

28th April, 2003

NEWSPLAYER GROUP PLC
AUDITED RESULTS FOR THE YEAR ENDED 31ST OCTOBER, 2002

Newsplayer Group plc (NPG), the media company, today announces audited results for the year ended 31st October 2002, the Company's second full year of trading.

Financial Highlights:

- Turnover of £954,264, up £52,163 (2001: £902,101)
- Pre-tax loss was £3.46 million, (2001: £1.6million)
- Exceptional write off: £998,699
- Cash reserves: £438,000 at 31st October 2002.

Business Highlights:

Over the last year, NPG has achieved the successful launch of VideoTV and PureWorldCup and continued to expand its portfolio of quality video content through agreements with the BBC and Associated Rediffusion to strengthen the FrostTV offering.

Distribution relationships have been formed with NTL, BT and Freeserve in the UK as well as SingaporeONE, SFR in France and Cross Media Entertainment in the USA.

In July 2002 NPG appointed Prime Entertainment as exclusive European sales agent and are also working in partnership with Global Media Services (GMS) in New York to build distribution in the USA. The partnership with GMS has allowed NPG to strengthen technical resources and further develop the FOOTAGE.net business, the worlds' leading footage portal.

Commenting on the results, Paul Duffen, Chief Executive Officer, said:

Over the past three years we have invested significant capital and resource in the acquisition of rights and licences and in the tools and technology to enable the exploitation of that content. This investment has enabled us to deliver six video-on-demand channels each with a choice of payment, rights protection and asset management solutions. We are now firmly established as the market leader in the provision of streaming media content and are confident that our revenues will grow as a direct result of the proliferation of broadband globally and the distribution partnerships we are now forming.

Over the last year, we have embarked on a significant overhead reduction programme and have been successful in raising £310,000 in new equity. The overheads for the group are now approximately £60,000 per month (£160,000 per month up to 31st October 2002) with the

substantial part of the reduction coming from rationalisation of our administration and technology outgoings.

We have stated that it is our intention to acquire GMS in New York. We now anticipate this to be completed in the summer of 2003. We continue to work closely as strategic partners in the meantime and I am confident that the combination of our two businesses with complementary products, skill sets, geographical location and a low cost base will enable the Group to reach profitability by the end of 2003.

Appointment of New Broker

The Company is pleased to announce that it has appointed Shore Capital as nominated advisor and stockbroker, effective 28th April 2003.

Board Changes

Rodger Sargent resigned as a Non-Executive Director with effect from 26th July 2002

NPG is pleased to announce that Steven Smith will shortly be appointed to the Board of NPG. Steven Smith, ACA ATII, is a significant shareholder in NPG through his wholly owned investment company, Reef Securities Limited, which has a 9.9% interest in NPG

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CHAIRMAN'S STATEMENT

2002 was a year of growth and development for the Company. In difficult market conditions we continued to grow our revenues, secure rights to additional content, sign distribution deals and launch new channels.

In addition to our existing activities, 2002 saw the Company increasing its focus on the stock Footage market through our American subsidiary, NPG Inc, which acquired the business and assets of Footage.Net in December 2001. Footage.Net, the leading stock footage portal, manages the databases for the world's major stock footage libraries and makes them available to researchers in a single environment. The Company is committed to the evolution of Footage.Net into a fully transactional licensing platform through the combination of investment and the integration of existing NPG technology. This development will significantly increase the revenue that NPG Inc is able to generate.

During the year the Group undertook a detailed analysis of the strategic options in respect of its business. The results of the strategic analysis were incorporated into the annual impairment review of the carrying value of the Group's acquired intellectual property rights. This impairment review assesses whether the carrying value of the intangible assets was supported by the net present value of future cash flows to be derived from the relevant assets. The review indicated that an impairment charge of £998,699 was required in respect of the carrying value of the acquired intellectual property rights. There was no impairment to any other assets.

During the year we signed significant new content deals: a five year licence for EMI's catalogue of audio and video material; a ten year licence for World Cup footage from North American Institute and deals with both the BBC and Associated Rediffusion for further Frost material. This new content enabled us to launch two additional streaming media channels, Video TV and Pure World Cup which, added to Frost TV, Newsplayer, Screenplayer and Birdstream, brings our total of consumer video-on demand channels to six, which confirms NPG as the leader in its field. There is no doubt that general trading conditions have been difficult and are likely to remain so in the short term. However, NPG has the benefit of long term rights and licences, which will enable it to profit from the upturn in the economic cycle and the continuing growth in Broadband proliferation worldwide. In response to the immediate challenge the Company has been successful in attracting £310,000 of new capital and has implemented a 60% reduction in overheads. Furthermore, we have sought additional revenue streams, which will hasten the time to the Company becoming cash generative.

In December 2002 we announced that NPG had signed a letter of intent to acquire Global Media Services (GMS), a leading provider of managed Media and Professional Services based in New York. GMS was founded by Adam Cohen, who most recently served as the Chief Media Officer for Cable and Wireless in North America and was responsible for the overall vision and strategy of Cable and Wireless's Media Services business and Jennifer Sultan, who recently served as Director of Operations for Cable and Wireless.

Cohen and Sultan were previously founders of New York-based Live On Line, which was founded in 1995 and acquired by Digital Island in January 2000. Live On Line was an early pioneer in the production, acquisition, and delivery of streaming media and rich media over the Internet. The acquisition of GMS will provide the Company with service based revenues from activities such as the encoding, hosting, delivery, encryption, distribution and rights management of

audiovisual assets as well as revenues from e-messaging and e-mail based direct marketing. The consideration for GMS will be wholly satisfied by the issue of shares in NPG and we expect the transaction to be completed by summer 2003. As a pre cursor to the acquisition we have signed a distribution agreement with GMS, which is already enabling us to pursue service-based revenues both in America and the UK.

With the combination of additional content, a reduction in core overheads, the growth of our stock footage business and the introduction of new services based revenue I am confident that the Company faces a bright and exciting future.

David Holdgate, Chairman.

OVERVIEW

These results cover the year ended 31st October, 2002, NPG's second full year of trading.

NPG's principal activity is exploiting rights and/or licenses to quality cultural and historical video content and marketing them globally to business, educational and consumer audiences using interactive technology. Revenues are generated from the licensing of content to third parties, from subscription and pay-per-view fees paid by consumers, and from shared advertising revenues.

FINANCIAL RESULTS

Revenues for the year were £954,264, up from £902,101 for the period ended 31st October 2001. Revenues were generated from subscriptions to the various NPG websites, from licensing of content, and from product licensing to third parties.

Gross profit generated from activities was £427,527, compared with £897,662 for the period ended 31st October 2001.

The pre-tax loss for the year was £3,464,596 compared with a loss of £1,620,443 for the period ended 31st October 2001.

Cash reserves in the bank on 31st October 2001 were £438,000. No dividend has been paid or is proposed.

BUSINESS REVIEW

Overview

NPG is a media company that exploits rights and/or licenses in television and cinema content and markets them globally to business, education and consumer audiences using interactive technology. Revenues are generated from the licensing of content to third parties, from subscription and pay-per-view fees paid directly by consumers and from advertising revenues. 2002 saw increased focus on business-to-business activities with the acquisition of FOOTAGE.net, the leading stock footage portal, based in Virginia, USA. The year saw continued progress in our accumulation of compelling content with the addition of VideoTV and PureWorldCup. The FrostTV channel was further enhanced by the additional material from the BBC and Associated Rediffusion. NPG now

has a critical mass of six video-on-demand (VOD) streaming media channels with licenses to exploit the content globally for up to 17 years.

NPG Inc. and its primary business, FOOTAGE.net, continued to expand on its position as the leading portal for stock footage. Between NPG's acquisition of FOOTAGE.net in December 2001 through to October 2002, the number of stock footage agencies that work with FOOTAGE.net increased by 50% in spite of a continued advertising and media slump worldwide. Technical advances in the delivery of FOOTAGE.net services and a strong focus on customer support were instrumental in driving that growth and supporting high renewal rates. These improvements are expected to underpin continued growth in demand for FOOTAGE.net services.

VideoTV

In November 2001, NPG announced a five-year, non-exclusive agreement with EMI Recorded Music to license footage from EMI's catalogue of historic and current video material to VideoTV, NPG's video-on-demand (VOD) channel. The Company also announced that Virgin Holdings Inc. (a division of EMI Recorded Music) was taking an equity stake in NPG.

The VideoTV service was launched towards the end of 2002 with over 3,000 music videos.

Screenplayer

Screenplayer (www.screenplayer.com) provides an additional revenue stream for NPG by offering consumers on a subscription basis, over 600 hours of on-demand programming related to the stars of Hollywood cinema, 20th Century musicians and musicals, comedians and other entertainers. The catalogue originates from the archives of Passport International Productions from whom NPG obtained an exclusive 12-year worldwide licence for the programmes in June 2001.

The subscription fee for Screenplayer is £25 per annum although those who are already subscribers to other NPG websites receive a discount.

NPG pays royalties to Passport International in the amount of 50% of gross revenues received.

UcreateTV

UcreateTV is an application designed and developed by NPG, which allows customers to upload home-shot video footage to their PCs and edit them on-line to create films. A patent for UcreateTV is pending having satisfied criteria for novelty, inventiveness and industrial application required by the European Patent Office. As part of the joint venture with JVC in April 2001, purchasers of the JVC Miniature video camera in the UK and Ireland receive pre-paid subscriptions to Newsplayer.com and UcreateTV. Using UcreateTV and Newsplayer.com together, subscribers can select newsreel footage from the ITN archives and edit them together with their home-shot video to create montages and mini films for their own entertainment. The UcreateTV facility is available to consumers for a one-off payment of £75 with an accompanying subscription to Newsplayer.com for a further £25 per annum.

RSPB Film Collection

NPG has an agreement with the Royal Society for the Protection of Birds (RSPB) covering both content and distribution and targeting both consumers and professional filmmakers. This agreement has been in place since December 2001.

NPG manages the archives of the RSPB Film Collection to make them easily available, for a licensing fee, to professional programme-makers at www.rspb.org.uk/films. The Film Collection is the world's most comprehensive resource for UK and European bird footage. The archive dates back to 1953 and features more than 100 different species of birds.

NPG receives a monthly service fee from RSPB for managing its film collection online and a commission for licensing material to programme makers.

Birdstream

NPG also offers consumers and educational institutions access to the RSPB Film Collection through its on-demand subscription channel Birdstream. The RSPB supports the marketing of this service in its member publication and receives a 30% share of the £7.95 annual subscription fee.

FrostTV

FrostTV (www.frost.tv) is a joint venture between NPG and internationally acclaimed TV interviewer and broadcaster Sir David Frost. NPG has acquired the exclusive rights hundreds of interviews with leading politicians and celebrities conducted over 40 years, much of which has not been seen since its original screening. Additional programming from Sir David's catalogue has been acquired from other sources including the BBC, which provides the Breakfast with Frost series. The material has been catalogued, tagged and digitised by NPG and can be searched and viewed online at FrostTV. The subscription fee is £25 per annum, but discounted for subscribers to other NPG channels.

The joint venture agreement, which was signed in December 2000, gives NPG exclusive rights to exploit opportunities in both online and off-line syndication. NPG also allows broadcasters and programme makers to license the content for FrostTV online. Further revenue opportunities exist in the post-production of the material, the syndication to third party websites and portals, and the production and sale of DVDs.

The joint venture is structured as a revenue share between NPG and Sir David Frost.

Newsplayer.com

Newsplayer.com is NPG's original and flagship website. It is a subscription-based VOD channel enabling consumers to search for and stream video and audio clips of major news events around the world since 1896. The content for Newsplayer.com is provided via NPG's 20-year non-exclusive licence (acquired in 1999) to the ITN archives, which include news from ITN, Reuters, French Pathé, Gaumont, Paramount, Empire News, and Visnews. The base subscription model of £25 per annum was launched in August 2000.

Whilst all the material on the site is encoded at both narrowband and broadband speeds, it is significant that most of the footage streamed by customers has been over broadband connections. This supports the Directors' belief that the Company is well positioned to benefit from the rapid take up of high speed Internet connections around the world.

PureWorldCup

In February 2002, NPG acquired ten-year worldwide internet rights to 11 hours of World Cup football programming from the North American Institute, Miami.

PureWorldCup (www.pureworldcup.com) features 11 post-produced films celebrating the highlights from each World Cup tournament from 1958 to 1998. NPG expects to add highlights from the 2002 tournament in Japan/South Korea to PureWorldCup shortly. This series is available to consumers for on-demand streaming for £9.99 for a three-month subscription.

NPG Inc. FOOTAGE.net

FOOTAGE.net is the world's leading portal for stock footage. Over 3.5 million searches are conducted annually over the combined online network of databases. NPG acquired the trade and assets of FOOTAGE.net in December 2001 through its US subsidiary NPG Inc.

FOOTAGE.net creates and maintains databases for dozens of the world's leading stock footage libraries including ABC News, CNN, Action Sports and National Geographic.

The site brings together in one single location hundreds of thousands of clips that can be searched with a single query enabling researchers, advertising agencies and programme makers to find specific footage 24 hours a day, 365 days a year. The database is currently text only, however NPG is currently building an advanced platform to incorporate a video facility within the site which will enable users to view, select, license and order clips online.

The FOOTAGE.net portal has now positioned NPG to take a leading role in the stock footage industry.

Other Content Rights

In addition to the content currently distributed over NPG's media channels, NPG maintains the rights, obtained in 2000, to exploit additional video content from the Alison Mercer Collection and Stock Video of Boston that will provide opportunities for future revenue growth.

NPG holds 20-year exclusive rights for Internet distribution of The Alison Mercer Collection, comprising 1,400 video clips and 280 hours of material of cinema-related and newsreel footage. NPG intends to generate revenues from licensing the material to third-party websites and from video-on-demand streaming direct to consumers.

NPG holds 10-year exclusive rights for Internet distribution of The Stock Video of Boston archive, comprising 800 hours of US sports footage and originating from Columbia Sports News and Castlefilms. NPG intends to generate revenues from licensing the material to third-party websites and from video-on-demand streaming direct to consumers. Together with the Alison Mercer Collection, this material represents an important addition of content specifically relevant to a US audience, a key target market for the Company.

Other Strategic Partnerships

- In March 2003 NPG agreed syndication and referral partnerships with Cross Media Entertainment (CME) and Global Media Services (GMS) on a percentage share of video on demand (VOD) revenues and broaden distribution beyond ISP audiences to other online communities.
- In January 2003 French mobile operator SFR selected VideoTV for use in its trial of mobile streaming and download technology.
- The October 2001 agreement with SingaporeONE continues to bring in advertising and subscription revenues through a service featuring NPG properties only.
- In the UK, both NTL and BT feature NPG properties as premium content, providing greater incentive for their broadband services. The NTL agreement made in 2001 shares NPG subscription revenues and will grow during 2003 into an additional, VOD entertainment channel exclusive to NTL subscribers.
- In August 2002, BT entered into a referral agreement, offering bounty payments for broadband sales directly referred to from several NPG properties.
- The June 2001 agreement with Freeserve Plus expanded in 2002 to include the PureWorldCup.com and VideoTV channels.
- In March 2003, NPG's partnership with EMI expanded to include the provision and distribution rights of audio downloads from the EMI catalogue.
- NPG also partnered with GMS for streaming backbone services.
- NPG's technology agreement with Microsoft continues with the exclusive use of the Windows Media Player as an online streaming format. In return, Microsoft promotes newsplayer.com on windowsmedia.com as part of the product launch of the Windows Media Player 9 series.
- Hollinger International (Telegraph Group) a strategic investor and partner of NPG continue to provide an important and valuable resource to the Company.

FINANCIAL RESULTS

Extract of the audited financial information for the year ended 31st October 2002 is as follows:

Consolidated Profit and Loss account

Note	Year ended 31 st Oct 2002 (audited) £	Year ended 31 st Oct 2001 (audited) £
Turnover	954,264	902,101
Cost of sales	(526,737)	(4,439)
Gross profit	427,527	897,662
Operating expenses	(3,951,978)	(2,809,651)
Operating loss	(3,524,451)	(1,911,989)
Net interest receivable	59,855	291,546
Loss on ordinary activities before taxation	(3,464,596)	(1,620,443)
Taxation	<u>(1,000)</u>	<u>(1,333)</u>
Loss on ordinary activities after taxation	(3,465,596)	(1,621,776)
Loss per ordinary share – basic	(5.03p)	(2.46p)
Loss per ordinary share – diluted	(5.03p)	(2.52p)

No statement of total recognised gains and losses has been presented, as there are no recognised gains and losses other than the loss for the financial year.

Consolidated Balance Sheet

	Note	31 st Oct 2002 (Audited)		31 st Oct 2001 (Audited)	
		£	£	£	£
Fixed assets:					
Intangible assets			2,727,455		1,007,793
Tangible assets			<u>237,370</u>		<u>217,520</u>
			<u>2,964,825</u>		<u>1,225,313</u>
Current assets:					
Debtors		1,067,839		1,793,980	
Investments		-		-	
Cash at bank and in hand		<u>438,874</u>	1,506,713	<u>3,798,221</u>	5,592,201
Creditors due within one year			<u>(342,349)</u>		<u>(311,984)</u>
Net current assets			<u>1,164,364</u>		<u>5280,217</u>
Net assets			<u><u>4,129,189</u></u>		<u><u>6,505,530</u></u>

Capital and Reserves

	£	£
Called up share capital	692,688	658,054
Share premium account	11,707,380	10,652,759
Merger reserve	(509,386)	(509,386)
Profit and loss account	<u>(7,761,493)</u>	<u>(4,295,897)</u>
Shareholders' funds	<u><u>4,129,189</u></u>	<u><u>6,505,530</u></u>

Consolidated Cash Flow Statement

	Year ended 31st Oct 2002 (Audited) £	Year ended 31st Oct 2001 (Audited) £
Note		
Net cash outflow from operating activities	(1,223,993)	(2,335,360)
Returns on investment and servicing of finance	59,855	346,988
Taxation	(1,500)	(1,000)
Capital expenditure and financial investment	(1,893,015)	(1,084,053)
Management of liquid resources	-	(5,100,000)
Acquisition	(335,330)	-
Financing:		
Issue of ordinary share capital	34,636	-
	<hr/>	<hr/>
Increase in cash	<u>(3,359,347)</u>	<u>2,026,575</u>

Notes to the Financial Highlights

The results for the year ended 31st October 2002 are audited and the comparative results for the year ended 31st October 2001 are taken from the group's statutory accounts.

1. Accounting policies

This statement of the 2002 results has been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards. There have been no changes in accounting policies over the previous year.

2. Turnover

Turnover is subscription income for access to web sites and fees from licensing of content and applications.

3. Loss per share

The calculation of loss per share is based on a weighted average of 68,942,343 issued ordinary shares (2001: 65,805,357) and on the loss attributable to ordinary shareholders of £3,465,596 (2001: £1,621,776).

No adjustment has been made to the diluted loss per share for out of money options and diluted loss per share therefore equals basic loss per share.

4. Share Capital

	£
Authorised:	
90,000,000 ordinary shares of 1 pence each	900,000
Allotted, issued and fully paid:	
69,268,797 ordinary shares of 1 pence each	692,688

There have been alterations in the issued share capital during the year.

On November 2001 EMI Recorded Music Holdings, Inc. was issued 3,290,300 1p shares in exchange for £32,903 and a five year non-exclusive agreement to license footage from EMI's catalogue of historic and current video material. The license was valued at £1,054,621. EMI Recorded Music Holdings, Inc. was also given the option to subscribe to an additional 173,140 1p shares. This option was exercised on 25 April 2002.

At 31st October 2001 there were 3,729,330 unapproved share options outstanding under the Executive Share Option Scheme. Of these, 1,250,303 options are exercisable at any time between 30th May 2003 and 30th May 2010 at an exercise price of 84p, and the remaining 2,479,027 options are exercisable between 19th January 2001 and 19th January 2011 at an exercise price of 49.17p.

There are also 429,800 warrants in issue at 46.54p, exercisable at any time up to and including the date which falls 28 days after the publication of the Company's final results for the year ending 31st October 2005.

5. Reconciliation of operating loss to operating cash flows

Operating loss	£ (3,524,451)	£ (1,911,989)
Write off intangibles	998,699	-
Depreciation	82,600	43,876
Amortisation	376,582	177,692
Loss on disposal fixed assets	5,990	-
Increase in debtors	805,891	(52,140)
(Decrease)/Increase in creditors	<u>30,696</u>	<u>(592,799)</u>
Net cash outflow from operating activities	<u>(1,223,993)</u>	<u>(2,335,360)</u>

6. Taxation

The tax charge represents the minimum payable by one of the group subsidiaries Newsplayer International Limited, a Guernsey registered company.

ANNUAL REPORT

The Annual Report, which contains the audited financial statements, is available to shareholders in and to members of the public from the Company's registered office at 12 Gough Square, London EC4A 3DW and from the Company's website at www.npg-plc.com.