

5 August 2005

CATALYST MEDIA GROUP PLC
(“CMG” or “the Company”)

PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST OCTOBER 2004

Catalyst Media Group plc, the media company, today announces its preliminary results for the year ended 31 October 2004, which should be read in conjunction with the unaudited interim results for the six months ended 30 April 2005 also announced today.

OVERVIEW

CMG is a media company that manages, produces and distributes high quality audio-visual content using interactive digital technology. CMG provides clients with a comprehensive range of professional services to support their online strategies and is becoming the partner of choice for media companies in the digitisation and distribution of broadcast content and interactive programme creation. Additionally, CMG supports corporations and organisations from other industrial sectors by enabling them to use streaming and download distribution to support communication with customers, investors and employees.

Furthermore, CMG is a rights holder on its own account specialising in historic entertainment and educational content, generating revenues from the licensing of content globally to third parties, from consumer subscriptions, pay-per-view fees and from advertising revenue.

CHAIRMAN'S STATEMENT

The past financial year has produced a mixture of significant achievement and disappointment for the Company. We completed the acquisition and integration of Betelgeuse Productions Inc ("Betelgeuse") and saw our two existing US subsidiaries, Global Media Services Inc ("GMS") and NPG Inc performing in line with expectations and were focused on driving the business forward. In May 2004 we changed the name of the group from Newsplayer Group plc to Catalyst Media Group plc and our ticker symbol from NPG to CMG, to reflect the way our business had evolved since the launch of Newsplayer.com four years previously and the new diversity within the group. At the time of our interim report published in June 2004 we announced that, building on our progress in the previous financial year, we had achieved our target of being profitable on a monthly basis and that we were on course to make a profit for the financial year ending 31 October 2004.

However, it subsequently became apparent that cost overruns on a television contract to produce the Champ Car World Race Series by the Company's New York based television production subsidiary Betelgeuse, meant that we would record a loss after tax for the year of £2.0 million. In addition to this trading result we have taken a one-off goodwill impairment charge of £2.2 million. This results in a loss after tax for the

year of £5.4 million on sharply increased turnover of £7 million compared with a loss after tax for the previous year of £6.3 million on turnover of £0.26 million.

It is important to note that without the impact of the Champ Car contract the group would have broken even for the financial year as a whole at the EBITDA level. GMS and NPG Inc continue to grow in line with expectations and Betelgeuse is now focussing on its production capabilities following extensive restructuring. In addition, our UK business has signed new distribution deals for our interactive content channels with NTL, Cinema Now and MSN reflecting progress in the market for pay content on the Internet which bodes well for the future.

We also announced in June 2004 that we were in the process of acquiring a 20 per cent. stake in Satellite Information Services (Holdings) Limited ("SIS") and that we expected to complete the process in the middle of August 2004. This acquisition proved much more difficult than we envisaged and it has taken a year longer than we anticipated to conclude, but I am delighted that we are now able to provide details of the transaction which are contained in a circular sent to shareholders today. SIS provides bookmakers with live television pictures, data display systems and broadcast services. They have over 18 years of expertise in the industry and now provide their services to the majority of bookmakers in the UK and Ireland, as well as in many territories in Europe, the Caribbean and Sri Lanka. SIS produces live coverage of approximately 28,000 horse and greyhound races a year to approximately 9,500 Licensed Betting Outlets ("LBO's"). SIS also produces the At The Races channel on the Sky satellite platform and is one of Europe's largest independent satellite uplink service providers through its SIS Link operation. SIS generated profit after tax for the financial year 31 March 2004 of £10.3 million (31 March 2003: £9.0 million) and has a history of sustained growth. I am confident that this acquisition, if concluded, will prove very beneficial to CMG in terms of both the financial performance and potential synergies offered by SIS. I would like to pay tribute to the single minded determination of Paul Duffen, our Chief Executive, who has demonstrated great tenacity and leadership in bringing the SIS transaction to a conclusion.

Share issues

In February 2004, in connection with the acquisition of Betelgeuse, the Company raised £2,750,200, before expenses, in additional working capital through a placing of 13,096,191 new shares with new and existing shareholders.

Board changes

In May 2004 David Wiseman stepped down as Chief Financial Officer and Steven Smith, previously Deputy Chairman, was appointed Chief Financial Officer. Steven subsequently resigned from the Board in June 2005 and handed over the CFO role to Anna Goodsell who will join the Board following completion of the SIS transaction. In May 2005 Adam Cohen stepped down from the Board to concentrate on developing GMS the Group's New York based media services business. I thank David, Steven and Adam for their respective contributions to the Board and extend my best wishes to Anna for her future with the Group.

Also in May 2004 Michael Rosenberg was appointed to the board as a non-executive Director. Michael brings with him a wealth of experience having started his career at Samuel Montagu & Co. Limited, the merchant bank, in 1957 before joining its board in 1971. In 1974 he co-founded Allied Investments Limited, an international healthcare group. He was a founding director and shareholder of TVam, the breakfast channel, and has been a director of David Paradine Limited, the holding company for Sir David Frost's business interests, since 1974. Between 1989 and 1999, Michael was a director and subsequent Chairman of Raphael Zorn Hemsley Holdings plc, now Numis Corporation plc. He has been the chairman of Pilat Media Global plc, a media software company quoted on AIM, since 2002. Following completion of the SIS transaction I will step down as Chairman of CMG, to avoid any conflict with my role as Chief Executive of SIS and I am delighted that Michael has agreed to become my successor. I have tremendously enjoyed the last 6 years in my role as Chairman of the Company; I wish Michael and the Board every success in the future and look forward to working with them in our new relationship.

The Group has weathered the storm caused by the difficulties in New York. It is now well placed to benefit from the recent management initiatives and the anticipated dividend and profit contribution from our investment in SIS. The future for CMG is very exciting and I look forward to watching its progress.

David Holdgate
Chairman

4 August 2005

CHIEF EXECUTIVE OFFICER STATEMENT

The acquisitions of GMS and Betelgeuse have been significant developments for the Company and reflect our commitment to building a world class cross platform digital media business. GMS has shown strong growth and is now well positioned provide interactive digital video services to the North American motor sport industry. For the 2004 Champ Car season CMG provided both the television and Internet production capability through Betelgeuse and GMS respectively. The problems that Betelgeuse encountered in fulfilling their contract have been well documented and should not be allowed to obscure the great success of GMS in developing the Race Director platform which delivers a whole new level of interaction and control to the motor sport fan. This work was rewarded by renewal of the Internet production contract for the 2005 season and subsequent new business wins from three other US motor sport series. Meanwhile Betelgeuse has been re-structured and is focusing on its core strengths which have seen it win over 50 Emmy's in the past 20 years.

We have made a sustained investment in our original US subsidiary, NPG Inc., over the past year to enable it to develop Footage.net, the world's leading stock footage portal, into a fully transactional platform. The new environment will go live in October 2005 and will provide stock footage archives and production researchers with the first comprehensive exchange to buy and sell stock footage.

In the UK we are starting to see the genesis of a broadband infrastructure that will enable IPTV to become reality within the next 3 years and thereby present an ideal opportunity to exploit the intellectual property assets to which we have rights. In the short term we are seeing an increase in broadband content licensing activity and have started to gain recognition in the US by securing distribution deals with Cinema Now and MSN.

After more than a year since we first announced our intention to buy Alternateport, (the company that owns 20% of SIS) from United Business Media plc, we are delighted to have finally concluded negotiations to complete the transaction. It has proven more difficult and taken much longer than we anticipated and in the meantime our share price has suffered.

I am firmly of the view that this acquisition will be a truly transforming deal for CMG.

I am confident that this deal will provide multiple benefits to the Company. There is a full description of and financial information for the SIS business in the circular which is being sent to shareholders today. Apart from the significant financial contribution through the anticipated dividends and profit, SIS represents an important opportunity for CMG to apply our interactive technology to the world of horseracing and betting.

I believe that with our experience in the world of live sports streaming gained in the US with Champ Car and the platform we have built for that purpose we are ideally positioned to take advantage of developments in the industry that require the combination of streaming video and real time customer interaction.

One sad consequence of the SIS transaction is that our Chairman, David Holdgate, who is also Chief Executive of SIS will have to step down from the board of CMG. I want to thank David for his support over the 6 years that we have worked together and I am delighted that I will be able to continue our working relationship by now sitting on his Board. I warmly welcome Michael Rosenberg OBE to the role of Chairman as David's successor and look forward to taking CMG to the next level with his help and guidance.

Paul Duffen

Chief Executive Officer

FINANCIAL RESULTS

Consolidated Profit and Loss account

For the year ended 31 October 2004

| | Note | Year ended 31 Oct 2004 £ | Year ended 31 Oct 2003 £ |
|--|------|--------------------------------|--------------------------------|
| Turnover | | | |
| Continuing operations | 1 | 7,044,535 | 264,522 |
| Cost of sales | | <u>(6,843,917)</u> | <u>(118,485)</u> |
| Gross profit | | 200,618 | 146,037 |
| Operating expenses | | <u>(3,359,608)</u> | <u>(4,671,569)</u> |
| Operating loss | | (3,158,990) | (4,525,532) |
| Impairment of goodwill | | (2,194,000) | (1,995,234) |
| Interest receivable | | 29,195 | 7,673 |
| Interest payable | | (80,660) | (15,341) |
| Loss on ordinary activities before taxation | | (5,404,455) | (6,528,434) |
| Taxation | | (1,166) | 204,269 |
| Loss on ordinary activities after taxation | | (5,405,621) | (6,324,165) |
| Loss per ordinary share | 2 | (4.02p) | (7.88p) |
| Diluted Loss per ordinary share | 2 | (4.02p) | (7.88p) |

Statement of Total Recognised Gains and Losses

For the year ended 31 October 2004

| | Year ended 31 Oct 2004 £ | Year ended 31 Oct 2003 £ |
|---|--------------------------------|--------------------------------|
| Loss for the year | (5,405,621) | (6,324,165) |
| Currency translation difference | 3,063 | 16,566 |
| Total recognised losses for the year | (5,402,558) | (6,307,599) |

Consolidated Balance Sheet

As at 31 October 2004

| | Note | At 31 Oct 2004 £ | At 31 Oct 2003 £ |
|--|------|------------------------|------------------------|
| Fixed assets | | | |
| Intangible assets | | 5,255,822 | 3,342,067 |
| Tangible assets | | 258,216 | 171,617 |
| | | <u>5,514,038</u> | <u>3,513,684</u> |
| Current assets | | | |
| Debtors | | 1,744,291 | 186,595 |
| Cash at bank | | 427,160 | 587,323 |
| | | <u>2,171,451</u> | <u>773,918</u> |
| Creditors: amounts falling due within one year | | (6,557,561) | (1,896,570) |
| Net current liabilities | | <u>(4,386,110)</u> | <u>(1,122,652)</u> |
| Total assets less current liabilities | | 1,127,928 | 2,391,032 |
| Creditors: amounts falling due after more than one year | | (1,012,122) | (160,000) |
| Total net assets | | <u>115,806</u> | <u>2,231,032</u> |
| | | £ | £ |
| Capital and reserves | | | |
| Called up share capital | 3 | 1,405,099 | 1,214,624 |
| Shares to be issued | | 476,000 | 1012,640 |
| Share premium account | | 15,303,683 | 12,775,192 |
| Merger reserve | | 2,402,674 | 1,295,676 |
| Profit and loss account | | (19,471,650) | (14,069,092) |
| Equity shareholders' funds | | 115,806 | 2,229,040 |
| Minority Interests | | - | 1,992 |
| | | <u>115,806</u> | <u>2,231,032</u> |

Consolidated Cash Flow Statement
For the year ended 31 October 2004

| | Note | Year ended 31 Oct 2004 £ | Year ended 31 Oct 2003 £ |
|--|-------------|---|--------------------------------|
| Net cash outflow from operating activities | 4 | (2,087,355) | (1,355,300) |
| Returns on investment and servicing of finance | | (51,465) | (1,013) |
| Taxation | | (1,166) | 204,436 |
| Capital expenditure and financial investment | | (133,806) | (76,922) |
| Acquisitions | | (141,911) | (131,825) |
| Cash outflow before financing | | (2,415,703) | (1,360,624) |
| Financing | | 2,255,540 | 1,509,073 |
| Increase/(decrease) in cash | | (160,163) | 148,449 |

Notes to the Financial Statements

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. The accounting policies have been all applied consistently throughout this and the preceding year.

The financial statements are prepared under the historical cost convention

Going concern

The directors consider it appropriate to prepare the financial information on the going concern basis as the Group intends to raise additional funds through an offer for subscription of new ordinary shares and raising of additional debt. In reaching this conclusion the Directors have assumed that the minimum proceeds will be £28.75 million and that this will provide sufficient funds to enable the Group to continue in operational existence for the foreseeable future namely twelve months from the date of approval of this financial information. If the fundraising is not successful the directors would need to raise further funds for the Group to continue as a going concern. The financial statements do not include any adjustments that would result if this going concern basis was not appropriate.

Revenue recognition and turnover

Revenue is recognized under an exchange transaction with a customer, when, and to the extent that, the Group obtains the right to consideration in exchange for its performance.

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.

Those provision of services include internet web design, television programme editing and production, website administration and revenues from streamed advertising.

2. Loss per share

The calculation of the basic loss per share is based on the weighted average number of 134,349,876 issued ordinary shares (2003: 80,225,329) and on the loss attributable to ordinary shareholders of £5,405,621 (2003: £6,324,165).

The diluted loss per share calculation is identical to that used for basic earnings per 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".

3. Called up Share Capital

| | Year ended 31 Oct 2004 | Year ended 31 Oct 2003 |
|---|---------------------------|---------------------------|
| | £ | £ |
| Authorised | | |
| 200,000,000 (2003: 130,000,000) ordinary shares of 1 pence each | 2,000,000 | 1,300,000 |
| Called up, allotted and part paid: | | |
| 140,509,939 (2003: 121,462,443) ordinary shares of 1 pence each | 1,405,099 | 1,214,624 |

125,000 Ordinary 1p Shares were issued at a price of 20p per share on 28 November 2003 for total consideration of £25,000 to David Holdgate.

13,096,191 Ordinary 1p Shares were placed on 2 February 2004 at a price of 21p per share for total consideration of £2,750,200.

In March 2004 the acquisition of Betelgeuse Productions Inc (“BPI”) was completed and 5,826,305 Ordinary 1p Shares were issued on 21 April 2004 at a price of 20p per share for total consideration of £1,165,261 for the acquisition of BPI.

At 31 October 2004 there were 9,164,000 (2003: 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.

4. Reconciliation of operating loss to operating cash flows

| | Year ended 31 Oct 2004 | Year ended 31 Oct 2003 |
|--|---------------------------|---------------------------|
| | £ | £ |
| Operating loss | (5,352,990) | (6,520,766) |
| Write off intangibles | 2,194,000 | 1,995,234 |
| Amortisation of Intellectual Property rights | - | 555,101 |
| Prepayment write off | - | 682,058 |
| Depreciation | 152,013 | 92,827 |
| Amortisation of goodwill on acquisition | 510,702 | 65,359 |
| Loss on disposal of fixed assets | 803 | 12,755 |
| Increase in debtors | (478,873) | 199,019 |
| Increase in creditors | 875,955 | 1,547,567 |
| Increase in minority interest | - | 1,992 |
| Exchange adjustment | 11,035 | 13,554 |
| Net cash outflow from operating activities | <u>(2,087,355)</u> | <u>(1,355,300)</u> |

5. Annual Report

The Annual Report has been despatched to shareholders and copies will be available, free of charge, from the Company's registered office 12 Gough Square London EC4A 3DW.

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