

For Immediate Release

Catuity Adds Focus on Two Growth Markets

DETROIT, MI and MELBOURNE, Australia (Monday, Nov. 14, 2005) – Catuity, Inc. (NASDAQ: CTTYC; ASX: CAT, CATN), a loyalty and gift card processor, said that the company has executed agreements to launch new loyalty offerings in two niche markets.

As part of the Company's regular quarterly business update, Catuity said that it had entered into two selling partnerships to offer a bundled solution to the Australian clubs market and to create and manage a branded loyalty program designed to help U.S. chiropractors boost their share of the growing supplements and services market. Both programs will be formally launched early in 2006.

"Our focus in these two growth markets gives us a stronger offering designed to increase sales by tailoring solutions to the unique needs of these prospects," said John Racine, president and CEO of Catuity Inc. "While we believe these are important business opportunities, we remind investors that these developments alone will not take the company to profitability in 2006."

The Company announced plans to roll out the programs in early 2006 with partners which have established track records in these markets.

Catuity said that the Company has entered into an agreement with International Merchant Solutions (IMS) (www.officialims.com) to market a Catuity-owned loyalty program aimed at helping IMS' base of U.S. chiropractors improve new customer acquisition while driving the sale of higher-margin supplements and services that are increasingly important to the bottom-line of their community-based practices. The program will reward the patronage of customers with vouchers good for the purchase of health supplements, sleep and weight management and other products that chiropractors sell through their practices.

Matawan, New Jersey-based IMS is one of the leading providers of payments and transactional services to the chiropractic market. The company currently supports 1,300 individual chiropractic practices. Under its agreement with Catuity, the company will jointly focus on offering a turnkey program to new and existing chiropractic customers in the first quarter. There are an estimated 35,000 chiropractors in the U.S.

"This agreement allows Catuity to go from simply marketing a generic, one-size-fits-all loyalty program to owning a branded program that is structured to meet the unique opportunities of the health supplements and lifestyle market in the U.S.," said Mr. Racine. "Chiropractors are an important part of that market and are often overlooked by traditional loyalty providers. Our approach gives

chiropractors an affordable marketing program that delivers a definable impact on their gross margin while giving a clear value to the customers who trust them."

Catuity is partnering with IMS because they are a leader in bundling products and services to meet the transactional needs of growing niche markets. "We've been successful by giving our clients, especially the chiropractors, a one-stop shopping capability to make the management of their practice simpler and more profitable," said Ken Baldo, managing director of IMS. "We see a growing demand for loyalty programs and Catuity has created a program that is uniquely structured around the needs of a chiropractor. We look forward to introducing it to the market in 2006."

Added Racine, "This partnership marries our expertise in loyalty with IMS' proven history of sales by leveraging their relationships. This is a model for how we want to work with trusted partners."

In Australia, the company announced a similar partnership to improve Catuity success in selling into the sizeable clubs market. Through its subsidiary, Loyalty Magic, Catuity has entered into an agreement with RedCat Pty Ltd (www.redcat.com.au) to jointly market a complete solution to the nation's nearly 3,000 clubs. Red Cat, a Melbourne-based provider of point of sale and financial management software to the hospitality market, will bundle the company's Smart Suite solution with Loyalty Magic's product.

"Historically, we have had limited success in selling to the Australian club market despite having a turnkey solution that would enable them to earn more money from all club activities and not just gambling revenues," said Chris Leach, the CEO of Loyalty Magic. "When we focused on why we were not winning, it was because their first buying decision was for a hospitality-focused POS solution and then for loyalty. We are addressing that by partnering with RedCat, which has all the pieces that we were missing in this market."

RedCat, which has more than 2,000 installations in the hospitality market, including clubs, said the partnership was mutually beneficial. "RedCat has developed a solution that allows a club manager to control, from a single point, his inventory, his people, his cash flow and other critical elements of the business," said Mark Ross, the managing director of RedCat, which is a member of the Belgravia Group. "Through this partnership with Catuity, we'll also be able to give clubs the ability to manage their customers and to target ways to improve their profits."

The initial sales focus has been in the Victoria and New South Wales clubs market, where both companies have established reputations.

As previously reported, the Company completed a recapitalization in September. The effect of that recapitalization is reflected in the Company's Form 10-Q, which

was filed today with the U.S. Securities and Exchange Commission and which reported shareholders' equity of \$9.144 million at Sept. 30, 2005.

"Today, we will be informing NASDAQ of our significantly improved financial position and we are hopeful that they will confirm that we are in compliance with all requirements for continued listing and that they will accordingly remove the fifth character C from our NASDAQ trading symbol," said Mr. Racine. Catuity intends to issue a press release upon receipt of the NASDAQ notification. "Putting the regulatory issues behind us will allow us to dedicate more energy to the successful executor strategy."

Catuity, Inc. makes the point of sale more profitable for its clients by delivering products and services that reduce costs and generate new revenue. Our retailer clients have nearly four million consumers who participate in Catuity-powered loyalty programs. More information on Catuity is available at its website: <http://www.catuity.com>.

In conjunction with the provisions of the "Safe Harbor" section to the Private Securities Litigation Reform Act of 1995, this release may contain forward-looking statements pertaining to future anticipated projected plans, performance and developments, as well as other statements relating to future operations. All such forward-looking statements are necessarily only estimates of future results and there can be no assurance that actual results will not materially differ from expectations. Further information on potential factors that could affect Catuity, Inc. is included in the Company's Form 10-K, which is filed with the US Securities & Exchange Commission.

Note: The company's management team will update shareholders and answer questions on a public call today at 4:30 p.m. EST/8:30A Tuesday (Melbourne time). Investors are invited to participate by calling:

United States Participants: Dial 1-866-453-7532
Enter conference code 478 638 2364#
Please state your name and reference Catuity, Inc. to begin participating on the call.

Australian Participants: Dial +1 770-659-3430
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Please state your name and reference Catuity, Inc. to begin participating on the call.

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