

3rd March 2004

NEWSPLAYER GROUP PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31ST OCTOBER 2003

Newsplayer Group plc (NPG), the media company, today announces its preliminary results for the year ended 31st October 2003, the Company's third full year of trading.

Financial Highlights:

- Trading loss before write-offs £1.7 million (2002: £2.0 million)
- Operating expenses £1,739,495 (2002: £2,349,623)
- Pre-tax loss £6.53 million (2002: £3.46 million) after writing off all remaining content costs up to 31st October 2003 of £4.09 million (2002: £1.51 million)
- Cash reserves: £587,323 (2002: £438,874)

Operational Highlights:

- Agreement signed with EMI to act as a Digital Service Provider in Europe for the provision of downloaded audio tracks.
- 2-year agreement signed with NTL to provide two channels of content to their Broadband platform.
- Acquisition of Global Media Services Inc. in New York.
- Placing of new shares to raise £1,380,500.
- Agreement signed with KPN, the Dutch telecommunications company, to provide content to their broadband subscribers.

Events subsequent to the period under review:

- Acquisition of Betelgeuse Productions Inc. in New York declared unconditional on 27th February 2004.
- Placing of new shares to raise £2,750,000.
- Betelgeuse and GMS win \$5 million ChampCar contract.

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

"I welcome the addition of Global Media Services and Betelgeuse Productions to the NPG family. They have already demonstrated the benefit of combining complimentary businesses by winning the \$5 million ChampCar contract. We will continue to seek further acquisitions to strengthen our ability to create, manage and distribute audio-visual content. 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 31st October 2004.”

Appointment of new Broker

The Company is pleased to announce that it has appointed Durlacher as nominated advisor and stockbroker effective from 16th February 2004.

Board Changes

Hugo Drayton resigned as a non-executive Director with effect from 31st July 2003. Steven Smith was appointed as a non-executive Director with effect from 12th August 2003 and has now become Deputy Chairman. David Wiseman was appointed as Chief Financial Officer with effect from 1st September 2003. Adam Cohen was appointed as an executive Director with effect from 10th September 2003.

Change of Auditor

The Company is pleased to announce that it has appointed Nexia Audit Limited as auditors effective from 15th December 2003.

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CHAIRMAN'S STATEMENT

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. Since the end of the 2003 financial year we have pursued another acquisition in New York which was declared unconditional on 27th February 2004. As a result of these initiatives I am pleased to announce that the Group is now profitable and cash generative on a monthly basis.

Financial results

2003 was a year of transition leading to a sharp fall in turnover mainly due to the cessation of loss making activities relating to hard media licensing in the UK. Consequently, the trading loss before write-offs narrowed to £1.7 million from £2.0 million in the previous year. 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 Global Media Services ("GMS") in New York. The UK headcount 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.

Distribution

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 telecommunications company, KPN, to license our Newsplayer, 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 all seven of 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.

Acquisitions

In September 2003 we completed the acquisition of GMS and in February 2004 the acquisition of Betelgeuse Productions Inc. ("BPI") was declared unconditional. These acquisitions further enhance the Group's positioning as a full service, cross platform, digital content business and provide critical mass, infrastructure 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, 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 central 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 and its clients.

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 ChampCar racing series for the 2004 season. The initial contract will run from February 24th 2004 until December 31st 2004 and will generate revenues of circa US\$5 million for the Group.

Summary

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 new equity and is in the process of completing a placing of new shares to realise a further £2,750,000 in additional working capital. 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.

OVERVIEW

These results cover the year ended 31st October 2003, NPG's third full year of trading.

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

FINANCIAL RESULTS

Revenues for the year were £264,522 down from £954,264 for the period ended 31st October 2002. Revenues were generated from subscriptions to the various NPG websites, from licensing of content, and from product licensing to third parties.

The Group has amended its accounting policy with regard to intangible fixed assets in relation to intellectual property rights. Previously the Group wrote off such rights over the period of the licence to exploit them subject to a provision for impairment. With effect from the accounting period starting 1st November 2002 the Group writes off these intellectual property rights in full during the period in which they are incurred. Consequently all rights acquired up to 31st October 2003 have now been written off through the P&L account. The resultant write off in the year of £4,087,064 (2002: £1,500,281) includes an impairment charge, an amortisation charge and royalties incurred in the year.

Trading loss before write-offs was £1.7 million compared with £2.0 million for the year ended 31st October 2002.

Gross profit generated from activities was £146,037, compared with £425,527 for the year ended 31st October 2002.

The pre-tax loss for the year was £6,528,434 compared with a loss of £3,465,596 for the year ended 31st October 2002.

Cash reserves in the bank on 31st October 2003 were £587,323 compared with £438,874 on 31st October 2002. No dividend has been paid or is proposed.

BUSINESS REVIEW

Overview

NPG is a media Group that creates, manages and protects moving image content. As well as its own content portfolio NPG has the tools and technology to enable third party content on interactive platforms through the application of Internet Protocol technology. With the agreed acquisition of Betelgeuse Production Inc., NPG has broadened its base to include television programme making as well as broadcast production and postproduction services.

Newsplayer

Newsplayer Ltd exploits rights and/or licenses in television and cinema content and markets them globally to business, education and consumer audiences using interactive technology. Revenues are generated from the licensing of content to third parties, from subscription and pay-per-view fees paid directly by consumers and from advertising revenues.

VideoTV

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

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

Screenplayer

Screenplayer (www.screenplayer.com) provides an additional revenue stream for NPG by offering consumers on a subscription basis, over 600 hours of on-demand programming related to the stars of Hollywood cinema, 20th Century musicians and musicals, comedians and other entertainers. The catalogue originates from the archives of Passport International Productions from whom NPG obtained an exclusive 12-year worldwide licence for the programmes in June 2001. NPG pays royalties to Passport International in the amount of 50% of gross revenues received.

RSPB Film Collection

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

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

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

Birdstream

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

FrostTV

FrostTV (www.frost.tv) is a joint venture between NPG and internationally acclaimed TV interviewer and broadcaster Sir David Frost. NPG has acquired the exclusive rights 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 exclusive rights to exploit opportunities in both online and off-line syndication. NPG also allows broadcasters and programme makers to license the content for FrostTV online. Further revenue opportunities exist in the post-production of the material, the syndication to third party websites and portals, and the production and sale of DVDs.

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

Newsplayer.com

Newsplayer.com is NPG's original and flagship website. It is a subscription-based VOD channel enabling consumers to search for and stream video and audio clips of major news events around the world since 1896. The content for Newsplayer.com is provided via NPG's 20-year non-

exclusive licence (acquired in 1999) to the ITN archives, which include news from ITN, Reuters, French Pathé, Gaumont, Paramount, Empire News, and Visnews.

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

PureWorldCup

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

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

GMS

New York-based Global Media Services, Inc. ("GMS") 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, transaction processing and clearing. GMS eliminates the need for companies to invest and maintain separate content and digital rights management, e-commerce and streaming media delivery systems.

Betelgeuse

Betelgeuse (pronounced "Beetle juice") Productions Inc 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 central 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. The acquisition of BPI 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. It is expected that 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.

FOOTAGE.net

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

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

The site brings together in one single location millions 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.

FINANCIAL RESULTS

Extract of the unaudited financial information for the year ended 31st October 2003 is as follows:

Consolidated Profit and Loss account

	Note	Year ended 31 st Oct 2003 (unaudited) £	Year ended 31 st Oct 2002 (audited) £
Turnover	2		
Existing Operations		226,751	823,792
Acquisitions		37,771	130,472
		264,522	954,264
Continuing operations		264,522	954,264
Cost of sales		(118,485)	(526,737)
		146,037	427,527
Gross profit		146,037	427,527
Operating expenses			
Acquisition goodwill amortisation		(65,359)	(19,474)
Depreciation		(92,827)	(82,600)
Content write-offs	1	(4,087,064)	(1,500,281)
Prepayment write off		(682,058)	-
Other operating expenses		(1,739,495)	(2,349,623)
		(6,666,803)	(3,951,978)
Operating loss			
Existing operations		(6,509,050)	(3,442,691)
Acquisitions		(11,716)	(81,760)
		(6,520,766)	(3,524,451)
Continuing operations		(6,520,766)	(3,524,451)
Net interest receivable		7,673	59,855
Net interest payable		(15,341)	-
		(6,528,434)	(3,464,596)
Loss on ordinary activities before taxation		(6,528,434)	(3,464,596)
Taxation	6	204,269	(1,000)
		(6,324,165)	(3,465,596)
Loss on ordinary activities after taxation		(6,324,165)	(3,465,596)
Loss per ordinary share – basic	3	(7.88p)	(5.03p)
Loss per ordinary share – diluted	3	(6.32p)	(5.03p)

Statement of Total Recognised Gains and Losses

	Year ended 31st Oct 2003 (unaudited) £	Year ended 31st Oct 2002 (audited) £
Loss for the year	(6,324,165)	(3,465,596)
Currency translation difference	16,566	-
Total recognised losses for the year	(6,307,599)	(3,465,596)

Consolidated Balance Sheet

	Note	31 st Oct 2003 (unaudited)		31 st Oct 2002 (audited)	
		£	£	£	£
Fixed assets:					
Intangible assets			3,342,067		2,727,455
Tangible assets			171,617		237,370
			<u>3,513,684</u>		<u>2,964,825</u>
Current assets:					
Debtors		186,595		1,067,839	
Cash at bank and in hand		<u>587,323</u>	773,918	<u>438,874</u>	1,506,713
Creditors: amounts falling due within one year			<u>(1,896,570)</u>		<u>(342,349)</u>
Net current (liabilities) / assets			<u>(1,122,652)</u>		<u>1,164,364</u>
Total assets less current liabilities			2,391,032		4,129,189
Creditors: amounts falling due in more than one year			<u>(160,000)</u>		<u>-</u>
Total Net assets			<u>2,231,032</u>		<u>4,129,189</u>
Capital and Reserves					
Called up share capital	4		£ 1,214,624		£ 692,688
Shares to be issued			1,012,640		-
Share premium account			12,775,192		11,707,380
Merger reserve			1,295,676		(509,386)
Profit and loss account			(14,069,092)		(7,761,493)
Minority Interest			<u>1,992</u>		<u>-</u>
Shareholders' funds			<u>2,231,032</u>		<u>4,129,189</u>

Consolidated Cash Flow Statement

	Note	Year ended 31 st Oct 2003 (unaudited) £	Year ended 31 st Oct 2002 (audited) £
Net cash outflow from operating activities	5	(1,355,300)	(1,223,993)
Returns on investment and servicing of finance		(1,013)	59,855
Taxation	6	204,436	(1,500)
Capital expenditure and financial investment		(76,922)	(1,893,015)
Acquisition		(131,825)	(335,330)
Financing:			
Issue of ordinary share capital	4	1,349,073	34,636
Issue of loan note		160,000	-
		<hr/>	<hr/>
Increase in cash		148,449	(3,359,347)

Notes to the Financial Highlights

The results for the year ended 31st October 2003 are unaudited and the comparative results for the year ended 31st October 2002 are taken from the group's statutory accounts.

1. Accounting policies

This statement of the 2003 results has been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards.

The Group has amended its accounting policy with regard to intangible fixed assets in relation to intellectual property rights. Previously the Group wrote off such rights over the period of the licence to exploit them subject to a provision for impairment. With effect from the accounting period starting 1st November 2002 the Group writes off these intellectual property rights in full during the period in which they are incurred. Consequently all rights acquired up to 31st October 2003 have now been written off through the P&L account. The resultant write off in the year of £4,087,064 (2002: £1,500,281) includes an impairment charge, an amortisation charge and royalties incurred in the year.

2. Turnover

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

3. Loss per share

The calculation of the basic loss per share is based on the average number of 80,225,329 issued ordinary shares (2002: 68,942,343) and on the loss attributable to ordinary shareholders of £6,324,165 (2002: £3,465,596).

The diluted loss per share calculation is based on the average number of issued shares plus the dilutive potential ordinary shares of 19,843,207 (2002:nil).

4. Share Capital

	31 st Oct 2003 (unaudited) £	31 st Oct 2002 (unaudited) £
Authorised:		
130,000,000 (2002: 90,000,000) ordinary shares of 1 pence each	1,300,000	900,000
Allotted, issued and fully paid:		
121,462,433 (2002: 69,268,797) ordinary shares of 1 pence each	1,214,624	692,688

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

Share movements in year

3,000,000 Ordinary 1p Shares were issued to Hollinger International Publishing Inc at a price of 5p per share on 1st April 2003.

16,455,003 Ordinary 1p Shares were placed on 1st August 2003 at a price of 4.5p per share.
7,546,154 Ordinary 1p Shares were placed on 4th September 2003 at a price of 6.5p per share.

24,067,489 Ordinary 1p Shares were issued for nil consideration on 5th September 2003 in respect of the purchase consideration of GMS.

1,125,000 Ordinary 1p Shares were issued on 2nd October 2003 in respect of the settlement of deferred Directors' remuneration.

At 31st 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.

5. Reconciliation of operating loss to operating cash flows

	Year ended 31 st Oct 2003 (unaudited) £	Year ended 31 st Oct 2002 (audited) £
Operating loss	(6,520,766)	(3,524,451)
Write off intangibles	1,995,234	998,699
Amortisation of Intellectual Property rights	555,101	357,108
Prepayment write-off	682,058	-
Depreciation	92,827	82,600
Amortisation of goodwill on acquisition	65,359	19,474
Loss on disposal fixed assets	12,755	5,990
Increase in debtors	199,019	805,891
Increase in creditors	1,547,567	30,696
Increase in minority interest	1,992	-
Exchange adjustment	13,554	-
Net cash outflow from operating activities	<u>(1,355,300)</u>	<u>(1,223,993)</u>

6. Taxation

The tax credit represents the Research and Development tax credit received in July 2003 from the Inland Revenue of £205,631 (2002: £nil) less overseas tax payable £1,362 (2002: £1,000)

7. Annual Report

The Annual Report containing the audited financial statements will be despatched to shareholders in due course.