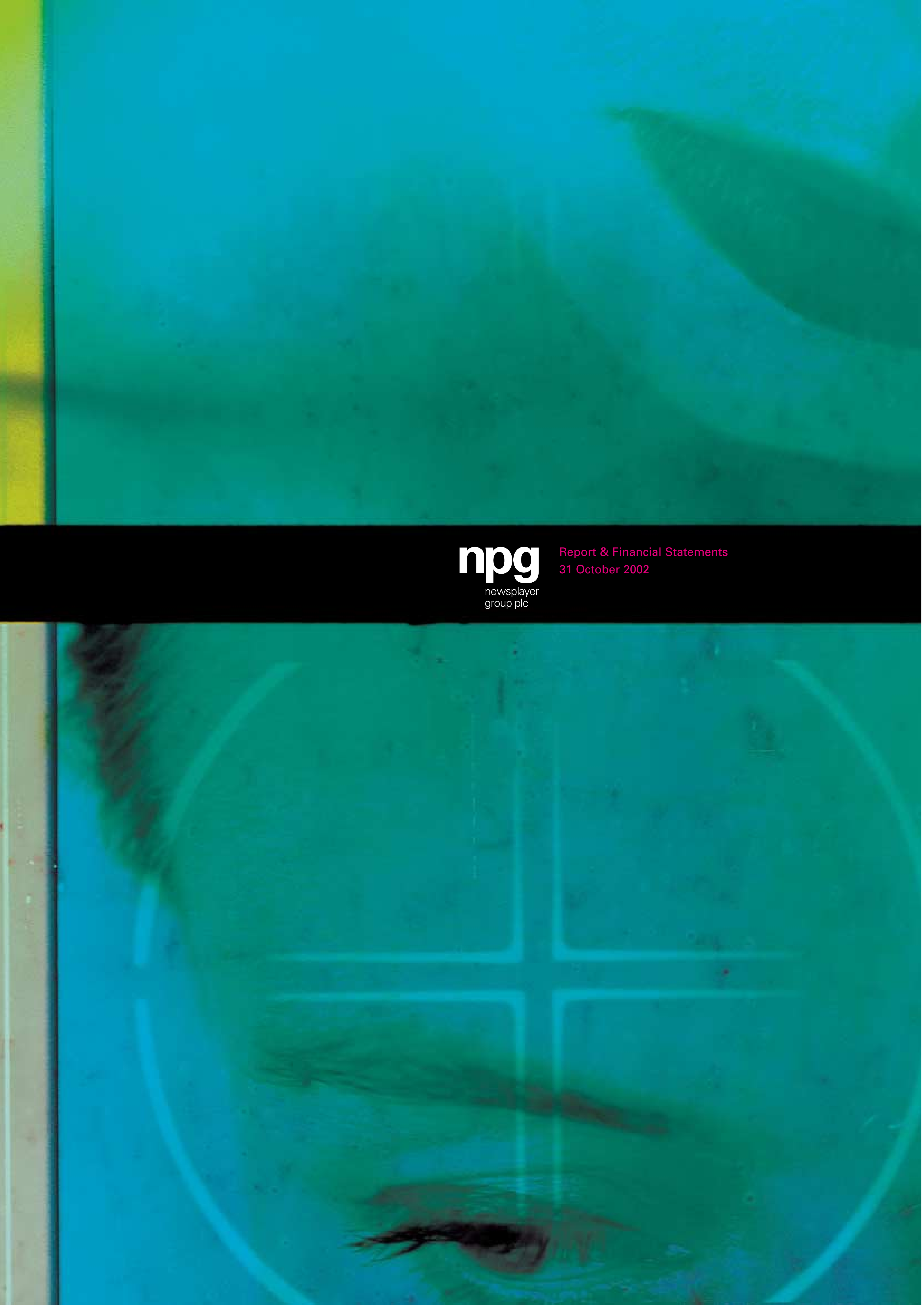

npg
newsplayer group plc

Report & Financial Statements
31 October 2002

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Chairman's statement

2002 was a year of growth and development for the Group. 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 Group 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 Group 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 the North American Institute and deals with both the BBC and Associated Rediffusion for programming from the catalogue of Sir David Frost. This new content enabled us to launch two additional streaming media channels, VideoTV and PureWorldCup which, added to FrostTV, Newsplayer.com, Screenplayer and Birdstream, brings our total of consumer video-on-demand (VOD) channels to six, confirming 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 Group 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 shorten the time to the Group 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. Cohen's co-founder, Jennifer Sultan, recently served as Director of Operations for Cable and Wireless.

Adam and Jennifer 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 over the internet.

The acquisition of GMS will provide the Group 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 direct marketing via e mail. 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 precursor 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 Group faces a bright and exciting future.

David Holdgate

David Holdgate
Chairman
16 April 2003

Chief Executive Officer's review

The launch of VideoTV and PureWorldCup and the strengthening of our FrostTV offering with the addition of content from the BBC and Associated Rediffusion, are significant developments in the progress of the Group. We now have an unrivalled portfolio of streaming media assets on long term, worldwide licences, which will enable us to expand our distribution network and build our video-on-demand (VOD) revenues. In addition to our relationships with BT, NTL and Freeserve in the UK we have signed distribution agreements with SingaporeONE, SFR in France and Cross Media Entertainment in the USA. In July 2002 we appointed Prime Entertainment, based in Paris, as our exclusive European sales Agent and Representative and are working in partnership with Global Media Services (GMS) in New York to build our distribution network in the USA.

Over the past three years we have invested significant capital and resource in the acquisition of rights and licences and in the development of tools and technology to enable the exploitation of that content. This investment has enabled us to deliver six VOD 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.

In December 2002 we announced that the Group had cash reserves of £438,000 as at 31st October and a monthly burn rate of approximately £160,000. Since that time we have embarked on a significant overhead reduction programme and have been successful in raising £310,000 in new equity. The monthly overheads of the Group are now approximately £60,000 per month with the substantial part of the reduction coming from rationalisation of our administration and technology resources.

The stock footage market represents an exciting opportunity to leverage our core skills in a business-to-business environment where the introduction of interactive technology and streaming media will revolutionise the way in which researchers locate and license stock footage. In FOOTAGE.net we own the leading stock footage portal, which has the traffic and the relationships with the key archives, which are the crucial elements in building this business. We are developing enhanced features and functionality to the FOOTAGE.net platform that will greatly increase the revenue generating potential of NPG Inc in the future.

Our partnership with GMS in New York has enabled the Group to strengthen and consolidate our technical resource whilst at the same time providing us with the tools to pursue service based revenues around the creation and distribution of streaming media assets. The USA is undoubtedly a very important market for the Company's products and services and the combination of our subsidiary company, NPG Inc., and our relationship with GMS provide an ideal platform for us to exploit that opportunity.

We have stated that it is our intention to acquire GMS. The process has taken longer than originally anticipated but should be completed in the summer of 2003. In the meantime we continue to work closely as strategic partners 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 monthly profitability by the end of 2003.

Paul Duffen
Chief Executive Officer
16 April 2003

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NPG is a media company that exploits rights and/or licences in television and cinema content and markets 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 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. Our FrostTV channel was further enhanced by the addition of material from the BBC and Associated Rediffusion. NPG now has a critical mass of six video-on-demand (VOD) streaming media channels with licences to exploit the content globally for up to 17 years. The market for premium content via broadband and interactive television continues to expand steadily worldwide. With the long term intellectual property rights we have secured and the payment solutions we have developed to monetise those assets, NPG is well placed to benefit from the growth of this sector for many years to come.

Over the past year we strengthened our focus on international distribution by signing agreements with Cross Media Entertainment in New York and Prime Entertainment in Paris. These new partnerships will enhance our ability to secure distribution for our content in the USA and Europe with internet service providers, internet portals and online publishers. We have also extended the scope of our cooperation with Singapore ONE, the leading web portal in Singapore.

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 50% in spite of a continued advertising and media slump worldwide. Technological 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 (www.video.tv), NPG's video-on-demand (VOD) music channel available for streaming on broadband internet platforms. The Company also announced that EMI Recorded Music Holdings Inc. took a 4.76% equity stake in NPG.

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

VideoTV contains current and retrospective music videos offering a decade-by-decade view of the history of music and music videos. Users are able to search and retrieve videos by genre, artists and year of recording and those who also subscribe to Newsplayer.com are able to view news footage together with relevant music videos from VideoTV.

NPG has begun the worldwide distribution of VideoTV which will generate VOD revenues throughout 2003.

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 channels are entitled to a discount.

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

UcreateTV

UcreateTV (www.ucreate.tv) is an application developed by NPG which allows customers to upload home video footage to their PCs and edit them online 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 a joint venture promotion 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 together, subscribers can select newsreel footage from the ITN archives and edit them together with their home 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 a further £25 per annum.

The 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 deal has been in place since December 2001.

NPG manages the archive of the RSPB Film Collection to make it 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.

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 (www.birdstream.com).
The RSPB supports the marketing of this service in its member publications 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 rights to 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 rights to exploit opportunities in both online and offline syndication. NPG also allows broadcasters and programme makers to license the content from 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 audio-visual clips of major global news events since 1896. The content for www.newsplayer.com is provided via NPG's 20-year non-exclusive licence (acquired in 1999) from ITN, which includes news footage from ITN, Reuters, French Pathé, Gaumont, Paramount, Empire News and Visnews. The subscription offering of £25 per annum was launched in August 2000.

Whilst all the material on the site is encoded for both narrowband and broadband internet access 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 (at www.pureworldcup.com) features 11 post-produced films celebrating the highlights from each of the World Cup tournaments 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, Actions 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 new 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 in the Alison Mercer Collection, comprising 80 hours of cinema-related and newsreel footage. Additionally, NPG holds 10-year exclusive rights for internet distribution of 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.

Both the Stock Video and Alison Mercer collections represent important additions of specific relevance to a US audience, a key target market for the Company.

Other strategic partnerships
Further to its interests in the US market, NPG agreed syndication and referral partnerships with Cross Media Entertainment (CME) and Global Media Services (GMS), respectively, in March 2003. Both agreements operate on a percentage share of video on demand (VOD) revenues and broaden NPG's reach beyond the traditional ISP audience to other online communities such as users of the New York based website, Village Voice.
In January 2003, NPG made first steps into the mobile and download markets. French mobile operator SFR, selected VideoTV for use in its trial of mobile streaming and download technology, as well as its wider market assessment. This trial continues. The October 2001 agreement with SingaporeONE, the leading broadband portal in Singapore, continues to bring in advertising and subscription revenues of a unique, bundled service featuring NPG properties only.

Within the UK, both NTL and BT feature NPG properties as premium content, providing greater incentive for the adoption of their broadband services. The agreement made with NTL in October 2001 shares NPG subscription revenues and will grow during 2003 into an additional, VOD entertainment channel exclusive to NTL's broadband subscribers. In August 2002, BT entered into a referral agreement, offering bounty payments for broadband sales directly referred to it from several NPG properties. The June 2001 agreement with Freeserve Plus expanded in 2002 to include the Pureworldcup.com and VideoTV channels, as well as newsplayer.com, FrostTV and Screenplayer.com.
The Footballers Football Channel (TFFC) is also distributing the Pureworldcup channel online on a revenue share basis.

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 Global Media Services for streaming backbone services.
NPG's technology agreement with Microsoft continues with the exclusive use of the Windows Media Player as an on-line streaming format.
In return Microsoft promotes newsplayer.com on its streaming media websites including windowsmedia.com as part of the product launch of the Windows Media Player 9 series and through press releases and its international online newsletter.

Hollinger International (Telegraph Group) is a multinational media company based in Canada and a strategic investor and partner of NPG. As an owner of numerous media titles (such as The Daily Telegraph, The Chicago Sun Times and The Jerusalem Post) and an investor in online ventures (such as telegraph.co.uk and handbag.com), Hollinger continues to provide an important and valuable resource to the Company.

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 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 2002 consisted of two 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 16.

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

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 Combined 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 Combined Code.

Audit and Remuneration Committees

The Audit Committee, which now consists of David Holdgate (chairman of the Committee) and Hugo Drayton, will be 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 meet twice a year, prior to the announcement of interim and annual results and, should it be necessary, would convene at other times.

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

Directors' remuneration

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, benefits and share options, which are linked to corporate and individual performance achievements and the levels of each will be determined by the Remuneration Committee.

The statement of remuneration policy and details of each director's remuneration is set out in the Remuneration Committee report on page 13.

Internal financial control

The Group operates a rigorous 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.

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 Holdgate
Chairman
16 April 2003

Report by 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 two non-executive directors; David Holdgate (chairman of the Committee) and Hugo Drayton.
The Committee is responsible for determining the level of remuneration of the executive directors.

Remuneration policy
Executive remuneration packages are designed to attract, motivate and retain directors of the high calibre required and to reward them for enhancing value to shareholders. The performance measurement of the executive directors and the determination of their annual remuneration package will be undertaken by the Committee consisting solely of non-executive directors. The remuneration of the non-executive directors will be determined by the full Board.

There are two main elements of the remuneration package for executive directors and senior management:

1. Basic salary will be determined by the Remuneration Committee at the beginning of each year and when an individual changes position or responsibility. Appropriate salary levels will be set by reference to the performance, experience and responsibilities of each individual concerned and having regard to the prevailing market conditions.

2. Performance related bonuses will be assessed annually and will be based on a combination of individual and corporate performance during the year.

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' contracts
All executive directors are required to notify the company 12 months in advance of terminating their employment contracts.

Details of directors' remuneration
Full details of all elements in the remuneration package of each director are given in note 5 to the accounts.

David Holdgate

David Holdgate
16 April 2003

The directors present their annual report and the audited financial statements for the year ended 31 October 2002.

Principal activity
The principal activity of the Company and its subsidiaries is the provision of video-on-demand via interactive technologies.

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 20 of the financial statements and it shows a loss for the year, after tax, of £3,465,596 (2001: loss of £1,621,776). The directors do not recommend a dividend in respect of the ordinary shares.

Post balance sheet events
Details of significant events occurring after the year end are given in note 24 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 62 days (2001: 36 days) purchases outstanding. The Company has no cost of sales and creditor day calculation cannot be performed.

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

Paul Jeremy Duffen	CEO
Barry John Llewellyn	Marketing Director
David Kenneth Holdgate	Non-executive Chairman
Hugo Charles Drayton	Non-executive Director
Rodger David Sargent	Non-executive Director (resigned 26 July 2002)
Sir David Frost OBE	Non-executive Director

Details of the interests of the directors in the shares of the Company are set out in note 5 to the accounts.

Annual General Meeting
Notice of the Annual General Meeting is set out on pages 39 and 40. At that meeting resolutions will be proposed authorising the directors to allot shares pursuant to Section 80 of the Companies Act 1985 and disapplying the statutory pre-emption provisions on issues of shares for cash pursuant to Section 95 of the Act, in each case up to a maximum nominal amount of £577,312, being the current amount of the Company's unissued share capital. These authorities are intended to give the directors maximum flexibility to raise further finance whilst minimising the cost to the Company of raising such finance.

Substantial shareholdings
In addition to the interests of the directors in the shares of the Company, 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 15 April 2003.

	No. of ordinary shares	%
Goldman Sachs Securities (Nominees) Limited	12,442,893	17.22
Reef Securities Limited	7,164,422	9.91
Hollinger Telegraph New Media LLC	5,686,250	7.87
Fidelity Investments	4,550,000	6.16
Universities Superannuation Scheme Limited	3,900,000	5.40
Lehman Brothers	3,511,904	4.86
EMI Recorded Music Holdings Inc.	3,463,440	4.79

Political and charitable donations
The Company made charitable donations totalling £4000, during the year (2001: £600).

Directors' liability insurance
During the year the Company had in place liability insurance for its executive directors.

Auditors
Deloitte & Touche continued as auditors during the year and have expressed their willingness to continue in office as auditors and 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 Holdgate
Company Secretary
16 April 2003

Officers and professional advisers

Directors
David Kenneth Holdgate
Non-executive Chairman

Paul Jeremy Duffen
CEO

Barry John Llewellyn
Marketing Director

Hugo Charles Drayton
Non-executive Director

Sir David Frost OBE
Non-executive Director

Secretary
David Kenneth Holdgate

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and Corporate Limited
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Nominated broker
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Stockbrokers Limited
14 Clifford Street
London W1S 4JU

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

Auditors
Deloitte & Touche
Chartered Accountants
London

Non-executive directors

David Holdgate is currently 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.

Hugo Drayton is currently managing director of Hollinger Telegraph New Media Limited (HTNM), in charge of developing all of Hollinger Group's UK and European digital activities.
He is also a director of handbag.com, HTNM's joint venture with Boots plc. He was appointed marketing director for the Telegraph Group in 1996, having joined the group in 1994 as marketing manager. He was instrumental in establishing the Electronic Telegraph as the UK's premier online news website. Previously he worked as international director for Reed Telemedia (Reed Elsevier) in Europe and prior to that at Coats Viyella as sales and marketing director in South America and Europe.

Sir David Frost OBE
Renowned worldwide as a 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.

Executive directors

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.

Statement of directors' responsibilities

United Kingdom 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 year.

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 the system of internal control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We have audited the financial statements of Newsplayer Group plc for the year ended 31 October 2002 which comprise the consolidated profit and loss account, the balance sheets, the cash flow statement, reconciliation of net cash flow to movement in net debt, reconciliation of movement in consolidated shareholders' funds and the related notes 1-24. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been 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 financial statements, 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 the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 financial statements and the part of the directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the Group, 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 financial statements and the part of the directors' remuneration report described as having been 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 financial statements and the part of the directors' remuneration report described as having been audited.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 October 2002 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants
and Registered Auditors
London
22 April 2003

Financial statements

Consolidated profit and loss account

Year ended 31 October 2002

	Note	2002 £	2002 £	2001 £
Turnover				
Existing operations		823,792		902,101
Acquisitions	2	130,472		-
Continuing operations	1,3		954,264	902,101
Cost of sales			(526,737)	(4,439)
Gross profit			427,527	897,662
Operating expenses	4		(3,951,978)	(2,809,651)
Operating loss				
Existing operations		(3,442,691)		(1,911,989)
Acquisitions	2	(81,760)		-
Continuing operations	6,7		(3,524,451)	(1,911,989)
Interest receivable and similar income			59,855	291,546
Loss on ordinary activities before taxation			(3,464,596)	(1,620,443)
Tax	9		(1,000)	(1,333)
Loss on ordinary activities after taxation and retained loss for the financial year	19		(3,465,596)	(1,621,776)
Loss per ordinary share	10		(5.03p)	(2.46p)
Diluted loss per ordinary share	10		(5.03p)	(2.46p)

There are no recognised gains or losses for the current year or previous period other than as stated above and therefore no separate statement of total recognised gains and losses has been presented.

Consolidated balance sheet

31 October 2002

	Note	2002 £	2001 £
Fixed assets			
Intangible assets	11	2,727,455	1,007,793
Tangible assets	12	237,370	217,520
		2,964,825	1,225,313
Current assets			
Debtors	14	1,067,839	1,793,980
Cash at bank and in hand		438,874	3,798,221
		1,506,713	5,592,201
Creditors: amounts falling due within one year	16	(342,349)	(311,984)
Net current assets		1,164,364	5,280,217
Total net assets less current liabilities		4,129,189	6,505,530
Capital and reserves			
Called up share capital	18	692,688	658,054
Share premium account	19	11,707,380	10,652,759
Merger reserve	19	(509,386)	(509,386)
Profit and loss account	19	(7,761,493)	(4,295,897)
Equity shareholders' funds		4,129,189	6,505,530

These financial statements were approved by the Board of Directors on 16 April 2003.

Signed on behalf of the Board of Directors

Paul J Duffen

Director

Company balance sheet

31 October 2002

	Notes	2002 £	2001
Fixed assets			
Intangible fixed assets	11	603,892	-
Tangible fixed assets	12	52,945	72,593
Investments	13	5,510,392	5,510,386
		6,167,229	5,582,979
Current assets			
Debtors			
Due within one year	14	786,917	5,327,185
Due after one year	15	4,636,932	-
Cash at bank and in hand		319,033	10,374
		5,742,882	5,337,559
Creditors: amounts falling due within one year	16	(155,063)	(26,580)
Net current assets		5,587,819	5,310,979
Total assets less current liabilities		11,755,048	10,893,958
Creditors: amounts falling due after one year	17	(1,329,044)	-
Net assets		10,426,004	10,893,958
Capital and reserves			
Called up share capital	18	692,688	658,054
Share premium account	19	11,707,380	10,652,759
Profit and loss account	19	(1,974,064)	(416,855)
Equity shareholders' funds		10,426,004	10,893,958

These financial statements were approved by the Board of Directors on 16 April 2003.

Signed on behalf of the Board of Directors

Paul J Duffen

Director

Consolidated cash flow statement

Year ended 31 October 2002

	Note	2002 £	2001 £
Net cash outflow from operating activities	20	(1,223,993)	(2,335,360)
Returns on investments and servicing of finance	21	59,855	346,988
Taxation		(1,500)	(1,000)
Capital expenditure and financial investment	21	(1,893,015)	(1,084,053)
Acquisition	21	(335,330)	-
Cash flow before management of liquid resources and financing		(3,393,983)	(3,073,425)
Management of liquid resources	21	-	(5,100,000)
Financing	21	34,636	-
(Decrease)/increase in cash in the year		(3,359,347)	2,026,575

Reconciliation of net cash flow to movement in net debt

Year ended 31 October 2002

	2002 £	2001 £
(Decrease)/increase in cash in the year	(3,359,347)	2,026,575
Movement in net funds in the year	(3,359,347)	2,026,575
Net funds at start of year	3,798,221	1,771,646
Net funds at end of year	438,874	3,798,221

Reconciliation of movements in consolidated shareholders' funds

Year ended 31 October 2002

	2002 £	2001 £
Group		
Loss for the financial year	(3,465,596)	(1,621,776)
Issue of shares (net of issue costs)	1,089,255	-
Net reduction to shareholders' funds	(2,376,341)	(1,621,776)
Opening shareholders' funds	6,505,530	8,127,306
Closing shareholders' funds	4,129,189	6,505,530

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. They have all been applied consistently throughout the year and the preceding year.

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 difference 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. and Catalyst Media Services Limited have been consolidated using acquisition accounting principles.

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. Provision is made for any impairment.

Intangible fixed assets- intellectual property rights

Intellectual property rights acquired are amortised over the period of the licence to exploit such rights, typically ten to twenty years. Provision is made for any impairment.

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
Software	5 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.

1. Statement of Accounting Policies (continued)

Foreign currency

The results of overseas operation translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets 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. Acquisition

On 27 December 2001 the Group acquired the trade and assets of Footage.Net, a leading stock footage portal, from eMotion Inc. The acquisition has been made through NPG's wholly owned subsidiary NPG Inc., (incorporated in Delaware, USA on 19 December 2001), for the consideration of US $500,000 in cash.

The amount of goodwill arising as a result of the acquisition is US$355,000. This has been capitalised on the group consolidated balance sheet. The consideration included fixed assets and accounts receivable of US$145,000.

3. Segmental information

The group's net assets, turnover and loss before tax are attributable to one activity, the provision of subscription based video on demand services via the internet. The group operates via the internet in one global market and therefore there is no analysis of turnover by country.

4. Operating expenses

	2002 £	2001 £
Administration expenses	3,478,736	1,613,464
Distribution expenses	473,242	1,196,187
	3,951,978	2,809,651

5. Information regarding directors and employees

Directors' remuneration

	Salary/fees £	Bonus £	Total 2002 £	Total 2001 £
Executive directors				
Paul Jeremy Duffen	138,583	30,000	168,583	110,521
Barry John Llewellyn	126,083	15,000	141,083	108,000
Non-executive directors				
David Kenneth Holdgate	27,356	-	27,356	20,000
Hugo Charles Drayton	12,500	-	12,500	12,500
Rodger David Sargent	9,375	-	9,375	12,500
Sir David Frost OBE	-	-	-	9,897
	313,897	45,000	358,897	273,418

None of the directors received any pension contributions or bonuses during the year (2001: £nil).

5. Information regarding directors and employees (continued)

Directors' interests

The beneficial interests of the directors in the ordinary share capital of the company are shown below:

	2002 £	2001 £
P J Duffen	8,322,036	8,322,036
B J Llewellyn	8,322,036	8,322,036
D K Holdgate	35,714	35,714

None of the directors have any direct interests in the share capital of any of the subsidiary undertakings of the company.

Share option scheme

Options in respect of ordinary shares held by the directors at 31 October 2002 under the company's share option scheme are 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
P J Duffen	30 May 2000	84p	30 May 2003	30 May 2010	329,027
B L Llewellyn	30 May 2000	84p	30 May 2003	30 May 2010	329,027
D H Holdgate	30 May 2000	84p	30 May 2003	30 May 2010	131,611
Sir David Frost OBE	19 January 2001	49p	19 January 2004	19 January 2011	2,000,000

The shares in Newsplayer Group Plc traded at a high of 34.5p and a low of 13.5p during the year and at 31 October 2002 the share price was 14.0p.

No options were exercised and no options lapsed during the year.

Directors' transaction

A royalty payment of £225,000 was due to Sir David Frost, of which £100,000 was paid during the year and the remaining £125,000 remained outstanding at balance sheet date.

Employees

	2002 £	2001 £
Wages and salaries (including directors)	643,493	677,156
Social security costs	68,408	60,855
	711,901	738,011

	No.	No.
The average number of employees (including directors) employed by the group during the year/period:		
Sales	3	3
Administration	11	10
	14	13

6. Operating loss on ordinary activities before taxation

	2002 £	2001 £
Operating loss is stated after charging:		
Depreciation – owned assets	82,600	43,875
Amortisation of intellectual property rights	357,108	177,692
Amortisation of goodwill	19,474	-
Impairment of intellectual property rights	998,699	-
Rentals under operating leases		
– other operating leases	69,375	44,841
Auditors' remuneration		
– group audit fees	23,000	19,442
– non-audit services	5,000	12,200

Included in group audit fees are £5,000 in respect of the company (2001: £5,000).

7. Exceptional item

	2002 £	2001 £
Operating exceptional item		
Impairment of carrying value of intellectual property rights	998,699	-

An impairment review of the carrying value of the Group's intellectual property rights, undertaken in accordance with FRS10, has indicated that an impairment charge of £998,699 was required. The impairment reduces the carrying value of the intellectual property rights to the net present value of future cash flows to be derived from these assets.

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 £1,557,209 (2001 – loss of £440,910).

9. Tax on loss on ordinary activities

A. Analysis of tax charge on ordinary activities

	2002 £	2001 £
Current tax:		
UK corporation tax on loss for the year	-	-
Foreign tax	(1,000)	(1,000)
Adjustment in respect of prior years	-	(333)
Tax on loss on ordinary activities	(1,000)	(1,333)

9. Tax on loss on ordinary activities (continued)

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:

	2002 %	2001 %
Standard tax rate for the year as a percentage of profits	30	30
Effects of:		
Expenses not deductible for tax purposes	(9)	-
Utilisation of tax losses	(8)	(12)
Overseas tax rates	-	(18)
Effect of lower rates of tax on overseas losses	(14)	
Current tax rate for the year as a percentage of profits	-	-

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 asset will be recovered. The amount of asset not recognised is £476,015.

10. Loss per ordinary share

The calculation of basic loss per share is based on a weighted average of 68,942,393 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.

Diluted earnings per share for the year ended 31 December 2001 have been restated following a revision of the basis of computation.

11. Intangible fixed assets

The group

	Goodwill £	Intellectual property rights £	Total £
Cost			
At 1 November 2001	-	1,315,485	1,315,485
Additions	252,036	2,861,256	3,113,292
Exchange adjustments	(18,349)	-	(18,349)
At 31 October 2002	233,687	4,176,741	4,410,428
Amortisation			
At 1 November 2001	-	(307,692)	(307,692)
Charge for the year	(19,474)	(357,108)	(376,582)
Impairment	-	(998,699)	(998,699)
At 31 October 2002	(19,474)	(1,663,499)	(1,682,973)
Net book value			
At 31 October 2002	214,213	2,513,242	2,727,455
At 31 October 2001	-	1,007,793	1,007,793

11. Intangible fixed assets (continued)

The company	Intellectual property rights £
Cost	
At 1 November 2001	-
Additions	1,054,621
At 31 October 2002	1,054,621
Amortisation	
At 1 November 2001	-
Charge for the year	(10,729)
Impairment	(440,000)
At 31 October 2002	450,729
Net book value	
At 31 October 2002	603,892
At 1 November 2001	-

During the year, the directors undertook a detailed analysis of the strategic options in respect of the Group's business. The results of this strategic analysis were incorporated into the annual impairment review of the carrying value of the Group's intellectual property rights. The impairment review assessed 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 intellectual property rights. There was no impairment to any other assets.

12. Tangible fixed assets

The group

	Fixtures, fittings and computer equipment £
Cost	
At 1 November 2001	269,540
Acquired with the new business	22,060
Additions	86,380
Disposals	(8,557)
At 31 October 2002	369,423
Accumulated depreciation	
At 1 November 2001	(52,020)
Charge for the year	(82,600)
Disposals	2,567
At 31 October 2002	(132,053)
Net book value	
At 31 October 2002	237,370
At 31 October 2001	217,520

The company

	Fixtures, fittings and computer equipment £
Cost	
At 1 November 2001	86,040
Additions	2,576
At 31 October 2002	88,616
Accumulated depreciation	
At 1 November 2001	(13,447)
Charge for the year	(22,224)
At 31 October 2002	(35,671)
Net book value	
At 31 October 2002	52,945
At 31 October 2001	72,593

13. Fixed assets investments

Company

	Shares in subsidiaries £
Cost	
At 1 November 2001	5,510,386
Additions	6
At 31 October 2002	5,510,392

All the above investments relate to the companies below.

	Country of incorporation and operation	Activity	Percentage of 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%
NPG Inc.	United States	Website services	100%

14. Debtors: amounts falling due within one year

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
Trade debtors	64,866	-	275,265	-
Amounts owed by group undertakings	-	-	-	4,504,401
Other debtors	251,783	91,422	88,673	126,829
Corporation tax rebate	167			
Called up share capital not paid	1,000	-	-	-
Prepayments and accrued income	750,023	695,495	1,430,042	695,955
	1,067,839	786,917	1,793,980	5,327,185

Prepayments of £750,023 (2001 – £1,430,042) include amounts relating to prepaid advertising of £682,058 (2001 – £682,058).

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

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
Amounts owed by group undertakings	-	4,636,932	-	-

16. Creditors: amounts falling due within one year

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
Trade creditors	89,670	-	247,071	2,951
Amounts owed by group undertakings	-	-	-	-
Taxation and social security	-	-	333	984
Other creditors	21,491	19,957	-	-
Accruals and deferred income	231,188	135,112	64,580	22,645
	342,349	155,063	311,984	26,580

17. Creditors: amounts falling due after more than one year

	Group 2002 £	Company 2002 £	Group 2001 £	Company 2001 £
Amounts owed to group undertakings	-	1,329,044	-	-

18. Called up share capital

	2002 £	2001 £
Authorised:		
90,000,000 (2001- 90,000,000) ordinary shares of 1p each	900,000	900,000
Called up, allotted and fully paid:		
69,268,797 (2001- 65,805,357) ordinary shares of 1p each	692,688	658,054

On 27 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.

19. Statement of movements on reserves

Group

	Share premium account £	Merger reserve £	Profit and loss account £	Total £
Balance at 1 November 2001	10,652,759	(509,386)	(4,295,897)	5,847,476
Loss retained for the year	-	-	(3,465,596)	(3,465,596)
Premium on shares issue	1,054,621	-	-	1,054,621
Balance at 31 October 2002	11,707,380	(509,386)	(7,761,493)	3,436,501

The company

	Share premium account £	Merger reserve £	Profit and loss account £	Total £
Balance at 1 November 2001	10,652,759	-	(416,855)	10,235,904
Loss retained for the year	1,054,621	-	(1,557,209)	(502,588)
Balance at 31 October 2002	11,707,380	-	(1,974,064)	9,733,316

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

	2002 £	2001 £
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 of fixed assets	5,990	
Decrease/(increase) in debtors	805,891	(52,140)
Increase/(decrease) in creditors	30,696	(592,799)
Net cash outflow from operating activities	(1,223,993)	(2,335,360)

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

		2002		2001
	£	£	£	£
Returns on investments and servicing of finance				
Interest received	59,855		347,347	
Interest paid	-		(359)	
		59,855		346,988
Capital expenditure and financial investment				
Purchase of intangible fixed assets	(1,806,635)		(880,485)	
Purchase of tangible fixed assets	(86,380)		(203,568)	
		(1,893,015)		(1,084,503)
Acquisition				
Purchase of business		(335,330)		
Management of liquid resources				
Sale of cash deposits with terms in excess of seven days		-		5,100,000
Financing				
Issue of ordinary share capital	34,636		-	
Net cash inflow from financing		34,636		-

22. Operating lease commitments

Leases which expire:	Land and buildings 2002 £	Land and buildings 2001 £
Within two to five years	69,375	69,375

23. Related party transactions

Transactions with the directors of the company are disclosed in note 5.

24. Post balance sheet events

Authorised Share Capital

On 23 March 2003 the authorised share capital of the Company was increased to £1,300,000.

Hollinger International Publishing Inc

On 1 April 2003, Hollinger International Publishing Inc. subscribed for 3,000,000 ordinary shares at an aggregate subscription price of £150,000, representing a subscription price of 5p per share.

Sir David Frost

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. The loan notes are convertible at any time at the rate of 20p nominal amount of shares for every £1 nominal amount of loan notes converted. The loan notes carry interest at the rate of 6 per cent. per annum payable quarterly. Interest may, at the option of the Company, be rolled up so that interest is paid simultaneously with the redemption of the loan notes.

On 20 February 2003 an agreement was entered into between the Company, David Paradine Productions Limited ("DPP") and Sir David Frost whereby royalty payments currently due under the existing licence agreement of 7 December 2000 between DPP, Sir David Frost 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.

NOTICE IS HEREBY GIVEN that the third Annual General Meeting of Newsplayer Group Plc will be held at Portland House, 4 Great Portland Street, London W1W 8QJ on 27 May 2003 at 10am 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 2002.

2. To re-elect Paul Duffen as a director of the company.

3. To reappoint Deloitte & Touche as auditors and to authorise the directors to fix their remuneration.

4. To propose as an ordinary resolution THAT the directors be and are hereby generally and unconditionally authorised to exercise all powers of the company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985 ("the Act")) up to an aggregate nominal value of £577,312 provided that this authority shall expire on the fifth anniversary of the date of the passing of this resolution unless and to the extent that such authority is renewed or extended prior to such date and except that the company may, before such expiry, make an offer or an agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired, this authority to replace any existing like authority which is hereby revoked with immediate effect.

5. To propose as a special resolution THAT the directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority conferred by resolution 4 as if section 89(1) of the Act did not apply to any such allotment **PROVIDED** that this power shall be limited to:

(i) the allotment of equity securities for cash in connection with a rights issue or any other pre-emptive offer in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or any legal or practical problems under the laws of, or the requirements of, any regulatory body or any recognised stock exchange in any territory;

(ii) the allotment (other than pursuant to sub-paragraph (i) above) of equity securities up to a maximum aggregate nominal amount of £577,312 (being equal to the difference between the authorised and the issued ordinary share capital of the Company immediately following the passing of this resolution)

and shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed or extended prior to such time, except that the company may, before such expiry, make an offer or an agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired, this authority to replace any existing like authority which is hereby revoked with immediate effect.

BY ORDER OF THE BOARD

David Holdgate

David Holdgate
Company Secretary
16 April 2003

Registered office:
12 Gough Square
London EC4A 3DW

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 registrars, Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU 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 5.30pm on 25 May 2003.

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.

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