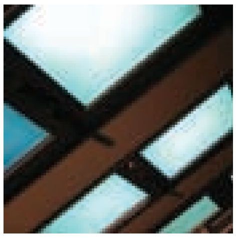

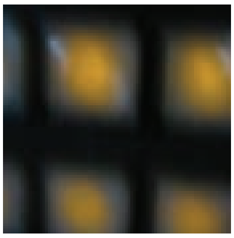

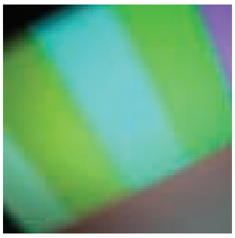

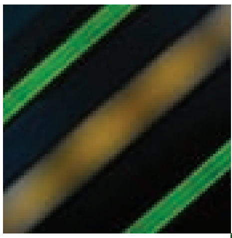

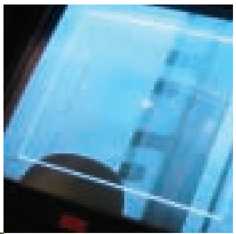

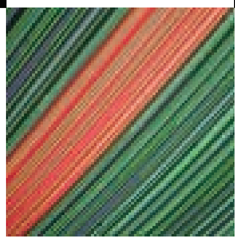

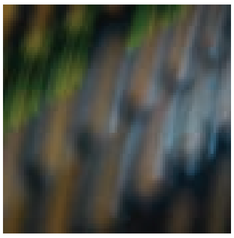

npg
newsplayer
group plc

REPORT & FINANCIAL STATEMENTS

31 October 2003

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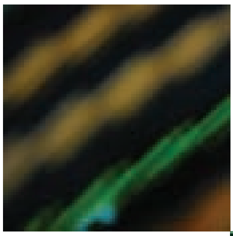
npg newsplayer group plc



This has been a significant period of achievement and growth for NPG. During 2003 the business was re-structured, important new distribution deals were signed and we acquired a media services business in New York, Global Media Services ("GMS"). Since the end of the 2003 financial year we have completed another acquisition in New York and as a result of these initiatives I am pleased to announce that the Group is now profitable and cash generative on a monthly basis.

2003 was a year of transition leading to a sharp fall in turnover. We implemented an extensive programme of cost reductions in our core UK business and increased our focus on the US. As part of this process, we closed our technology facility in Harrogate and transferred all of our technology resources to GMS in New York. The UK head-count was reduced by 40% and successfully re-focused on targeting bulk deals with major distributors, the benefit of which will impact our current year numbers. The trading loss for the year excluding exceptional items, depreciation and amortisation was £1.8 million compared with £2.4 million in the previous year.

In the first half of the year we signed an agreement with Cross Media Entertainment to distribute NPG properties in North America and we launched a mobile streaming video pilot programme with SFR in France.

In September 2003 we signed a distribution agreement with leading Dutch Tele-communications Company, KPN, to license our Newsplayer.com, PureWorldCup, Screenplayer and VideoTV streaming video archives for provision to their ADSL customers. In December 2003 we announced a distribution agreement with NTL Home to provide content for NTL's Broadband Plus ('B+') service. The B+ package offers NTL broadband subscribers unlimited access to a comprehensive choice of games, music and entertainment for £3.99 per month and NTL will pay NPG a share of these revenues. The two-year agreement makes NPG's content channels available to NTL's 300,000 broadband customers in the UK with connection speeds of 600kbps or 1mbps.

These agreements highlight the leading role that NPG will play in the broadband video-on-demand world as it continues to develop.

In September 2003 we completed the acquisition of GMS and in February 2004 the acquisition of Betelgeuse Productions ("BPI"). These acquisitions further enhance the Group's positioning as a full service, cross platform, digital content business and provide critical mass, infra-structure and efficiencies for the Group's activities in the USA.

GMS, based in New York, generates its revenues by providing customers with a comprehensive portfolio of professional services to enable the exploitation of audio-visual content on the internet. GMS provides the Group with service-based revenues from activities such as: encoding; hosting; content delivery; encryption; distribution; ad insertion; pay-per-view; syndication; digital rights management; content management; messaging; and transaction processing and clearing.

BPI is an independent programme maker as well as a provider of broadcast production and post-production services for major TV networks, cable channels and advertising agencies. The business is based in Manhattan, where it has been located for over 20 years. In that time BPI has established itself as a market leader with strong brand values and has won over 50 Emmy awards. Amongst other shows, BPI produces 'Inside the Actors' Studio' for NBC, now in its 9th season and one of the most highly rated programmes on the Bravo channel. BPI's expertise in programme making will be applied to NPG's extensive content libraries to produce programming specifically designed for new platforms such as mobile and broadband. NPG's existing stock footage business, FOOTAGE.net, will be relocated from Virginia to BPI's premises in Manhattan which will accelerate the launch of a transactional platform allowing researchers to locate, retrieve, license and take delivery of stock footage quickly and efficiently. This will significantly increase the revenue generating potential of FOOTAGE.net.

In addition, GMS will work closely with BPI to develop digital solutions for content management, storage and distribution as well as web based initiatives to add value to traditional broadcast technologies. This collaboration will enable BPI to become a leading provider of Internet Protocol based video-on-demand services to the US television industry alongside its existing focus on creative excellence.

The partnership between BPI and GMS has delivered early success in winning the contract to provide both television and internet production services to the Champ Car racing series for the 2004 season. The initial contract will run from February 24 2004 until December 31 2004 and will generate revenues of circa US$5 million for the Group.

With the addition of GMS and BPI, the Group now has a broad base of services, content and expertise with which to build revenues and profits. During the year NPG raised £1,380,500 in additional working capital through two placings of new shares. The Company is now on a sound financial footing and we remain committed to grow the business both organically and by acquisition.

David Holdgate
Chairman
28 April 2004

In 1999 NPG launched a website which enabled subscribers to search the television news archives of ITN and Reuters and to watch the clips they selected via streaming media.

Newsplayer.com represented a significant development in the way that a viewer could interact with audio-visual content and demonstrated the generic model that will evolve into video-on-demand becoming an everyday part of the television experience. Internet Protocol allows two-way communication between the viewer and the content source whereas traditional broadcast platforms are by definition a "one-to-many" delivery mechanism. Digital satellite television already allows the viewer to influence what appears on the screen by communicating through the telephone line in the back of the decoder box. The pictures are delivered by satellite but the return path to the broadcaster is based on Internet Protocol in the same way as when you browse a website. As broadband speeds increase, both the broadcast quality pictures and the interactivity can be delivered through the telephone line and true video-on-demand will become a reality.

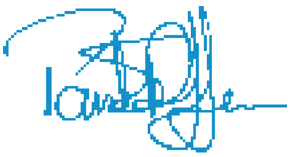
Over the past four years NPG has developed the skills and technologies to manage, control and distribute digital media and we have established ourselves as the partner of choice to enable content on the internet. The recent acquisition of GMS consolidated this position and now with the addition of Betelgeuse Productions the Group has taken a decisive step closer to the television industry where digital technology is the key to delivering interactivity, producing efficiencies and thereby driving profits.
The success of GMS and Betelgeuse combining to win the television and internet production contract for the Champ Car racing series is a great example of how these two industries are converging to produce an enhanced viewer experience. I am delighted with how well both organisations have integrated into the Group and that they are performing in line with expectations at the time of their respective acquisitions.

Significantly, the Group is now profitable on a monthly basis and I am confident that we will make a profit for the current financial year ending 31 October 2004. We will continue to grow the Group both organically and by seeking additional acquisitions where we can add value through the application of our digital expertise to traditional broadcast scenarios. We are actively investigating opportunities in the area of sport and particularly in relation to betting where the combined elements of interaction and live video can produce significant revenue.

There are other sectors such as the evolving digital cinema industry, which present many of the same synergies as the television industry and we continue to work closely with the music industry in developing strategies for the distribution of digital music to the range of emerging platforms.

Our business has evolved greatly since the launch of Newsplayer.com and we are now firmly established as the leading enabler of audio-visual content through the application of digital technology. To better reflect this position and the diversity within the Group the Board believes that it would be appropriate to change the name of the company to Catalyst Media Group plc.
A resolution to this effect will be put before shareholders at the forthcoming AGM.

The business is entering an exciting phase of growth and I am confident that we will meet the market expectations of our financial performance in the coming financial year.



Paul Duffen
Chief Executive Officer
28 April 2004

Operating review

NPG NEWSPLAYER GROUP PLC

newsplayer group plc

Newsplayer Group plc (NPG) is a media company with a broad range of revenue-generating activities focussed on the distribution of audio-visual content using Internet Protocol technology.

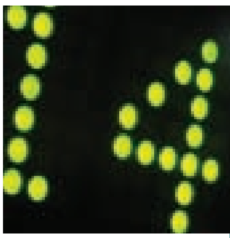
NPG revenues come from consumer as well as professional and corporate markets. NPG is a rights holder in television, music and film content, which it distributes on broadband and wireless platforms. NPG distributes its programming both directly to consumers via one of its six video-on-demand (VOD) streaming channels or indirectly via distribution partners, particular Internet Service Providers (ISPs), VOD service providers or content aggregators.

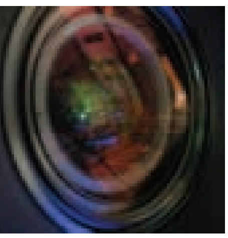
In addition to distributing its own licensed content, NPG provides the technical and marketing know-how to enable media partners to earn revenues from the online distribution of proprietary programming.

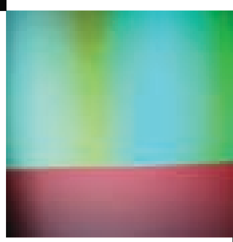
In the professional clips re-licensing market, NPG uses interactivity to add value to the marketing and distribution of clips for use in new TV, film and advertising productions. Many of the world's leading media companies are NPG partners in its re-licensing activities.

Through Global Media Services (GMS), NPG's New York-based subsidiary, the Group provides a comprehensive range of technical services to enable the profitable online distribution of audio-visual content. GMS' clients include, not just media companies, but organisations across private industry and the public sector reflecting the increasing use of streaming and download technology for operational efficiency, marketing and corporate communications.

In more 'traditional' media, NPG is now a significant producer of TV programmes and provider of post-production services to TV networks. This follows the acquisition of New York-based Betelgeuse productions in February 2004.







NPG offers consumers a variety of programming via six video-on-demand (VOD) streaming channels.

The development of these channels ensures the Group is well positioned to benefit from the rapid recent acceleration of high-speed internet connections around the world.

VideoTV

VideoTV, launched at the end of 2002, is NPG's music video channel offering more than 3,000 music videos on demand. The launch followed an agreement with EMI Recorded Music to license its current and back-catalogue of music videos. NPG has worldwide rights to distribute VideoTV on broadband and wireless platforms.

The catalogue covers the work of an international roster of artists in all genres, including soul, R&B, dance, jazz, blues, rock and pop. The addition of music programming licensed from Passport International Productions has complemented the EMI catalogue to deepen the jazz, blues and rock 'n' roll content from the pre-music video era.

Customers at www.video.tv can buy 'credits' allowing them the flexibility to stream their favourite videos whenever they choose.

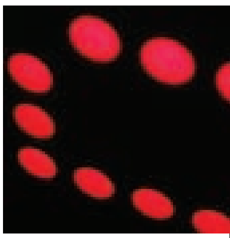
As part of the agreement, EMI Recorded Music Holdings Inc. took an equity stake in NPG, which in November 2001 was equivalent to 4.76% of the Company.

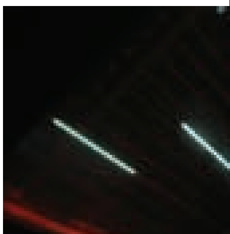
In a further agreement signed in April 2003, EMI appointed NPG as a Digital Service Provider allowing NPG to distribute much of EMI's audio catalogue via digital downloading platforms in Europe.

Screenplayer

More than 600 hours of Hollywood-related programming is available, on demand, at www.screenplayer.com.

The programmes include profiles of the stars from the classic era of Hollywood to the present day and documentaries on themes such as horror, sci-fi, comedy, bloopers and musicals. Biographical text descriptions of the stars give this site added depth and context. Customers subscribe to Screenplayer for one year and can stream the programmes on an 'all-you-can-eat' basis. NPG obtained the rights in the catalogue from Passport International Productions in a 12-year exclusive licence for worldwide online distribution.





ONLINE CONSUMER CHANNELS

FrostTV

FrostTV (www.frost.tv) is a joint venture between NPG and internationally acclaimed broadcaster and interviewer Sir David Frost OBE. NPG has acquired rights to hundreds of interviews with leading politicians and celebrities conducted over 40 years.

Among Sir David's interviewees are John Lennon and George Harrison, Margaret Thatcher, Nelson Mandela, Mikhail Gorbachev, Maya Angelou and Clint Eastwood. FrostTV also includes interviews with six US Presidents, including Sir David's famous Nixon interviews in which the former US President discusses Watergate, China, Cambodia and domestic divisions resulting from the war in Vietnam.

When they were broadcast these interviews received record ratings for current affairs programming. NPG has also acquired Sir David's Breakfast with Frost series from the BBC.

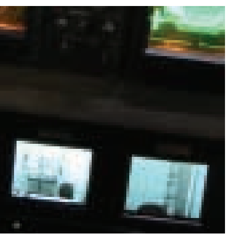
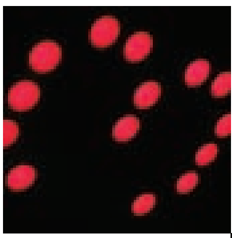
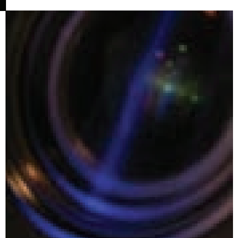
Consumers can search by interviewee or subject keywords at FrostTV which is available via an annual subscription. Alternatively, visitors can watch individual interviews on a pay-per-view basis.

NPG's agreement with Sir David Frost OBE was signed in December 2000 and allows NPG to exploit opportunities in much of the catalogue across all media, online and offline, where revenues are available both from clips re-licensing and programme syndication.

Birdstream.com

NPG makes available to consumers the film archives of the Royal Society for the Protection of Birds (RSPB) via its on-demand subscription channel Birdstream (www.birdstream.com).

The RSPB Film Unit was founded in 1953 and since then has built the world's most comprehensive source of film footage of birds native to the British Isles and continental Europe.


PureWorldCup

In February 2002, NPG acquired ten-year worldwide rights to an 11-programme series of World Cup highlights for distribution on broadband platforms. The series is licensed from the North American Institute, Miami. The programmes are available on-demand at PureWorldCup (www.pureworldcup.com) representing each of the tournaments from Sweden 1958 to France 1998.

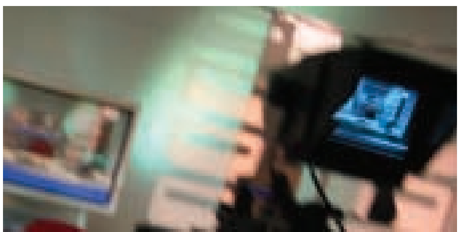
Consumers can search the post-produced programmes to watch a young Pele come to the world's attention in 1958, see Gordon Banks's save in 1970 or re-live Maradona's 'hand of God' in 1986.

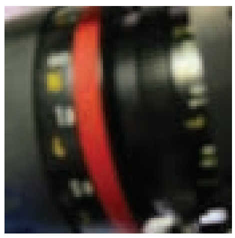
Newsplayer.com

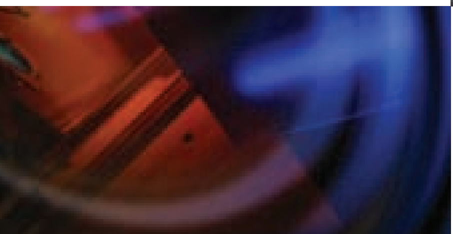
Newsplayer.com is NPG's original and flagship video-on-demand website. Consumers interested in modern history and culture or students researching for projects have a unique opportunity to search through a huge archive of news footage available in the archives of ITN. The clips date back to film of the coronation of Tsar Nicolas II in 1896 and cover major events in politics, diplomacy, war, science and technology, the arts and entertainment throughout the 20th century and into the 21st.

The footage includes clips from pre-TV newsreel archives such as French Pathe, Gaumont, Paramount, Empire News and Visnews. NPG has a 20-year non-exclusive licence from ITN signed in 1999.

NPG has licensed the MacMillan Encyclopedia to give users valuable context to their archive searches at Newsplayer.com from a trusted reference source.







ONLINE CONSUMER CHANNELS

Other content rights
NPG has rights in additional content which provide the Group with further opportunities to exploit broadband markets. NPG holds 20-year exclusive rights in the Alison Mercer Collection comprising 80 hours of cinema-related and newsreel footage. Additionally, NPG holds 10-year exclusive rights for broadband distribution in the Stock Video of Boston archive comprising 150 hours of classic US sports footage originating from Columbia Sports News and Castlefilms. NPG generates revenues from licensing the content of these archives to third-party websites and from on-demand streaming direct to consumers.

Distribution partnerships
NPG signed an agreement in September 2003 with leading Dutch telecommunications company KPN to license its online channels Newsplayer.com, Screenplayer, VideoTV and PureWorldCup. The licence allows KPN to make the content available to its ADSL subscribers for free.

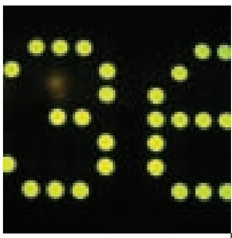
In December 2003, NPG announced a two-year agreement with NTL, a leading cable company and broadband ISP in the UK. NPG joined a select band of media companies providing content to NTL's Broadband Plus (B+) service.

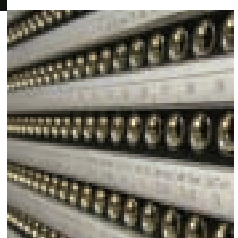
NPG's online consumer channels were immediately available to NTL's 300,000 broadband customers with connections speeds of 600kbps or faster during a three-month free trial. With the free trial over by February, NPG began to earn revenues from a share of the £3.99 monthly subscriptions to B+.

In Australia, NPG has licensed its Hollywood-related documentary programming catalogue to Video-On-Demand (VOD) Pty Ltd of Australia. VOD operates a platform making film and TV programming available to homes and hotels via broadband networks in New South Wales, Canberra and Western Australia. NPG earns a share of pay-per-view revenues.

In addition, NPG's partnerships with BT (August 2002) and Freeserve Plus (June 2001) continue to drive customers in the UK to the NPG's 'stand alone' online channels and further increase NPG's reach into broadband markets.

These partnerships illustrate the flexibility in business models with which NPG can drive distribution – whether pay-per-view, subscription or upfront licence. In an emerging industry with fragmented commercial and technical models, NPG is well placed to deliver in the event that one or more models begin to dominate.





In addition to the Group's online consumer channels, NPG takes a leading role in the professional clips re-licensing market by helping film makers, programme makers and advertisers source footage for new productions. NPG is active in this market via two channels: the RSPB Film Collection and the online footage portal FOOTAGE.net. With a growing demand for programming produced to tight budgets to support the proliferation of cable channels, NPG is well positioned to take advantage of a commensurate demand for stock footage.

RSPB Film Collection

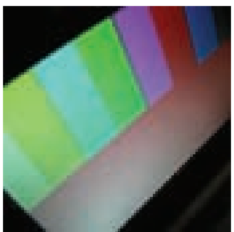
Since December 2001, NPG has managed the licensing of footage to the professional market for the Royal Society for the Protection of Birds (RSPB). NPG has built a groundbreaking site for programme makers and film makers to research, view, edit and license footage online. Clients can order the footage in any media required, including digital formats for online delivery. The interactive format is a significant time saver for the professional industry. NPG receives a fee from the RSPB for managing its clips business and a commission for licensing content to clients.

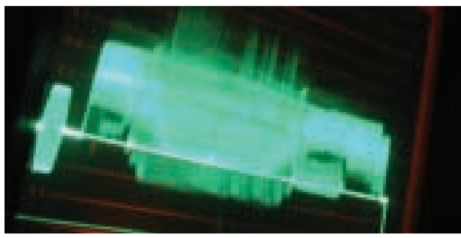
FOOTAGE.net

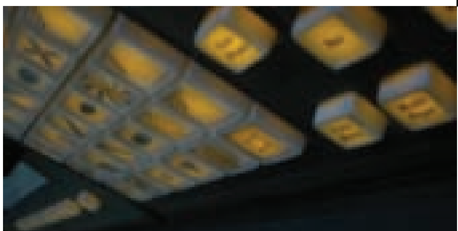
FOOTAGE.net is the world's leading portal for sourcing stock footage and puts NPG at the forefront of the stock footage licensing business. More than 3.5 million searches are conducted annually over the combined online network of databases. NPG acquired the trade and assets of FOOTAGE.net in December 2001.

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

The portal brings together in one single location 100,000s 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 in the process of building an advanced platform to incorporate a video facility within the site which will considerably enhance the efficiency of footage procurement by enabling users to view, select, license and order clips online.







Global Media Services (GMS)
NPG announced the acquisition of New York-based Global Media Services (GMS) in September 2003.

The acquisition provided the Group with service-based revenues from a comprehensive portfolio of activities behind the online distribution of audio-visual content. Services offered by GMS include: encoding; hosting; content delivery; encryption; distribution; ad insertion; pay-per-view; syndication; digital rights management; content management; messaging; and transaction processing and clearing.

GMS helps media companies generate revenue from video-on-demand applications while helping corporations in other industries as well as public sector organisations use streaming and download technologies to support marketing and corporate communications or improve operational efficiency. GMS eliminates the need for companies to invest and maintain in-house content and digital rights management, e-commerce and streaming media delivery systems.

Video-on-demand distribution presents a significant opportunity for companies to maximise revenues from their media assets via proven business models such as pay-per-view, download and subscription. As broadband and internet-enabled devices proliferate, new opportunities arise for content providers to take advantage of these new avenues of distribution. GMS helps media clients by providing the most efficient means to author, syndicate and monetise their digital content while overcoming the technical barriers of, for example, congestion, packet loss and latency. GMS will assist NPG to distribute its own media assets while strengthening the Group's position as the 'partner of choice' to manage, protect and profitably exploit the assets of leading media companies generally.

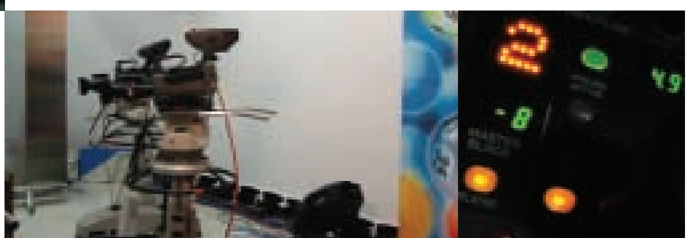
Betelgeuse Productions
The acquisition of New York-based Betelgeuse Productions in February 2004 signals the Group's entry into independent TV production and post-production markets in which Betelgeuse (pronounced 'beetle juice') has more than 20 years of success.

Betelgeuse is a leading independent programme maker and provider of broadcast production and post-production services for major US TV networks, cable channels and advertising agencies. The facilities provided are diverse encompassing linear and non-linear editing, audio and dubbing, design, animation and graphics. The company's high-profile roster of clients includes ABC (Monday Night Football), CBS (NCAA College Basketball Championships), MTV, VH-1 and Victoria's Secret.

While continuing to build its post-production business, Betelgeuse in recent years has increased the relative importance of its role as an independent producer.
The company's award winning productions include 'Inside the Actors' Studio' for NBC, now in its 9th season and one of the most highly rated programmes on the Bravo channel.

Betelgeuse production staff across all areas of talent have won more than 50 Emmy Awards.

NPG's Betelgeuse acquisition further enhances the Group's positioning as a full service, cross platform, digital content business and will provide critical mass, infrastructure and efficiencies for the existing Group activities in the USA. The Group's strength in providing clients with multi-platform distribution channels was illustrated in February 2004 when Betelgeuse won the contract to produce the live Champ Car World Series for global distribution.
Complementing Betelgeuse's 'traditional' TV production, GMS is building a streaming media website providing Champ Car with an additional revenue stream from subscriptions and licences for access to footage of the races and behind-the-scenes activities as well as statistics relating to the teams and drivers.



Introduction

In January 1998, the Hampel Committee published its report on Corporate Governance, which was implemented by the London Stock Exchange as the Combined Code ("Code") on 25 June 1998. The Combined Code requires that disclosures are made on how the fourteen principles of the Code have been applied (known as 'the appliance statement') and whether or not the company has complied with these principles (known as 'the compliance statement').

The Combined Code is intended to promote the principles of openness, integrity and accountability and the Company fully supports these principles.

Whilst the Company is not formally required to comply with the Combined Code, the Board of Directors supports that code and also the recommendations of the City Group for Smaller Companies (CISCO) in its bulletin 'The Financial Aspects of Corporate Governance: Guidance for Smaller Companies' in so far as is practicable and appropriate for a public company of this size.

Directors

There is a Board of Directors, which is set up to control the Company and Group and at 31 October 2003 consisted of four executive and three non-executive directors. David Holdgate is non-executive Chairman of the Board. The Board meets on a regular basis approximately once every month to discuss a whole range of significant matters including strategic decisions and performance.

A procedure to enable directors to take independent professional advice if required has been agreed by the Board and formally confirmed by all directors.

David Holdgate has been nominated as the senior independent director as required by the Code.

Full details of non-executive directors are set out on page 18.

Produced at each Board meeting is the latest financial information available, which consists of detailed management accounts with the relevant comparisons to budget. The executive directors give a current trading appraisal.

Each member of the Board is subject to the re-election provisions of the Articles of Association, which requires them to offer themselves for re-election at least once every three years. In the event of a proposal to appoint a new director, this would be discussed at a full Board meeting, with each member being given the opportunity to meet the individual concerned prior to any formal decision being taken. As permitted by the Code, due to the Board being small, it is considered inappropriate to establish a Nomination Committee.

The directors have delegated certain of their responsibilities to various committees, which operate within specific terms of reference and authority limits. The executive directors meet on a regular basis and deal with any number of decisions that do not require full Board approval. The directors believe that this process for making business decisions provides sufficient division of responsibility to meet the requirements of the Code.

Audit and Remuneration Committees

The Audit Committee, which now consists of David Holdgate (chairman of the Committee) and Steven Smith, are responsible for the relationship with the group's auditors, the in-depth review of the group's financial reports, internal controls and any other reports that the group may circularise. The terms of reference will be reviewed on an annual basis, thus ensuring that the Audit Committee's duties adequately cover all those specific areas that are identified by the Code, which includes a review of the cost effectiveness of the audit and non-audit services provided to the group. The Committee meets twice a year, prior to the announcement of interim and annual results and, should it be necessary, would convene at other times.

Audit and Remuneration Committees (continued)
The Remuneration Committee meets and considers, within existing terms of reference, the remuneration policy and makes recommendations to the Board for each executive director. The executive directors' remuneration consists of a package of basic salary, bonuses and share options, which are linked to corporate and individual performance achievements and the levels of each will be determined by the Remuneration Committee. A full report of the remuneration committee is on page 13.

The Audit and Remuneration Committees were constituted on 30 May 2000 and consist solely of non-executive directors.

Communication with shareholders
The annual report and accounts and the interim statement at each half year are the primary vehicles for communication with shareholders. These documents are also distributed to other parties who have expressed an interest in the Group's performance. Company results and amendments can be viewed on the website (www.npg-plc.com).

Shareholders who have any queries relating to their shareholdings or to the affairs of the Company generally are invited to contact the company secretary at the company's registered address.

Internal financial control
The Group operates a system of internal financial control, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters, which are reserved specifically for the Board. The Board has responsibility for the effectiveness of the internal financial control framework. Such a system can only provide reasonable and not absolute assurance against material misstatement.

The Group does not currently have, nor considers there is currently a need for, an internal audit function.

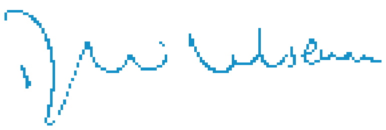
Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The directors can report that based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The Board has a reasonable expectation that the Company and Group have adequate resources and facilities to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.



By order of the Board
David Wiseman
Company Secretary
28 April 2004

Report of the remuneration committee

The following is a report by the Remuneration Committee, constituted on 30 May 2000, which has been approved and adopted by the Board for submission to the shareholders.

Remuneration committee

The Remuneration Committee consists of three non-executive directors; David Holdgate (chairman of the Committee), Sir David Frost OBE and Steven Smith. The Committee is responsible for the performance measurement of the executive directors and the determination of their annual remuneration package. The remuneration of the non-executive directors is determined by the full Board. The non-executive directors do not have a service agreement.

Remuneration policy

The Remuneration Committee determines basic salary at the beginning of each year and when an individual changes position or responsibility. Performance related bonuses are assessed annually.

Share options are granted by the Remuneration Committee, and will be assessed on an individual basis with a view to motivating and retaining directors in the longer term.

Directors' service contracts

The executive directors each have a permanent rolling service agreement with the Company, the details of which are:

	Current contract dated	Notice
Paul Duffen	23 May 2000	12 months
Barry Llewellyn	23 May 2000	12 months
David Wiseman	12 August 2003	3 months
Adam Cohen	08 September 2003	12 months

Directors' emoluments and interests in shares (audited information)

	Salary/fees £	Benefits in kind £	Bonus £	Total 2003 £	Total 2002 £
Executive directors					
Paul Duffen	140,250	2,912	50,000	193,162	168,583
Barry Llewellyn	120,250	2,180	-	122,430	141,083
David Wiseman	12,500	-	-	12,500	-
Adam Cohen	11,870	338	-	12,208	-
Non-executive directors					
David Holdgate	111,250	-	-	111,250	27,356
Hugo Drayton	14,688	-	-	14,688	12,500
Rodger Sargent	-	-	-	-	9,375
Steven Smith	2,613	-	-	2,613	-
Sir David Frost OBE	12,500	-	-	12,500	-
	425,921	5,430	50,000	481,351	358,897

The main components of the executives directors and senior management remuneration are:

Salary – the salary of each director is determined by taking into account the director's experience, responsibility, value to the organisation and to reward them for enhancing value to shareholders.

Benefits in kind – benefits include health cover for Paul Duffen, Barry Llewellyn and Adam Cohen.

Bonus – performance related bonuses are based on a combination of individual and corporate performance during the year.

Pension costs – no pension contributions were paid on behalf of any of the directors during the year.

The beneficial interests in the shares of the Company of directors who have served in the year were:

	As at 31 October 2003		As at 31 October 2002 or date of appointment	
	Shares No.	Options No.	Shares No.	Options No.
Paul Duffen	8,488,703	2,000,000	8,322,036	329,027
Barry Llewellyn	8,488,703	1,000,000	8,322,036	329,027
David Wiseman	-	500,000	-	-
Adam Cohen	12,274,419	300,000	-	-
David Holdgate	1,633,714	500,000	35,714	131,611
Steven Smith	7,724,422	-	-	-
Sir David Frost OBE	3,333,333	2,000,000	-	2,000,000

Directors' emoluments and interests in shares continued (audited information)

At 31 October 2003 the directors' share options were as follows:

Name	Date option granted	Option price per ordinary share	Date first exercisable	Date on which the exercise period expires	Number of ordinary shares
Paul Duffen	8 July 2003	4.25p	8 July 2006	8 July 2013	2,000,000
Barry Llewellyn	8 July 2003	4.25p	8 July 2006	8 July 2013	1,000,000
David Holdgate	8 July 2003	4.25p	8 July 2006	8 July 2013	500,000
Sir David Frost OBE	8 July 2003	4.25p	8 July 2006	8 July 2013	2,000,000
David Wiseman	1 Sep. 2003	6.50p	1 Sep. 2006	1 Sep. 2013	500,000
Adam Cohen	5 Sep. 2003	8.50p	5 Sep. 2006	5 Sep. 2013	300,000

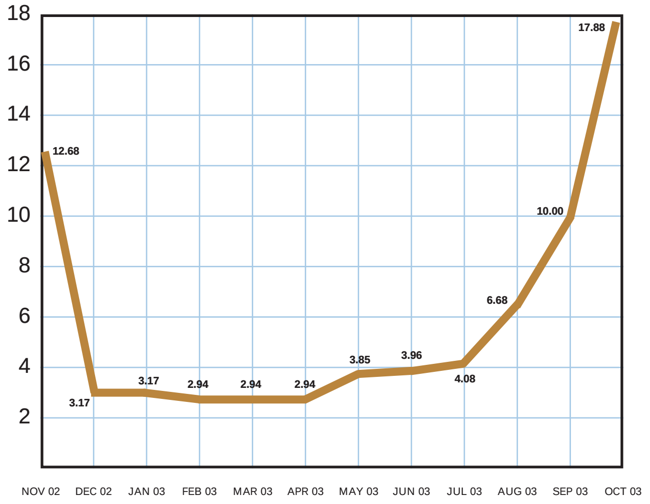
The shares in Newsplayer Group Plc traded at a high of 18.00p and a low of 2.75p during the year and at 31 October 2003 the share price was 18.00p.

The options issued on 8 July 2003 replaced all previously issued options. No options were exercised during the year.

Performance graphs (unaudited information)

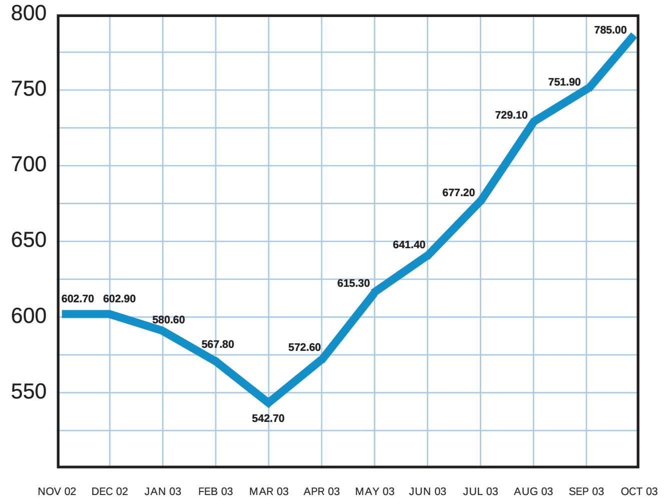
Newsplayer Group PLC share price performance

Year ended 31 October 2003



LSE AIM share price performance

Year ended 31 October 2003



David Holdgate

28 April 2004

The directors present their annual report and the audited financial statements for the year ended 31 October 2003.

Principal activity
The principal activity of the Company and its subsidiaries was exploiting rights and/or licences to quality cultural and historical video content and marketing them globally to business, educational and consumer audiences using interactive technology. Revenues were generated from the licensing of content to third parties, from subscription and pay-per-view fees paid by consumers, and from shared advertising revenue.

Review of business and future prospects
A detailed account of the Group's progress during the year and its future prospects is set out in the Chairman's statement and business review on pages 2 to 10.

Changes in share capital
Changes in share capital for the Group are set out in note 18.

Results and dividends
The consolidated profit and loss account is set out on page 22 of the financial statements and shows loss for the year after tax as £6,324,165 (2002 – loss of £3,465,596). The directors do not recommend a dividend in respect of the ordinary shares (2002– £nil).

Post balance sheet events
Details of significant events occurring after the year end are given in note 25 to the accounts.

Payment of suppliers
The policy of the Group is to settle supplier invoices within the terms of trade agreed with individual suppliers. At the year end the Group had an average of 54 days (2002 – 62 days) purchases outstanding.

Directors and their interests
The directors of the Company throughout the year, except as noted, were:

Paul Duffen	Chief Executive Officer
Barry Llewellyn	Marketing Director
David Wiseman	Chief Financial Officer (appointed 1 September 2003)
Adam Cohen	Chief Media Officer (appointed 8 September 2003)
David Holdgate	Non-executive Chairman
Hugo Drayton	Non-executive Director (resigned 31 July 2003)
Steven Smith	Non-executive Deputy Chairman (appointed 12 August 2003)
Sir David Frost OBE	Non-executive Director

Details of the interests of the directors in the shares of the Company are set out in the Report of the Remuneration Committee on page 14.

Substantial shareholdings
The Company has been notified of the following shareholdings which constitute 3 per cent or more of the total issued ordinary shares of the Company as at 22 April 2004.

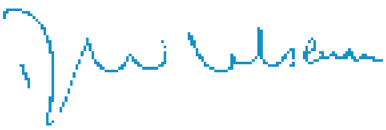
	No. of ordinary shares	%
Adam Cohen	12,274,419	8.74%
Paul Duffen	8,488,703	6.04%
Barry Llewellyn	8,488,703	6.04%
Steven Smith	7,724,422	5.50%
Gartmore Investment Management PLC	7,430,952	5.29%
Hollinger Telegraph New Media LLC	5,686,250	4.05%

Officers and professional advisers

Political and charitable donations
The Company made charitable donations totalling £2,500 during the year (2002 – £4,000).

Auditors
Deloitte & Touche resigned as auditors during the year and Nexia Audit Limited were appointed and have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting (notice of which is set out on page 39).

Approved by the Board of Directors and signed on behalf of the Board



David Wiseman
Company Secretary
28 April 2004

Directors
David Holdgate
Non-executive Chairman

Paul Duffen
Chief Executive Officer

Barry Llewellyn
Marketing Director

Adam Cohen
Chief Media Officer

David Wiseman
Chief Financial Officer

Steven Smith
Non-executive
Deputy Chairman

Sir David Frost OBE
Non-executive Director

Secretary
David Wiseman

Registered office
12 Gough Square
London EC4A 3DW

Bankers
National Westminster Bank Plc
Hammersmith Branch
22 Kings Mall
London W6 0QD

Solicitors
Lewis Silkin
12 Gough Square
London EC4A 3DW

Nominated adviser & broker
Durlacher Limited
4 Chiswell Street
London
EC1Y 4UP

Registrar
Capita IRG Plc
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors
Nexia Audit Limited
1 Riding House Street
London
W1A 3AS

NON-EXECUTIVE DIRECTORS

David Holdgate is chief executive of Satellite Information Services Limited, the official provider of televised content to UK bookmakers. He spent 20 years with Yorkshire Television Limited, where his roles included finance director of Yorkshire Programmes, commercial director of Yorkshire Group plc and managing director of Yorkshire Group Programmes.

Steven Smith is Deputy Chairman of Newsplayer Group plc (NPG). A chartered accountant and tax specialist Steven was Finance Director of Kevin Morley Group (a privately owned advertising business) from 1992 to 1996 and of Photobition Group (1996 to 2001). In 1996 he established his own venture capital business, Reef Securities and since 2002 has advised Candy and Candy Ltd, a London property developer, on strategic issues.

Sir David Frost OBE is a renowned worldwide broadcaster and interviewer, Sir David Frost's awards include an Emmy for The David Frost Show, two Royal Television Society Silver Medals, a Richard Dimbleby Award and a Golden Rose of Montreux. His experience in the broadcasting world is a major asset for the Company.

Paul Duffen is Chief Executive Officer of Newsplayer Group plc (NPG) which he co-founded in October 1999 with Barry Llewellyn.

Paul started his career with Procter & Gamble in 1976 in a sales and marketing role and subsequently joined distribution company P J Holloway (Sales) Ltd (1981 to 1988), where he was appointed Marketing Director and played a key role in the sale of the business in 1985 to Browne and Tawse plc. He has since held the position of Managing Director of two private companies and started his own consultancy business in 1993. In 1998 he joined forces with Barry Llewellyn to concentrate on the internet and broadcast sectors.

Barry Llewellyn is a co-founder of NPG with Paul Duffen. He is a non-executive director of Blink TV, a joint venture he established with Trinity Mirror plc. He worked for sixteen years in the television industry, including eight years with MTV, where he specialised in advertising and sponsorship. In 1993, he was part of the launch team of VH-1 in the UK and subsequently became a founder member of Capital Media Inc., a NASDAQ quoted company.

David Wiseman is Chief Financial Officer of NPG. A chartered accountant, he was Group Financial Controller at FKB Group (1986 to 1990), at Birkdale Group (1990 to 1992), and at Kevin Morley Group (1992 to 1996). He recently spent six years in house building and was Finance Director of AIM listed Furlong Homes.

Adam Cohen became a director of NPG following the acquisition of GMS, which he co-founded with partner Jennifer Sultan in September 2002. The GMS management team conceived Live On Line in 1995 which was acquired in 2000 by Digital Island, Inc and subsequently by Cable and Wireless PLC. Live On Line was an early pioneer in the production, acquisition and delivery of streaming and rich media on the internet.
It produced some of the internet's largest streaming events for customers such as Apple Computer, Microsoft, Sony Music, Arista Records, American Express, Comedy Central, Fox and MTV. He left Cable & Wireless to co-found GMS in 2002.

We have audited the financial statements of Newsplayer Group plc for the year ended 31 October 2003 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement and the related notes 1–25. These accounts have been prepared under the historical cost convention and the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report, the directors' remuneration report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the accounts and the part of the directors' remuneration report described as being audited in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether accounts give a true and fair view and whether the accounts and the part of the directors' remuneration report described as being audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited accounts. This other information comprises only the directors' report, the chairman's statement, the chief executive officer's review and the corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts and the part of the directors' remuneration report described as being audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the part of the directors' remuneration report described as being audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts and the part of the directors' remuneration report described as being audited.

Opinion

In our opinion

- the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31 October 2003 and of the loss of the Group for the year then ended; and
- the accounts and the part of the directors' remuneration report that is described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Nexia Audit Limited

Nexia Audit Limited
Chartered Accountants
and Registered Auditors
28 April 2004

1 Riding House Street
London W1A 3AS

The maintenance and integrity of Newsplayer Group plc's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occured to the accounts since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Financial statements

Consolidated profit and loss account

Year ended 31 October 2003

	Note	2003 £	2003 £	2002 £
Turnover				
Existing operations		226,751		954,264
Acquisitions		37,771		-
Continuing operations	1		264,522	954,264
Cost of sales	3		(118,485)	(526,737)
Gross profit			146,037	427,527
Operating expenses	4, 6		(6,666,803)	(3,951,978)
Operating loss				
Existing operations		(6,513,687)		(3,524,451)
Acquisitions		(7,079)		-
Continuing operations	6		(6,520,766)	(3,524,451)
Interest receivable and similar income			7,673	59,855
Interest payable and similar charges	7		(15,341)	-
Loss on ordinary activities before taxation			(6,528,434)	(3,464,596)
Tax	9		204,269	(1,000)
Loss on ordinary activities after taxation for the financial year	20		(6,324,165)	(3,465,596)
Loss per ordinary share	10		(7.88p)	(5.03p)
Diluted loss per ordinary share	10		(7.88p)	(5.03p)

Statement of Total Recognised Gains and Losses

Year ended 31 October 2003

	2003 £	2002 £
Loss for the year	(6,324,165)	(3,465,596)
Currency translation difference	16,566	-
Total recognised losses in year	(6,307,599)	(3,465,596)

Consolidated balance sheet

31 October 2003

	Note	2003 £	2002 £
Fixed assets			
Intangible assets	11	3,342,067	2,727,455
Tangible assets	12	171,617	237,370
		3,513,684	2,964,825
Current assets			
Debtors	14	186,595	1,067,839
Cash at bank and in hand		587,323	438,874
		773,918	1,506,713
Creditors: amounts falling due within one year	16	(1,896,570)	(342,349)
Net current (liabilities)/assets		(1,122,652)	1,164,364
Total assets less current liabilities		2,391,032	4,129,189
Creditors: amounts falling due after more than one year (including convertible debt)	17	(160,000)	-
Net assets		2,231,032	4,129,189
Capital and reserves			
Called up share capital	18	1,214,624	692,688
Shares to be issued	19	1,012,640	-
Share premium account	20	12,775,192	11,707,380
Merger reserve	20	1,295,676	(509,386)
Profit and loss account	20	(14,069,092)	(7,761,493)
		2,229,040	4,129,189
Minority interest		1,992	-
Equity shareholders' funds		2,231,032	4,129,189

The Board of Directors approved these financial statements on 28 April 2004.

Signed on behalf of the Board of Directors

Paul J Duffen

Director

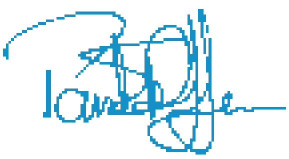
Company balance sheet

31 October 2003

	Notes	2003 £	2002 £
Fixed assets			
Intangible fixed assets	11	-	603,892
Tangible fixed assets	12	30,988	52,945
Investments	13	8,754,446	5,510,392
		8,785,434	6,167,229
Current assets			
Debtors			
Due within one year	14	65,708	786,917
Due after one year	15	5,420,788	4,636,932
Cash at bank and in hand		478,215	319,033
		5,964,711	5,742,882
Creditors: amounts falling due within one year	16	(453,862)	(155,063)
Net current assets		5,510,849	5,587,819
Total assets less current liabilities		14,296,283	11,755,048
Creditors: amounts falling due after one year (including convertible debt)	17	(1,514,778)	(1,329,044)
Net assets		12,781,505	10,426,004
Capital and reserves			
Called up share capital	18	1,214,624	692,688
Shares to be issued	19	1,012,640	-
Share premium account	20	12,775,192	11,707,380
Merger reserve	20	1,805,062	-
Profit and loss account	20	(4,026,013)	(1,974,064)
Equity shareholders' funds		12,781,505	10,426,004

The Board of Directors approved these financial statements on 28 April 2004.

Signed on behalf of the Board of Directors



Paul J Duffen

Director

Consolidated cash flow statement

Year ended 31 October 2003

	Note	2003 £	2002 £
Net cash outflow from operating activities	21	(1,355,300)	(1,223,993)
Returns on investments and servicing of finance	22	(1,013)	59,855
Taxation		204,436	(1,500)
Capital expenditure and financial investment	22	(76,922)	(1,893,015)
Acquisitions	22	(131,825)	(335,330)
Cash outflow before use of liquid resources and financing		(1,360,624)	(3,393,983)
Financing	22	1,509,073	34,636
Increase/(decrease) in cash in the year		148,449	(3,359,347)

Reconciliation of net cash flow to movement in net debt

Year ended 31 October 2003

	2003 £	2002 £
Increase/(decrease) in cash in the year	148,449	(3,359,347)
Issue of convertible loan note	(160,000)	-
Movement in net funds in the year	(11,551)	(3,359,347)
Net funds at start of year	438,874	3,798,221
Net funds at end of year	427,323	438,874

Analysis of net funds

	At 1 November 2002 £	Cash flow £	At 31 October 2003 £
Cash at bank	438,874	148,449	587,323
Convertible loan note	-	(160,000)	(160,000)
	438,874	(11,551)	427,323

Financial instruments

The Group's financial instruments comprise cash and the convertible loan note. The main purpose of these financial instruments is to provide working capital for the Group. The Group's policy is to obtain the highest rate of return on its cash balances, subject to having sufficient resources to manage the business on a day to day basis and not exposing the Group to unnecessary risk of default, utilising financial instruments such as the convertible loan note where the return is considered commensurate to the risk entered into.

At the year end the Group's exposure to foreign currency has not been significant and therefore a formal policy has not yet been adopted.

Reconciliation of movements in consolidated shareholders' funds

Year ended 31 October 2003

	2003 £	2002 £
Group		
Loss for the financial year	(6,324,165)	(3,465,596)
Issue of shares (net of issue costs)	1,589,748	1,089,255
Premium on issue of shares for acquisition	1,805,062	-
Currency translation difference	16,566	-
Shares to be issued	1,012,640	-
Net reduction to shareholders' funds	(1,900,149)	(2,376,341)
Opening shareholders' funds	4,129,189	6,505,530
Closing shareholders' funds	2,229,040	4,129,189

1. Statement of Accounting Policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and they have all been applied consistently throughout the year and the preceding period.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of Newsplayer Group Plc and all of its subsidiaries at the year end.

Newsplayer Limited has been consolidated using merger accounting principles. The differences between the nominal value of the shares issued by Newsplayer Group Plc in exchange for shares in Newsplayer Limited and the nominal value of the shares held in Newsplayer Limited has been transferred to a merger reserve.

Newsplayer International Limited, NPG Inc, Catalyst Media Services Limited and Global Media Services have been consolidated using acquisition accounting principles. The premium on shares issued on the purchase of Global Media Services Inc. have been treated as an adjustment to the merger reserve.

Intangible fixed assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years.

Intangible fixed assets – intellectual property rights

Intellectual property rights acquired are amortised over the lesser of the economic useful life and the period of the license. It is the directors belief that the economic useful life of the current contracts is less than one year and therefore the rights are fully amortised in the period that they are incurred. Provision is made for impairment of any existing contracts.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The useful economic lives of the assets are as follows:

Fixtures, fittings and computer equipment	4 years

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Deferred Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign currency

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the profit or loss for the year are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Turnover

Turnover represents amounts derived from the provision of services which fall within the group's ordinary activities after deduction of trade discounts and value added tax.

2. Segmental information

The group's net assets, turnover and loss before tax are all attributable to activity via the internet where the group operates in one global market and therefore there is no analysis by country.

3. Cost of sales

	2003 £	2002 £
Existing operations	116,664	518,269
Acquisitions	1,821	8,468
	118,485	526,737

4. Operating expenses

	2003 Existing operations £	2003 Acquisitions £	2003 Total £	2002 Total £
Administration expenses	6,575,142	43,029	6,618,171	3,478,736
Distribution expenses	48,632	-	48,632	473,242
	6,623,774	43,029	6,666,803	3,951,978

5. Information regarding directors and employees

Directors' remuneration

The details of directors remuneration are disclosed on page 14.

Emoluments paid to the highest paid director were:

	2003 £	2002 £
Salary and bonus	190,250	168,583
Social security costs	23,579	19,893
Benefits in kind	2,912	-
	216,741	188,476

5. Information regarding directors and employees (continued)

Employees

	2003 £	2002 £
Wages and salaries (including executive directors)	726,109	643,493
Social security costs	86,515	68,408
	812,624	711,901

	No.	No.
The average number of employees (including executive directors) employed by the group during the year:		
Sales and Marketing	3	3
Administration	6	11
	9	14

6. Operating loss on ordinary activities before taxation

	2003 £	2002 £
Operating loss is stated after charging:		
Depreciation	92,827	82,600
Amortisation of rights	555,100	357,108
Amortisation of goodwill	65,358	19,474
Impairment of intellectual property rights	1,995,235	998,699
Additional content costs written off	1,536,728	144,474
Loss on disposal of fixed assets	12,755	-
Rentals under operating leases		
– other operating leases	69,375	69,375
Auditors' remuneration		
– group audit fees	35,500	23,000
– non-audit services	-	5,000
– non-audit services (paid to related companies of the auditors)	55,035	-
Exceptional items:		
Impairment of intellectual property rights	1,995,235	998,699
Additional content costs written off	1,536,728	144,474

Included in group audit fees are £10,000 in respect of the company (2002 – £5,000).

7. Interest payable and similar charges

	2003 £	2002 £
Interest on other loans	15,341	-

8. Loss of parent company

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss for the financial year amounted to £2,051,949 (2002 – loss of £1,557,209).

9. Tax on loss on ordinary activities

A. Analysis of tax charge on ordinary activities

	2003 £	2002 £
Current tax:		
UK corporation tax on loss for the year	-	-
Overcharge for prior years	205,631	-
Foreign tax	(1,362)	(1,000)
	204,269	(1,000)

The overcharge for prior years arises as a consequence of the receipt of a Research and Development tax credit.

B. Factors affecting tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%).
The differences are explained below:

	2003 %	2002 %
Standard tax rate for the year as a percentage of profits	30	30
Effects of:		
Expenses not deductible for tax purposes	(7)	(8)
Non-utilisation of tax losses	(23)	(8)
Overcharge for prior years	3	-
Effect of lower rates of tax on overseas losses	-	(14)
Tax credit for year as a result of loss for year	3	-

C. Factors that may affect the future tax change

Deferred tax has not been provided in respect of timing differences relating primarily to revenue losses and management expenses as there is insufficient evidence that the related asset will be recovered. The amount of asset not recognised is £1,874,280 (2002: £476,015).

10. Loss per ordinary share

The calculation of the basic loss per share is based on the average number of 80,225,329 issued ordinary shares (2002: 68,942,393) and on the loss attributable to ordinary shareholders of £6,324,165 (2002: £3,465,596).

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share as the exercise of share options would have the effect of reducing the loss per ordinary share and therefore is not dilutive under the terms of Financial Reporting Standard 14 "Earnings per share".

11. Intangible fixed assets

The group

	Goodwill £	Intellectual property rights £	Total £
Cost			
At 1 November 2002	233,687	4,176,741	4,410,428
Additions	3,196,224	37,093	3,233,317
Exchange adjustments	(3,012)	-	(3,012)
At 31 October 2003	3,426,899	4,213,834	7,640,733
Amortisation			
At 1 November 2002	(19,474)	(1,663,499)	(1,682,973)
Charge for the year	(65,358)	(555,100)	(620,458)
Impairment	-	(1,995,235)	(1,995,235)
At 31 October 2003	(84,832)	(4,213,834)	(4,298,666)
Net book value			
At 31 October 2003	3,342,067	-	3,342,067
At 31 October 2002	214,213	2,513,242	2,727,455

The company

	Intellectual property rights £
Cost	
At 1 November 2002	1,054,621
Additions	2,000
At 31 October 2003	1,056,621
Amortisation	
At 1 November 2002	(450,729)
Charge for the period	(124,923)
Impairment	(480,969)
At 31 October 2003	(1,056,621)
Net book value	
At 31 October 2003	-
At 31 October 2002	603,892

12. Tangible fixed assets

The group

	Fixtures, fittings and computer equipment £
Cost	
At 1 November 2002	369,423
Acquired with the new business	20,345
Additions	19,484
Disposals	(28,180)
At 31 October 2003	381,072
Accumulated depreciation	
At 1 November 2002	(132,053)
Charge for the year	(92,827)
Disposals	15,425
At 31 October 2003	(209,455)
Net book value	
At 31 October 2003	171,617
At 31 October 2002	237,370

The company

	Fixtures, fittings and computer equipment £
Cost	
At 1 November 2002	88,616
Additions	-
At 31 October 2003	88,616
Accumulated depreciation	
At 1 November 2002	(35,671)
Charge for the year	(21,957)
At 31 October 2003	(57,628)
Net book value	
At 31 October 2003	30,988
At 31 October 2002	52,945

13. Fixed assets investments

Company

	Shares in subsidiaries £
Cost	
At 1 November 2002	5,510,392
Additions	3,244,054
At 31 October 2003	8,754,446

	Country of incorporation and operation	Activity	% ordinary shares held
Newsplayer Limited	Great Britain	Technical and marketing services	100
Newsplayer International Limited	Guernsey	Website administration and finance	100
Catalyst Media Services Limited	Great Britain	Dormant	100
Newsplayer Group Inc.	United States	Website services	100
Global Media Services	United States	Technical services for online distribution	100
Cross Media Entertainment	United States	Multi-platform media distribution	51

As referred to in note 24, the Group has entered into a debenture and stock pledge agreement over 15% of the issued share capital of NPG Inc. On 8 September 2003 the Group acquired Global Media Services Inc. for consideration of 24,067,489 new Ordinary 1p shares in the Company. In addition the Group has accounted for deferred consideration of 11,913,407 ordinary shares at a price of 8.5p per share being the maximum payable under the purchase agreement. With costs the total consideration was £3,244,054.

Analysis of the acquisition	Book value & Fair value to group £
Tangible fixed assets	20,345
Investments	5,032
Debtors	22,453
Net assets	47,830
Goodwill arising on acquisition	3,196,224
Consideration	3,244,054

Global Media Services Inc. made an adverse contribution to the Group's net operating cash flows in the amount of £7,727. Global Media Services Inc. earned a loss of £5,023 in the period ended 31 October 2003 of which a profit of £2,878 arose in the period from 1 January 2003 to 8 September 2003. The summarised profit and loss account for the period from 1 January 2003 to the effective date of acquisition is as follows:

	£
Turnover	120,373
Operating profit	4,778
Interest	-
Profit before tax	4,778
Taxation	(1,900)
Profit for the period to 8 September 2003	2,878

14. Debtors: amounts falling due within one year

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Trade debtors	89,069	-	64,866	-
Other debtors	52,608	40,758	251,783	91,422
Corporation tax rebate	-	-	167	-
Called up share capital not paid	1,000	-	1,000	-
Prepayments and accrued income	43,918	24,950	750,023	695,495
	186,595	65,708	1,067,839	786,917

15. Debtors: amounts falling due after more than one year

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Amounts owed by group undertakings	-	5,420,788	-	4,636,932

16. Creditors: amounts falling within one year

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Trade creditors	275,370	173,373	89,670	-
Taxation and social security	32,419	9,485	-	-
Other creditors	905,031	-	21,491	19,951
Accruals and deferred income	683,750	271,004	231,188	135,112
	1,896,570	453,862	342,349	155,063

17. Creditors: amounts falling due after one year

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Amounts owed to group undertakings	-	1,354,778	-	1,329,044
Convertible loan note	160,000	160,000	-	-
	160,000	1,514,778	-	1,329,044

The convertible loan note unless previously repaid or converted shall be redeemed at par on 23 February 2006. Interest is payable at the rate of 6% per annum. The notes may be converted at any time in multiples of £10,000 into ordinary 1p shares and the rate of conversion will be 20p nominal amount of Ordinary shares for every £1 nominal of the notes converted. Conversion is at the option of the Noteholder.

18. Called up share capital

	2003 £	2002 £
Authorised:		
130,000,000 (2002: 90,000,000) ordinary shares of 1 pence each	1,300,000	900,000
Called up, allotted and fully paid:		
121,462,433 (2002: 69,268,797) ordinary shares of 1 pence each	1,214,624	692,688

There have been the following movements in the issued share capital during the year.

3,000,000 ordinary 1p shares were issued to Hollinger International Publishing Inc at a price of 5p per share on 1 April 2003 for a total consideration of £150,000.

16,455,003 ordinary 1p shares were placed on 1 August 2003 at a price of 4.5p per share for a total consideration of £740,475.

7,546,154 ordinary 1p shares were placed on 5 September 2003 at a price of 6.5p per share for a total consideration of £490,500 .

24,067,489 ordinary 1p shares were issued in respect of the purchase consideration of GMS at a price of 8.5p per share for a total consideration of £2,045,737.

1,125,000 ordinary 1p shares were issued on 2 October 2003 at a price of 5p per share in respect of the settlement of deferred Directors' remuneration amounting to £56,250.

At 31 October 2003 there were 7,500,000 unapproved share options outstanding under the Executive Share Option Scheme. There were also 429,800 warrants in issue, 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.

19. Shares to be issued

Under the arrangements of the deferred consideration on the purchase of Global Media Services ("GMS") the maximum number of shares to be issued to the vendors of GMS is 11,913,407. Based on the directors best estimate of the likely results of GMS, it is expected that the maximum number of shares will be issued. For valuation purposes these shares are valued at 8.5p, the price on completion of the acquisition of GMS.

20. Statement of movements on reserves

Group	Share premium account £	Merger reserve £	Profit and loss account £	Total £
Balance at 1 November 2002	11,707,380	(509,386)	(7,761,493)	3,436,501
Loss retained for the year	-	-	(6,324,165)	(6,324,165)
Exchange movement	-	-	16,566	16,566
Acquisition of Global Media Services	-	1,805,062	-	1,805,062
Share issue	1,067,812	-	-	1,067,812
Balance at 31 October 2003	12,775,192	1,295,676	(14,069,092)	1,776
The company				
Balance at 1 November 2002	11,707,380	-	(1,974,064)	9,733,316
Loss retained for the year	-	-	(2,051,949)	(2,051,949)
Acquisition of Global Media Services	-	1,805,062	-	1,805,062
Share Issue	1,067,812	-	-	1,067,812
Balance at 31 October 2003	12,775,192	1,805,062	(4,026,013)	10,554,241

21. Reconciliation of operating loss to net cash outflow from operating activities

	2003 £	2002 £
Operating loss	(6,520,766)	(3,524,451)
Impairment of Intellectual Property Rights	1,995,235	998,699
Amortisation of Intellectual Property Rights	555,101	376,582
Prepayment write off	682,058	-
Depreciation	92,827	82,600
Amortisation of goodwill on acquisition	65,358	-
Loss on disposal of fixed assets	12,755	5,990
Decrease in debtors	199,019	805,891
Increase in creditors	1,549,559	30,696
Exchange adjustment	13,554	-
Net cash outflow from operating activities	(1,355,300)	(1,223,993)

22. Analysis of cash flows for headings netted in the cash flow statement

	2003 £	2003 £	2002 £	2002 £
Returns on investments and servicing of finance				
Interest received	7,674		59,855	
Interest paid	(8,687)		-	
		(1,013)		59,855
Capital expenditure and financial investment				
Purchase of intangible fixed assets	(37,093)		(1,806,635)	
Purchase of tangible fixed assets	(39,829)		(86,380)	
		(76,922)		(1,893,015)
Acquisitions				
Purchase of business		(131,825)		(335,330)
Financing				
Issue of convertible loan note	160,000		-	
Issue of ordinary share capital	1,349,073		34,636	
Net cash inflow from financing		1,509,073		34,636

23. Operating lease commitments

The Group is committed to pay the following amounts in the next year in respect of leases which expire:

	Land and buildings 2003 £	Land and buildings 2002 £
Within one to two years	69,375	-
Within two to five years	-	69,375
	69,375	69,375

24. Related party transactions

Steven Smith

On 11 July 2003 Reef Securities Limited, a company controlled by Steven Smith, advanced a loan to the Company of £50,000. On 14 August 2003 the Company repaid the loan.

The Company paid Reef Securities Limited £14,420 in respect of placing commission on 5,546,134 shares at 6.5p at the rate of 4 per cent in Sepember 2003. In addition in September 2003 the Company paid Steven Smith £25,000 in respect of consultancy on the acquisition of Global Media Services Inc.

Sir David Frost OBE

As detailed in note 17 on 20 February 2003, the company issued £160,000 6 per cent convertible secured loan notes 2006 to the Trustees of the David Frost Retirement Benefit Scheme.

On 20 February 2003 an agreement was entered into between the Company, David Paradine Productions Limited("DPP") and Sir David Frost OBE whereby royalty payments due under the license agreement of 7 December 2000 between DPP, Sir David Frost OBE and the Company were deferred until 30 June 2003.

On 24 March 2003 the Company and its wholly owned subsidiary, Newsplayer International Limited, granted debentures in favour of DPP, and the Company entered into a Stock Pledge Agreement in respect of 15 per cent of the issued share capital of NPG Inc., a wholly owned subsidiary of the Company, also in favour of DPP, as security for amounts owing under the loan notes and under the agreement regarding the deferral of royalty payments.

A royalty payment of £150,000 (2002: £225,000) was due to Sir David Frost OBE of which £150,000 (2002: £100,000) was paid during the year. The balance outstanding at the end of the year was £nil (2002: £125,000).

25. Post balance sheet events

In November 2003 David Holdgate subscribed for 125,000 new shares at a price of 20p per share.

Authorised share capital

On 27 February 2004 the authorised share capital of the Company was increased to £2,000,000.

Betelgeuse acquisition and placing of new shares

In February 2004 the acquisition of Betelgeuse Productions Inc.("BPI") was completed and the placing of new shares to raise £2,750,000 before expenses was also completed. On 21 April 2004 the Company issued 5,826,305 ordinary 1p shares at a price of 20p per share for a total consideration of £1,165,261 in respect of vendor consideration of BPI.

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of Newsplayer Group Plc will be held at Portland House, 4 Great Portland Street, London W1W 8QJ on 24th May 2004 at 10.00am for the following purposes:

1. To receive, consider and adopt the report of the Directors and the Audited Financial Statements for the year ended 31 October 2003.

2. To re-elect Adam Cohen as a director of the Company.

3. To re-elect David Wiseman as a director of the Company.

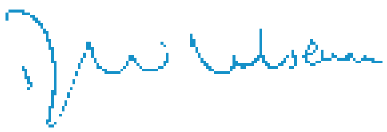
4. To re-elect Steven Smith as a director of the Company.

5. To re-elect Sir David Frost as a director of the Company.

6. To reappoint Nexia Audit Limited as auditors and to authorise the directors to fix their remuneration.

7. To approve the change of name of the Company to Catalyst Media Group plc.

BY ORDER OF THE BOARD



David Wiseman
Company Secretary
28 April 2004

Registered office:
12 Gough Square
London EC4A 3DW

Notes

1. Only the holders of ordinary shares are entitled to attend the meeting and vote. A member entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company.

2. A form of proxy is provided. To be effective, a form of proxy must be completed, signed and lodged with the Company's registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR no later than 48 hours before the time of the meeting. Depositing a completed form of proxy will not preclude a member from attending the meeting and voting in person.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 10.00am on 22nd May 2004.

4. Copies of the following documents will be available for inspection at the Company's registered office, during normal business hours, on any weekday (Saturdays and public holidays excepted) from the date of this notice until the day of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting:

a) the register of directors' interests in shares of the Company kept in accordance with section 325 of the Companies Act 1985; and

b) copies of all service agreements under which directors are employed by the Company or any subsidiaries.