after tax on ordinary activities for the six months to 30 September 2016 of £5.2 million (2015: £6.1 million)
- SIS declared a dividend of £20.0 million in July 2016, £4.1 million received by CMG
- Following receipt of the SIS dividend, the Company purchased, in aggregate, 3,379,327 ordinary shares in the market at a total cost of approximately £2.5 million
- To support the change in emphasis of the business, SIS has been renamed and rebranded to Sports Information Services

Michael Rosenberg, Chairman of Catalyst commented: *"The six months results for SIS showed a decrease in revenues and profits compared to the previous period at £110.1 million and £5.2 million respectively. However a dividend of £20.0 million was paid by SIS in July 2016 and SIS continues to trade in line with its management expectations. However, the revenues and profits of SIS for the year 2017/8 and subsequent years will be impacted by the transition to a lower risk and lower profitability business arising from the changes in the media rights contracts as already reported. This is anticipated by SIS's management to result in a decline in the underlying operating results of approximately 50%, subject always to the impact of any new initiatives."*

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

Chairman's Statement

For the six month period ended 31 December 2016 the Group has generated a net profit after taxation but before adjustment to investment valuation charges of £1.03 million (2015: £1.22 million). After taking account of the adjustment to valuation charge of £1.06 million as referred to below, the Group recorded a loss of £32,526 for the period.

Net assets as at 31 December 2016 were £22.4 million (30 June 2016: £25.0 million). Net cash as at 31 December 2016 was £1.5 million (2015: £13,688). Excluding the shares held in treasury, the net assets per share as at 31 December 2016 was 106.4p (2015: 102.3p).

The Group's main asset remains its 20.54% stake in SIS and, in July 2016, the Company received a dividend of £4.1 million from SIS. The board has reduced the value of the investment by the amount of its profit share for the period being £1.06 million. Accordingly, the value of the investment in SIS has been reduced to £20.9 million after taking account of the dividend receipt referred to above.

CMG equity accounts for its share in the profits of SIS which were £5.2 million after tax for the six month period to 30 September 2016 (2015: £6.1 million). Total revenues of SIS for the period were £110.1 million (2015: £111.6 million) of which £101.5 million (2015: £102.3 million) 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 £8.6 million (2015: £9.3 million) was contributed by SIS Live services, which provides critical media connectivity from its fibre and satellite networks to its customers. Operating profits of SIS for the period were £6.3 million compared to £7.8 million, in the comparable period for 2015.

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. As previously disclosed, the business is progressing with its strategic objective of sustaining its place in UK Retail. To date the announced media rights arrangements with Racecourse Media Group ("RMG"), Horse Racing Ireland and the Association of Irish Racecourses, and most recently with Chelmsford City Racecourse, have secured ongoing horse racing content for SIS through to 2022/3. The new rights arrangements are at lower margins than previously achieved however, the agreements reduce major market risks faced by SIS prior to those arrangements.

Having secured long term horse racing rights, SIS's management is focusing attention on greyhound rights and announced in February 2017 a deal to acquire two greyhound tracks thereby increasing the volume of secure long term content for its Greyhound Service both in the UK and Internationally.

SIS's management has, at the same time, been focusing on how to enhance the profitability of the business in the light of reduced margins from the traditional core business. A number of diversification initiatives are underway and many of these are showing positive results, details of which are outlined below.

To support the change in emphasis of the business SIS has been renamed and rebranded to Sports Information Services, still maintaining the SIS abbreviation but utilising a more modern and digital orientated logo and colour.

Diversification Initiatives

SIS has a number of initiatives underway and some of these are discussed below:

SIS have devised a methodology to gather and utilise information both from on-course and off-course sources and produce an in-running betting product which will allow bookmakers, in particular, to offer bets during a race. Work is ongoing with regard to both the source data and the final betting product output and this is expected to reach market during FY17-18.

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. This is an area which is expected to grow in the coming months and years as online bookmakers seek to utilise access to content to drive betting revenues.

SIS compiles odds for a range of sporting events from a bespoke trading room at its headquarters in London. They offer an outsourced trading service, providing price and price derivatives for betting operators. The range of markets covered by trading services currently include Ante Post, Early Prices, Board Prices and SIS's own Starting Prices for both Horse and Greyhound racing and SIS expects to extend the service to other sports in due course.

Although SIS is well placed in the retail sector in a number of markets overseas such as Spain, Greece, Caribbean and Sri Lanka, SIS's management believe this is an area where there is considerable opportunity for both its traditional and new products. SIS has recently launched services in Australia and is in discussion with a number of customers in Europe and Africa where developments with technology and regulation changes are providing opportunities.

During the current year SIS has developed and implemented Complex Automated Production (CAP) technology which has facilitated high levels of automation on its own six TV channels and has delivered ongoing cost efficiencies. SIS believes that this technology has uses both within the current retail sector and wider and is seeking to leverage the technology.

SIS LIVE

SIS LIVE provides critical media connectivity from its AnyLive fibre connectivity network and its satellite connectivity network via uplinks, SNG and satellite internet services. It is also engaged in teleports, distribution and satellite capacity provision as well as outside broadcasting for racing. It is becoming the connectivity provider of choice for critical media content in the UK, and regularly provides media connectivity for broadcasters covering key events such as The Six Nations, Premier League, F1, ETP golf, darts and snooker tournaments.

The AnyLive fibre network provides 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 SIS'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.

In the current year SIS LIVE has sold its non-core hardware division, which designed and manufactured satellite dishes for commercial use, to General Dynamics. The sale of the business will generate a one off profit in the year and will enable the SIS LIVE management team to focus on the core fibre and satellite connectivity business.

India

SIS continues to progress the outstanding amounts due and the associated tax liabilities relating to the India Commonwealth Games in 2010. Progress continues with regard to both tax and settlement issues however progress is slow and SIS expects final resolution to take a further 12 to 18 months.

Outlook

SIS continues to trade in line with its management expectations and profit after tax for the year ending 31 March 2017 is expected to be similar to the previous year. Cash generation continues at higher levels due to amortised media rights payments and will generate approximately £10 million, net of the declared and paid dividends, in the year to 31 March 2017.

The financial year, April 2017 to March 2018, will be a key transition year for SIS in the switch to low risk low margin core UK retail rights. This sees the majority of the current UK horse racing media rights arrangements ending in the period, with the new RMG UK horse racing media rights commencing from April 2018, and as a result, SIS's underlying operating results are expected to decline by approximately 50%.

No decisions have yet been made by the Board of SIS with regard to any dividend payments but the situation remains under review.

CMG had approximately £1.5 million in cash as at 31 December 2016. Pending any decisions made by SIS with regard to future dividend policy the cash will be retained in the short term to finance overheads which run

at under £100,000 per annum and once the SIS divided policy is known, a decision will be made on the most appropriate way to distribute cash to shareholders either by continuing purchases in the market or by way of a dividend.

Consolidated interim statement of comprehensive income

	<i>Notes</i>	6 months to 31 December 2016	6 months to 31 December 2015	12 months to 30 June 2016
		£ 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		(56,033)	(46,446)	(112,036)
Operating loss		<u>(43,533)</u>	<u>(33,946)</u>	<u>(87,036)</u>
Financial income		2,984	6	7
Financial costs		(105)	(26)	(186)
Net financial income		<u>2,879</u>	<u>(20)</u>	<u>(179)</u>
Share of profit of equity-accounted associate	1	1,062,740	1,248,832	3,409,845
Impairment of equity-accounted associate		(1,062,740)	(1,248,832)	(3,014,622)
Transitional adjustment relating to equity-accounted associate		-	-	(368,521)
Loss before taxation		<u>(40,654)</u>	<u>(33,966)</u>	<u>(60,513)</u>
Taxation		8,128	9,517	16,543
Loss for the period		<u>(32,526)</u>	<u>(24,449)</u>	<u>(43,970)</u>
Share of other comprehensive income of associate		-	-	(26,702)
Total comprehensive loss for the period		<u>(32,526)</u>	<u>(24,449)</u>	<u>(70,672)</u>
Attributable to equity holders of the company		<u>(32,526)</u>	<u>(24,449)</u>	<u>(70,672)</u>
Loss per share:	4			
Basic		<u>(0.14p)</u>	<u>(0.10p)</u>	<u>(0.18p)</u>
Diluted		<u>(0.14p)</u>	<u>(0.10p)</u>	<u>(0.18p)</u>
Pre valuation adjustment		<u>4.44p</u>	<u>5.02p</u>	<u>12.17p</u>

Consolidated interim statement of financial position

	<i>Notes</i>	31 December 2016	31 December 2015	30 June 2016
		£ Unaudited	£ Unaudited	£ Audited
Assets				
Non-current assets				
Investment in associate	1	20,892,466	25,000,000	25,000,000
		<u>20,892,466</u>	<u>25,000,000</u>	<u>25,000,000</u>
Current assets				
Trade and other receivables		28,746	18,692	34,173
Cash and cash equivalents		1,484,265	13,688	633
		<u>1,513,011</u>	<u>32,380</u>	<u>34,806</u>
Total assets		<u>22,405,477</u>	<u>25,032,380</u>	<u>25,034,806</u>
Equity and liabilities				
Capital and reserves attributable to equity holders of the parent				
Share capital		2,103,203	2,541,136	2,541,136
Capital redemption reserve		711,116	273,183	273,183
Merger reserve		2,402,674	2,402,674	2,402,674
Retained surplus		17,171,001	19,764,245	19,718,022
		<u>22,387,994</u>	<u>24,981,238</u>	<u>24,935,015</u>
Current liabilities				
Trade and other payables		17,483	51,142	96,423
Corporation tax payable		-	-	3,368
		<u>17,483</u>	<u>51,142</u>	<u>99,791</u>
Total equity and liabilities		<u>22,405,477</u>	<u>25,032,380</u>	<u>25,034,806</u>

Consolidated interim cash flow statement

	6 months to 31 December 2016	6 months to 31 December 2015	12 months to 30 June 2016
	£ Unaudited	£ Unaudited	£ Audited
Cash flow from operating activities			
Loss before taxation	(40,654)	(33,966)	(60,513)
Adjustments for:			
Depreciation, amortisation and valuation adjustment	1,062,740	1,248,832	(3,409,845)
Share of profit from associate	(1,062,740)	(1,248,832)	3,014,622
Transitional adjustment	-	-	368,521
Finance income	(2,984)	(6)	(7)
Finance expense	105	26	186
Corporation taxes recovered	4,758	4,173	18,449
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities before changes in working capital	(38,775)	(29,773)	(68,587)
Decrease / (increase) in trade and other receivables	5,429	15,850	(3,513)
(Decrease) / increase in trade and other payables	(78,940)	10,662	55,943
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Net cash outflow used in operating activities	(112,286)	(3,261)	(16,157)
Investing activities			
Dividend received	4,107,534	-	-
Interest received	2,984	6	7
	<hr/>	<hr/>	<hr/>
Net cash inflow from investing activities	4,110,518	6	7
Financing activities			
Shares purchased into treasury	(2,514,495)	-	-
Interest paid	(105)	(26)	(186)
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Net cash outflow from financing activities	(2,514,600)	(26)	(186)
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Net increase/(decrease) in cash and cash equivalents in the period	1,483,632	(3,281)	(16,336)
Cash and cash equivalents at the beginning of the period	633	16,969	16,969
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Cash and cash equivalents at the end of the period	1,484,265	13,688	633

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 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)
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
Loss for the 6 month period to 30 June 2016	-	-	-	(19,521)	(19,521)
Share of other comprehensive loss of associate	-	-	-	(26,702)	(26,702)
Total comprehensive loss for the period	-	-	-	(46,223)	(46,223)
At 30 June 2016	2,541,136	273,183	2,402,674	19,718,022	24,935,015
	Share capital	Capital redemption reserve	Merger reserve	Retained surplus/ (deficit)	Total shareholders equity
	£	£	£	£	£
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 July 2016	2,541,136	273,183	2,402,674	19,718,022	24,935,015
Loss for the 6 month period to 31 December 2016	-	-	-	(32,526)	(32,526)
Share repurchase	-	-	-	(2,514,495)	(2,514,495)
Cancellation of treasury shares	(437,933)	437,933	-	-	-
Total comprehensive loss for the period	(437,933)	437,933	-	(2,547,021)	(2,547,021)
At 31 December 2016	2,103,203	711,116	2,402,674	17,171,001	22,387,994

On 2 October 2016, the Company purchased in the market 400,000 shares at 70p per share. During the period, the Company purchased in the market a further 2,979,327 shares at 75p per share. The purchases were made out of distributable reserves. All shares repurchased totalling 3,379,327 and shares held in treasury of 1,000,000 with a nominal value of £437,933 were cancelled during the period. See note 5 for further details.

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 2016	19,568,457	5,431,543	25,000,000
Additions – share of profit	1,062,740	-	1,062,740
Dividend received	(4,107,534)	-	(4,107,534)
Valuation adjustment	-	(1,062,740)	(1,062,740)
At 31 December 2016	16,523,663	4,368,803	20,892,466

The Group's interest in the associate Sports Information Services (Holdings) Limited (formerly 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 2016 and has 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 £20,892,466.

Share of profit of associate*	30 September 2016 SIS Total £'000	31 December 2016 CMG share £'000	31 December 2015 CMG share £'000	30 June 2016 CMG share £'000
Revenue:				
SIS Betting Services	101,493	20,847	21,012	42,987
SIS LIVE services	8,615	1,769	1,910	3,830
Total revenue	110,108	22,616	22,922	46,817
Operating profit from ongoing operations	6,332	1,301	1,602	4,182
Net interest receivable / (payable)	233	48	13	94
(Losses) / profits on business wind down	-	-	-	(101)
Profit on disposal of joint venture	-	-	-	132
Profit on disposal of fixed asset	-	-	-	65
Exceptional items	(98)	(20)	(54)	-
Profit before tax	6,467	1,329	1,561	4,372
Taxation	(1,293)	(266)	(312)	(962)
Share of profit after taxation	5,174	1,063	1,249	3,410
Net income from associate	5,174	1,063	1,249	3,410
Other comprehensive income				
Actuarial (loss) /gain	-	-	-	(308)
Deferred tax	-	-	-	7
Change in value of hedging instrument	-	-	-	274
	-	-	-	(27)
Share of gross assets and liabilities of associate				
Gross assets	151,914	31,203	29,911	32,685
Gross liabilities	(71,471)	(14,680)	(12,105)	(13,117)
Net equity	80,443	16,523	17,806	19,568

*The period covered by the associate's accounts is the six months to 30 September 2016. The revenues have been stated excluding internal revenues.

The financial results for SIS are taken from SIS's management accounts to 30 September 2016. The results have historically been adjusted in order to align the accounting policies of SIS (whose accounts were previously prepared under 'Old' UK GAAP) and CMG (whose accounts are prepared under International Financial Reporting Standards).

Within the financial statements for the year ended 30 June 2016, a transitional adjustment was recognised in CMG following SIS's transition to reporting under FRS 102. The estimates made in the CMG accounts in order to align the accounting policies previously are no longer needed.

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 2016 to 31 December 2016 including the financial results of SIS for the six month period to 30 September 2016.

These consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2016 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 2017.

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 2016, 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 2016 £	6 months to 31 December 2015 £	12 months to 30 June 2016 £
Basic and Diluted			
Earnings per Share pre valuation adjustment – pence	4.44p	5.02p	12.17p
Loss per Share – pence	(0.14p)	(0.10p)	(0.18p)
Profit attributable to equity shareholders (before valuation adjustment)	1,030,214	1,224,383	2,970,652
Loss attributable to equity shareholders	(32,526)	(24,449)	(43,970)
Weighted average number of Shares in issue	23,221,321	24,411,357	24,411,357

5. Share repurchases

The Company made the following share repurchases during the period:

<u>Date of repurchase</u>	<u>No. of shares</u>	<u>Price per share</u>
02 October 2016	400,000	70p
17 October 2016	65,000	75p
19 October 2016	20,000	75p
25 October 2016	224,200	75p
27 October 2016	1,242,362	75p
1 November 2016	763,133	75p
2 November 2016	25,000	75p
4 November 2016	1,268	75p
7 November 2016	162,737	75p
8 November 2016	1,127	75p
9 November 2016	474,500	75p

The ordinary shares repurchased totalling 3,379,327 and those held in treasury at the beginning of the period totalling 1,000,000 with a total nominal value of £437,933 were cancelled during the period. As at 31 December 2016, there were no shares held in treasury.